Registered number 00302461

Teva UK Limited

Annual report and financial statements

for the year ended 31 December 2022

Teva UK Limited

Annual report and financial statements for the year ended 31 December 2022

Contents

Teva UK Limited

Directors and advisers

Directors
K Innes
D Vrhovec
S Charlesworth

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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Registered number
00302461

Teva UK Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report of the company for the year ended 31 December 2022.

Business review and future developments
The UK market environment in which the company trades continues to be fiercely competitive as competition from established competitors puts pressure on market prices. In addition, the selling prices and profitability of branded medicines is subject to control by regulatory measures which the UK Government uses to control the costs to the National Health Service. The company participates in the Voluntary Scheme for Branded Medicines Pricing and Access ('VPAS') in respect of which the levy payable on branded medicines increased from 5.1% in 2021 to 15.0% in 2022. The levy payable subsequently increased to 26.5% on 1 January 2023.

The company's strategy is to provide a wide range of products to its customers and to encourage loyalty through excellent customer service and supply. Although it is expected that trading conditions will remain very competitive, the directors believe the company is in a good position to benefit from further timely introductions of significant new products and so consolidate its position as a major supplier in the UK generics, over-the-counter and branded pharmaceuticals markets.

The company had net assets of £332,924,000 at 31 December 2022 (2021: £290,634,000) which the directors believe to represent a solvent position.

The company has continued to restructure its activities in response to a continually evolving market environment with a view to improving business performance and efficiency. The obligation for employee exit costs associated with this restructuring, to the extent incurred up to 31 December 2022, has been provided for and further details are contained within note 14.

Development and performance of the business
The company continued with its successful new product launch strategy backed by its expertise and knowledge in gaining market authorisations for new products. Work continued during the year to bring to market products for future years.

Key performance indicators ("KPI's")
The Board consider the following KPI's pertinent to Teva UK Limited:

	2022	Movement	2021
Turnover (£'000)	**£491,748**	11.6%	£440,826
Gross margin	**24.9%**	(1.8)%	26.7%

The increase in turnover during the year was largely due to successful new generic product launches, which outweighed the impact of the additional VPAS levy payable due to the rate increase from 5.1% to 15.0%.

Gross margin is the ratio of gross profit to turnover expressed as a percentage. This has decreased in comparison with prior year due to the increased VPAS levy and inflationary cost pressures.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006
The board of directors of the company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2022. See further details on pages 5 to 7.

Principal risks and uncertainties
The management of the business and the execution of the company strategy are subject to a number of risks.

The directors consider that the key business risks and uncertainties affecting the company relate to competition from other manufacturers and distributors of pharmaceutical products, and inflationary cost pressures combined with governmental pricing control of branded medicines. The company seeks to mitigate these risks by developing its product range, optimising its overall portfolio, and strong supply chain management.

Financial risk management
The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk, credit risk and foreign exchange risk. The company seeks to limit the effects of such risks through the continuing support of its ultimate parent company.

The company is exposed to commodity price risk as a result of its operations. The company manages the risk through supply agreements which provide some protection against such commodity price risk.

Interest rate risk arises as a consequence of borrowings from group undertakings, the borrowings from which are at variable rates of interest. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

The company manages liquidity risk by ensuring that sufficient facilities are available for at least the next 12 months and enjoys the support of shareholders and group banking arrangements.

The company has implemented policies that require appropriate credit checks on customers before sales are made and the amount of exposure to any individual counterparty is subject to a limit, which is assessed regularly by management.

The company is exposed to movements in foreign currency exchange rates as a result of transactions in foreign currencies. The company does not hedge against currency risks associated with such transactions.

The risk of significant increases in the VPAS (Voluntary Scheme for Branded Medicines Pricing and Access) levy for 2024 may result in the discontinuation of certain product lines. The company has been in discussions with trade bodies and other stakeholders in this regard.

On behalf of the Board:

DocuSigned by:

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S Charlesworth
Director

Date: 11-Sep-2023 | 12:26 BST

Teva UK Limited

Directors' report for the year ended 31 December 2022

The directors present their report, together with the audited financial statements of the company for the year ended 31 December 2022.

Results and dividends
The profit for the financial year was £37,806,000 (2021: £34,408,000).

The company paid a dividend of £nil during the year (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

Financial risk management
This is included in the strategic report on page 3.

Principal activities and future developments
The principal activity of the company is the marketing and distribution of pharmaceutical products and supporting the operations of other group companies.

Future developments are discussed more fully in the strategic report on page 2.

Directors
The directors who served during the year and up to the date of signing the financial statements were as follows:

D Vrhovec
K Innes
S Charlesworth

Directors' indemnities
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of its directors.

Employees
The company has continued to retain and recruit the highest quality employees in its market. Ongoing training is given to all employees relevant to their roles. Training programmes focus on key issues such as health & safety, competition law, anti-corruption, and customer service and stock handling.

During the year, employees were regularly provided with information regarding the financial and economic factors affecting the performance of the company and on other matters of concern to them as employees, through the medium of regular employee reports. Additionally, regular consultations took place with employee representatives so that the views of employees could be taken into account when making decisions which are likely to affect their interests.

Applications for employment from disabled persons are given full and fair consideration and, where practicable, employees who are disabled are given appropriate training, career development and opportunities whilst employed by the company. Every effort is made to continue the employment of people who become temporarily or permanently disabled.

The company encourages management to participate in group performance through participation in the group's share option scheme.

Creditor payment policy
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

Excluding amounts owed to fellow group undertakings, the company had an average of 66 days purchases outstanding in trade creditors (2021: 61 days).

Teva UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Research and development
The company does not undertake any research and development activity.

Political and charitable donations
During the year the company made no political donations (2021: £nil).

During the year the company made charitable donations totalling £1,285 (2021: £24,300). These included four donations (2021: one) which exceeded £200; totalling £1,285 (2021: £24,300) to national charities.

Directors' duties in accordance with s172

1. Compliance with directors' duties

The Board Directors are aware of and understand their duty to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

The Board has due regard to such matters in the decisions it makes and the impact such decisions may have.

2. Relations with stakeholders

The Company has multiple stakeholders including the Government, regulators, customers, suppliers, employees and patients.

2.1. Government bodies and regulators

The Board Directors and the Company maintain regular direct and indirect contact with Governmental bodies and regulators as part of the Company's ordinary activities. Examples of key stakeholder engagement activities are as follows:

Government

The Company's Government Affairs team, the Board and senior management engage regularly with ministers and civil servants at the Department of Health and Social Care (DHSC) and the Department for International Trade (DIT), as well as officials of the devolved Governments of Scotland, Wales and Northern Ireland.

Extensive consultation and conversations were also held with Government regarding Brexit and its impacts on the pharmaceutical industry, supply and regulation of medicines, and on the patients we serve. In particular, the Company lobbied the Government in relation to the Northern Ireland Protocol, to help work towards an outcome that would ensure patients in Northern Ireland still have access to the medicines they need after Brexit.

The Board has considered and contributed to Government consultations on policy changes which may impact the sector and therefore the Company, for example: the UK-India Trade Agreement; A Cancer Strategy for Northern Ireland 2021-2031; Integrated Care System NI Draft Framework; and All Wales TTC Consultation – National Prescribing Indicators 2022-2023.

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Directors' report for the year ended 31 December 2022 (continued)

Directors' duties in accordance with s172 (continued)

2.1. Government bodies and regulators (continued)

Department of Health and Social Care (DHSC) and NHS England (NHSE)

The Board regards the DHSC and NHSE as key customers and stakeholders and maintains direct contact with senior officials of the DHSC and NHSE on strategic matters via its senior management as part of its routine ongoing activities. The majority of these interactions relate to ensuring the continuity of supply of medicines; matters relating to pricing of medicines; and policy issues that could impact the provision of medicines in the UK.

The Board regularly considers changes in business approach and discussions with NHSE (or where relevant, NHS Improvement), which explore different ways of working and innovative programmes to maximise efficiencies to support the NHS and quality of care for patients.

The Company also works on a number of Joint Working Initiatives with Integrated Care Boards (previously known as Clinical Commissioning Groups), Teaching Hospital Foundation Trusts and third parties to help deliver an improvement in patient outcomes in a number of different ways.

Regulators

The Board directors place the highest priority on compliance with all regulatory requirements and guidance and therefore ensure that senior management maintain regular contact with the Medicines and Healthcare products Regulatory Agency (MHRA) to launch new medicines in the market and undertake variations to existing Marketing Authorisations (licences to supply a medicine). The Company maintains GxP compliant systems, processes and procedures in line with reporting requirements and is inspected by the MHRA on a routine basis to confirm such compliance.

During 2022, the Company also worked closely with the MHRA to support them in better understanding the route for bringing new products to market, and hosted their Chief Healthcare Quality and Access Officer at the Company's Ridings Point site.

2.2. Employee engagement

The Board Directors recognise the importance of the Company's employees and creating a Great Place to Work was a key focus of the Company's Employee Value Proposition (EVP) throughout 2022.

The Board regularly engages directly, and indirectly, with employees throughout the year, including Town Hall meetings on local, European and global levels. The Company has also established a new employee forum, The Employee Voice Network (EVN), to act as peer-to-peer champions for their colleagues.

The Board directors are also keen to emphasise the importance of employee surveys, which are undertaken on a regular basis, including annual employee engagement surveys and ad hoc 'pulse' surveys following a significant event, presentation or change. The Board, along with senior management and HR, reviews, analyses and discusses survey outcomes, issues and trends and works with management and employees to implement changes and improvements.

In 2022, the Company introduced regular networking days to help colleagues come together to connect and collaborate. The meetings have been a great success; adding to the work carried out under the Great Place to Work initiative and driving more colleagues to work in the office together and build strong working relationships.

Diversity & Inclusion (D&I)

The Company undertakes gender pay gap reporting each year (a copy of the most recent report can be found at https://gender-pay-gap.service.gov.uk/employer/xJNhtukV) and, at the request and oversight of the Board, employees are able to volunteer to get involved in D&I projects and champion this important subject across the Teva UK & Ireland cluster to help drive positive change in this area.

Directors' duties in accordance with s172 (continued)

2.3. Customers: wholesalers and pharmacy

Relationships with the Company's key customers, including wholesalers and pharmacies are largely managed by the Company's commercial business units. Ongoing engagement is led by key account managers who regularly meet customers to discuss strategic and operational initiatives to ensure that the Company provides all of its customers with the appropriate level of service. Key account managers meet with wholesale partners to ensure supply, and also with independent pharmacists to promote the Company's generic products. The Board is updated on this engagement and any key areas of discussion on an ongoing basis and will consider business changes which may be required from time to time in order to best maintain these relationships and the commercial considerations of each party.

To better support pharmacies, the Company formed a new Customer Experience Team. The team identified pharmacy as a key customer segment and have since focussed on putting in place a new Customer Interaction Plan, holding workshops and customer journey mapping exercises to understand the needs of this important customer group.

2.4. Patients

Whilst the Company is unable to directly communicate with patients, patients are one of the most important stakeholders and are at the heart of everything that the Company does. Consequently, the Board encourages and supports engagement via key opinion leaders' forums and also patient-centric platforms such as Life Effects.

Life Effects is an online platform, offering peer-to-peer support in areas such as MS, migraine, asthma, and mental health. During 2022, Life Effects continued its partnership with Boots to offer additional access to the platform direct from Boots' website, making it more visible and accessible to a wider group of patients.

2.5. Shareholders

The Company is a wholly-owned indirect subsidiary of Teva Pharmaceutical Industries Limited, which is the ultimate parent company of the global Teva group. The Board regularly reports internally within the Group on the Company's performance, as well as commercial and strategic initiatives.

3. Consideration of the impact of the company on the community and environment

The Board recognises the significance of corporate social responsibility for the Company's purpose and on-going success and it retains a key focus on environmental, social and corporate governance (ESG).

In 2022, the Company made great steps towards its ESG goals including a focus on moving to electric vehicles within its company car fleet and the introduction of a Volunteering Policy for employees, which allows employees to take up to two days per year to undertake volunteering activities.

The Company also began working towards ISO accreditation in the following three areas at its commercial sites: Reducing risk to protect our people (ISO 45001); Our impact on the environment (ISO 14001); and Energy consumption (ISO 50001).

The Company contributes to the Teva Global Environmental, Social and Governance (ESG) Report, a copy of which can be found at: https://www.tevapharm.com/our-impact/esg-progress-report/.

Teva UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Streamlined Energy and Carbon Reporting

In accordance with the Streamlined Energy and Carbon Reporting ('SECR') regulations that came into force on 1 April 2019, the company is required to report its annual energy usage and associated greenhouse gas ('GHG') emissions relating to gas, electricity and transport.

Additionally, the company is also required to report each year its intensity ratio and information relating to energy efficiency initiatives. The intensity ratio reported below is calculated as total gross tCO_2e emissions in metric tonnes (mandatory emissions) per million packs of medicine distributed from our distribution centre in Castleford. The directors consider this metric to be the most appropriate to the company's activities and to provide the most relevant comparison of performance over time.

In accordance with the regulations, the amounts reported pertain to UK assets only, as defined by the operational control approach. This includes our distribution centre, office facilities, company vehicles, and a packaging site which was closed during 2021. Business travel in employee-owned vehicles has also been included and the prior year comparatives have been restated to reflect the improved disclosure.

Reporting year 1 January to 31 December	**2022**	Restated* 2021
Total energy usage covering electricity, gas, and transport (kWh)	**7,560,682**	9,861,108
Total emissions generated through combustion of gas (tCO_2e)	**350.9**	620.3
Total emissions generated through use of purchased electricity (tCO_2e)	**677.5**	986.6
Total emissions generated through transport (company-owned vehicles) (tCO_2e)	**126.2**	182.9
Total emissions generated through transport (employee-owned vehicles) (tCO_2e)	**378.2**	291.0
Total gross emissions (tCO_2e)	**1,532.8**	2,080.8
Intensity ratio (tCO_2e per million packs distributed)	**6.2**	8.5

Energy efficiency actions

Climate change represents one of the most significant issues facing the planet and the company has a responsibility to lessen its impact on the environment. As part of a multi-national group, the company is fully committed to meeting the group's long-term goals of:

- Reducing its absolute Scope 1 and 2 GHG emissions by 25% by 2025 and by 46% by 2030 (vs. 2019);
- Increasing energy efficiency by 10% by 2030 (vs. 2020); and
- Increasing the total proportion of electricity generated from renewable sources to 50% by 2030.

Throughout 2022 the company undertook the following actions to improve energy efficiency and assess further opportunities for reducing energy consumption and emissions:

- Substantially completed the upgrade of its office and warehouse lighting from fluorescent tube lighting to more efficient LED lighting;
- Adjusted the set point of the warehouse heating system to reduce gas consumption;
- Continued the accessibility of electric cars to all car allowance grades allowing for greater uptake of electric cars whereby facilitating in the aim towards a fully electric company car fleet;
- Replaced inefficient continuously-running hot water tanks in kitchens, with more efficient models incorporating automatic standby modes; and
- Improved energy metering and the introduction of weekly energy usage monitoring to help identify further opportunities.

* Prior year amounts restated following improvements in sustainability-related data analytics.

Teva UK Limited

Directors' report for the year ended 31 December 2022 (continued)

Streamlined Energy and Carbon Reporting (continued)

Methodology used in the calculation of disclosures

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The UK Government GHG Conversion Factors for Company Reporting were used to calculate GHG emissions.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board:

DocuSigned by:

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S Charlesworth
Director

Date: 11-Sep-2023 | 12:26 BST

Teva UK Limited

Independent auditors' report to the members of Teva UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Teva UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting *Standards, including FRS 102 "The Financial Reporting Standard* applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2022; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Teva UK Limited

Independent auditors' report to the members of Teva UK Limited (continued)

Reporting on other information (continued)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Medicines Act (1968), the Human Medicines Regulations (2012) and UK competition law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and the accuracy of transfer pricing adjustments. Audit procedures performed by the engagement team included:

Teva UK Limited

Independent auditors' report to the members of Teva UK Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations;
- enquiring of in-house and third party legal counsel in regards to their assessment of the risks related to litigation and claims;
- considering information up to the date of approval of the financial statements to assess the accuracy of transfer pricing adjustments recorded in the financial statements; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Tom Yeates

Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
11 September 2023

Teva UK Limited

Profit and loss account for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	3	**491,748**	440,826
Cost of sales		**(369,199)**	(323,134)
Gross profit		**122,549**	117,692
Distribution costs		**(66,654)**	(64,682)
Administrative expenses		**(17,274)**	(15,360)
Operating profit	4	**38,621**	37,650
Net interest income	5	**8,555**	6,036
Profit before taxation		**47,176**	43,686
Tax on profit	8	**(9,370)**	(9,278)
Profit for the financial year		**37,806**	34,408

All activities in the current and prior year relate to continuing operations.

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		**37,806**	34,408
Other comprehensive income/(expense):			
Actuarial gain on pension scheme	15	**669**	4,679
Movement of deferred tax relating to pension liability	8	**(167)**	(1,170)
Other comprehensive income for the year net of tax		**502**	3,509
Total comprehensive income for the year		**38,308**	37,917

Teva UK Limited

Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	9	**3,370**	4,681
Tangible assets	10	**5,604**	6,195
		8,974	10,876
Current assets			
Inventories	11	**105,292**	110,885
Debtors (including £130,063,000 (2021: £130,163,000) due after more than one year)	12	**477,439**	381,847
Cash at bank and in hand		**2,075**	2,311
		584,806	495,043
Creditors: amounts falling due within one year	13	**(255,674)**	(208,324)
Net current assets		**329,132**	286,719
Total assets less current liabilities		**338,106**	297,595
Provisions for liabilities	14	**(791)**	(953)
Post-employment benefits	15	**(4,391)**	(6,008)
Net assets		**332,924**	290,634
Capital and reserves			
Called up share capital	16	**91,562**	91,562
Share premium account		**24,964**	24,964
Profit and loss account		**216,398**	174,108
Total shareholders' funds		**332,924**	290,634

The notes on pages 16 to 36 form part of these financial statements.

The financial statements on pages 13 to 36 were approved by the board of directors and were signed on its behalf by:

DocuSigned by:

B34C15B1F487435...

S Charlesworth
Director

Date: 11-Sep-2023 | 12:26 BST

Registered number: 00302461

Teva UK Limited

Statement of changes in equity for the year ended 31 December 2022

	Note	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Shareholders' funds £'000
At 1 January 2021		91,562	24,964	132,577	249,103
Profit for the financial year		-	-	34,408	34,408
Other comprehensive expense for the year		-	-	3,509	3,509
Total comprehensive income for the year		-	-	37,917	37,917
Credit related to equity-settled share based payments	18	-	-	3,614	3,614
Total transactions with owners recognised directly in equity		-	-	3,614	3,614
At 31 December 2021		91,562	24,964	174,108	290,634
Profit for the financial year		-	-	37,806	37,806
Other comprehensive income for the year		-	-	502	502
Total comprehensive income for the year		-	-	38,308	38,308
Credit related to equity-settled share based payments	18	-	-	3,982	3,982
Total transactions with owners recognised directly in equity		-	-	3,982	3,982
At 31 December 2022		91,562	24,964	216,398	332,924

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting
The financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 (FRS 102), "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

The company has taken advantage of the related party disclosure exemption available under the terms of FRS 102 paragraph 33.7A.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Teva Pharmaceutical Industries Limited, includes the company's cash flows in its own consolidated financial statements.

Teva UK Limited is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and registered in England. The company's registered office address is shown on page 1.

Intangible assets
Know-how, licences and trademarks acquired for valuable consideration are capitalised at cost only where such expenditure is specifically identified with a marketable product. Amortisation is applied over 3 to 20 years to write-off the cost of intangible assets over the useful economic lives of the related products. The cost of software is the purchase cost, together with any incidental costs of acquisition, which is amortised over its useful economic life of between 5 to 10 years.

Where factors such as technological advancement, commercial factors or changes in market price, indicate that residual value or useful economic life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The carrying value of intangible assets is periodically reviewed for such events or changes in circumstances, which may indicate that the carrying value is not recoverable and provision for impairment made accordingly.

Purchased goodwill
Positive purchased goodwill, representing the excess of the fair value of the purchase consideration over the fair value of the assets acquired, is capitalised and expensed to the profit and loss account by equal annual instalments over the estimated useful economic life (15 years) of the business acquired.

The company evaluates the carrying value of goodwill each year to assess for indicators of impairment and whether there is objective evidence of impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Tangible assets
The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible assets, other than freehold land, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	Rate
Freehold buildings	4% straight line
Leasehold buildings (Land and buildings)	Period of lease
Plant and equipment	5% – 20%

1. Accounting policies (continued)

Tangible assets (continued)
Freehold land is not depreciated. Work in progress in respect of large capital projects for which costs are accumulated until the project is complete (assets under construction) is not depreciated until the assets are brought into use, at which point the assets are transferred to the appropriate category.

Where factors such as technological advancement, commercial factors or changes in asset usage, indicate that residual value or useful economic life have changed, the residual value, useful life or depreciation rate are amended prospectively to reflect the new circumstances. The carrying value of tangible assets is periodically reviewed for such events or changes in circumstances which may indicate that the carrying value is not recoverable, and provision for impairment made accordingly.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and includes materials, direct labour and production overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Cash at bank and in hand
Cash at bank and in hand is represented by deposits held on call with banks.

Securitisation
Securitised assets of the company are recorded in the financial statements according to the substance of the securitisation transaction. Where the risks and rewards which the company has in the assets remain substantially unaffected by the securitisation transaction, the assets, together with the related financing, are included in the balance sheet. Income arising from the assets and the related financing costs are included within finance income and interest expense respectively.

Finance and operating leases
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014). Therefore benefits received and receivable as an incentive to sign an operating lease are spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Provision is made for future lease commitments on sites no longer used within the business, together with the cost of onerous contracts.

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Accounting policies (continued)

Taxation (continued)

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the value of goods supplied to third parties, income derived from licensing agreements and the recharge of services to group companies. Revenue is recognised at the point of delivery of goods to customers, or as the services are performed, when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably. Provision is made for credit notes based on the expected level of returns which is based on the historical experience of returns.

In circumstances whereby the company has not satisfied all contractual obligations under the relevant contract, revenue is deferred and included within deferred income.

Interest income and expense

Interest income and expense with other group undertakings is recognised using the effective interest rate method. Interest rates are disclosed in notes 12 and 13.

Employee benefits

i) Defined benefit scheme

The company participated in the Teva UK Limited Retirement Benefits Scheme which provided defined benefit pensions to employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including length of service and remuneration. The scheme was closed to future accrual with effect from 31 March 2012. All contributions are made to separately administered funds.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The fair value of plan assets is measured using appropriate valuation techniques. The defined benefit obligation is calculated using the projected unit actuarial method and the present value is determined by discounting the estimated future payments at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Annually the company engages independent actuaries to calculate the obligation.

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Accounting policies (continued)

Employee benefits (continued)

i) Defined benefit scheme (continued)

The amount charged to operating profits, as part of staff costs, are the current service costs, administrative expenses and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets as other finance costs or credits adjacent to interest. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the statement of comprehensive income.

Pension schemes' surpluses are recognised to the extent that they are considered recoverable, and deficits are recognised in full, and are presented on the face of the balance sheet.

ii) Defined contribution scheme

The company operates a defined contribution pension scheme; contributions are charged to the profit and loss account as they become payable in accordance with employees' contracts. Differences between contributions payable during the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The company provides no other post-retirement benefits to its employees.

iii) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

An expense is recognised in the profit and loss account for bonuses when the company has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

Share-based payments

The company's ultimate parent undertaking, Teva Pharmaceutical Industries Limited, issues share options to certain employees which are measured at fair value. The company has taken advantage of the alternative treatment allowed under Section 26 of FRS 102 for participation in a share-based payment arrangement established by a group company. The company recognises the share-based payment as an expense in the profit and loss account based on an allocation of its share of the group's total expense. The corresponding credit is recognised in retained earnings as a component of equity.

The fair values of these payments are measured at the dates of grant and are recognised over the period during which employees become unconditionally entitled to the awards. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest and the company recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding entry to the profit and loss account reserve.

Where the company is invoiced for the cost of share-based payments by fellow group companies the corresponding debit is recognised in retained earnings as a component of equity.

The company has also taken advantage of certain share-based payment disclosure exemptions available under the terms of FRS 102 paragraph 1.12(d) which permits exemptions from disclosures under paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1. Accounting policies (continued)

Financial assets and liabilities
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets and liabilities, including trade receivables and payables, cash and bank loans and amounts due to or from fellow group companies are initially recognised at transaction price. If the arrangement constitutes a financing transaction, it is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised when the contractual rights to the cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Foreign exchange
Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Sterling at rates of exchange ruling at the balance sheet date. All profits and losses arising on foreign currency translation are included in the profit and loss account within net interest income.

The company's functional and presentational currency is Sterling.

Provisions
Provisions are established only when a present obligation exists as a result of events prior to the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, estimates and judgements are continually evaluated and are based upon historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

There are no critical accounting judgements.

Critical accounting estimates and assumptions

Defined benefit pension scheme
The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net present obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 15 for the disclosures relating to the defined benefit pension scheme.

Recoverability of inventory
The company reviews the market value of and demand for its inventory on a periodic basis to ensure that recorded inventory is stated at the lower of cost and net realisable value. In assessing the ultimate realisation of inventory, the company is required to make estimates as to future demand requirements and to compare these with the current or committed inventory levels. Assumptions have been made relating to the timing and success of product ranges, which would impact estimated demand and selling prices.

In addition, the company makes provision in full for 'expired' inventory items, being inventory lines that are either past or approaching their expiry date. Of the total provision of £17,713,000 (2021: £15,517,000) held against inventory as shown in note 11, £9,181,000 (2021: £5,342,000) related to expired inventory, which in the opinion of the directors contains limited estimation uncertainty. An amount of £7,672,000 (2021: £10,175,000) related to excess inventory lines which is calculated by reference to quantities on hand, forecast usage, and batch expiry dates. The remaining provision of £860,000 (2021: £nil) related to the net realisable value of inventory.

3. Turnover

The company's turnover was all derived from its principal activity.

Analysis of sales by geography:

	2022 £'000	2021 £'000
United Kingdom	**465,373**	414,455
Europe	**18,024**	16,337
Rest of the World	**8,351**	10,034
	491,748	440,826

Analysis of sales by category:

	2022 £'000	2021 £'000
Sale of pharmaceutical goods	**468,421**	411,001
Services	**23,327**	29,825
	491,748	440,826

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4. Operating profit

Operating profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation of owned tangible assets	994	1,238
Amortisation of software	115	108
Amortisation of know-how, licences and trademarks	624	624
Amortisation of purchased goodwill	994	994
Reversal of impairment of tangible assets	-	(932)
Cost of inventory recognised as an expense	358,405	349,341
Impairment of inventory recognised as an expense	16,700	11,650
Reversal of impairment of inventory	(6,981)	(6,201)
Operating lease rentals - other	815	936
- land and buildings	2,507	2,653
Gain on disposal of tangible assets	-	(673)
Loss on disposal of software	-	627
Foreign exchange gains	(308)	(258)

Amortisation of goodwill, know-how, licences and trademarks is included in cost of sales. Amortisation of software is included in administrative expenses.

During the year the company obtained the following services from its auditors at costs detailed below:

	2022 £'000	2021 £'000
Audit services	428	385
Other assurance services	3	3
Tax services	17	30

Auditors' remuneration disclosed above includes audit services of £165,000 (2021: £135,000) in relation to fellow group companies which was borne by the company and not recharged (2021: £nil).

5. Net interest income

	2022 £'000	2021 £'000
Interest receivable and similar income	10,993	7,230
Interest payable and similar expenses	(2,438)	(1,194)
	8,555	6,036

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

5. Net interest income (continued)

Interest receivable and similar income

	2022 **£'000**	2021 £'000
Intercompany interest receivable	**10,993**	7,230

Interest payable and similar expenses

	2022 **£'000**	2021 £'000
Bank charges	**17**	35
Intercompany interest payable	**2,028**	946
Net interest on defined benefit liability (note 15)	**99**	146
Other	**294**	67
	2,438	1,194

6. Directors' remuneration

	2022 **£'000**	2021 £'000
Aggregate emoluments	**686**	747
Company pension contributions to money purchase schemes	**7**	7

Retirement benefits are accruing to two directors (2021: two) under defined contribution schemes. Retirement benefits are accruing to one director under the company's closed defined benefit pension scheme at the year-end (2021: one).

Three directors exercised share options during the current year (prior year: three).

The above amounts include the following in respect of the highest paid director:

	2022 **£'000**	2021 £'000
Aggregate emoluments	**407**	455
Company pension contributions to money purchase schemes	**2**	2

The highest paid director exercised share options during the year.

The directors are directors of a number of other group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies, accordingly the company made no recharge (2021: £nil) in respect of these emoluments.

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

7. Staff costs

Aggregate remuneration comprised:

	2022 **£'000**	2021 £'000
Wages and salaries	**40,960**	41,830
Social security costs	**5,460**	5,594
Other pension costs	**2,346**	2,365
	48,766	49,789

Included in wages and salaries is a total charge relating to share based payments of £3,982,000 (2021: £3,614,000). All of this expense arises from transactions accounted for as equity-settled share-based payments (see note 18).

Other pension costs includes £317,000 (2021: £205,000) relating to the company's defined benefit pension scheme, and £2,029,000 (2021: £2,160,000) employer contributions payable to the company's defined contribution pension schemes (see note 15 for further details).

The average monthly number of persons, including executive directors, employed by the company during the year analysed by activity was as follows:

	2022 **Number**	2021 Number
Administration	**37**	42
Distribution, selling and marketing	**282**	300
Packaging and global operations	**131**	146
	450	488

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8. Tax on profit

	2022 £'000	2021 £'000
Current tax on profit for the year		
UK corporation tax at 19% (2021: 19%)	**9,338**	9,564
Adjustment in respect of previous periods	**99**	(1,678)
Total current tax charge	**9,437**	7,886
Deferred tax		
Origination and reversal of timing differences	**156**	(24)
Impact of change in tax rate	**-**	(257)
Adjustment in respect of previous periods	**(223)**	1,673
Total deferred tax (credit)/charge	**(67)**	1,392
Tax on profit	**9,370**	9,278

Tax on other comprehensive income not included in the profit and loss account	2022 £'000	2021 £'000
Deferred tax movements related to actuarial gains on the defined benefit pension scheme	**167**	1,170
Tax included in other comprehensive income	**167**	1,170

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8. Tax on profit (continued)

The tax charge assessed for the year is higher (2021: higher) than that calculated at the effective standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	**47,176**	43,686
Profit before taxation multiplied by the effective standard rate of corporation tax in the UK of 19% (2021: 19%)	**8,963**	8,300
Effects of:		
Income not taxable in the year	**-**	638
Expenses not deductible for tax purposes	**494**	1,145
Effects of change in UK tax rate	**37**	(800)
Adjustment in respect of previous periods	**(124)**	(5)
Total tax charge	**9,370**	9,278

Deferred tax:

	2022 £'000	2021 £'000
Difference between accumulated depreciation and capital allowances	**467**	349
Deferred tax related to share based payments	**458**	271
Defined benefit pension scheme	**1,098**	1,502
Defined contribution pension scheme	**40**	41
Total deferred tax asset (note 12)	**2,063**	2,163

	2022 £'000	2021 £'000
At 1 January	**2,163**	4,725
Deferred tax credit/(charge) in profit and loss account	**67**	(1,392)
Deferred tax charge in the statement of comprehensive income	**(167)**	(1,170)
At 31 December	**2,063**	2,163

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. However, in March 2021, the Finance Bill 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Bill 2021 was enacted during May 2021 and therefore deferred taxes have been measured at 25% (2021: 25%), which represents the future corporation tax rate that was enacted at the balance sheet date and that is expected to apply to the reversal of the timing difference.

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9. Intangible assets

	Purchased goodwill	Know-how, licences and trademarks	Software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	23,534	53,622	2,927	80,083
Transfer from tangible assets	-	-	1,723	1,723
Disposals	-	-	(2,253)	(2,253)
At 1 January 2022	23,534	53,622	2,397	79,553
Transfer from tangible assets	-	-	422	422
At 31 December 2022	**23,534**	**53,622**	**2,819**	**79,975**
Accumulated amortisation				
At 1 January 2021	20,304	50,997	2,765	74,066
Amortisation	994	624	108	1,726
Transfer from tangible assets	-	-	706	706
Disposals	-	-	(1,626)	(1,626)
At 1 January 2022	21,298	51,621	1,953	74,872
Amortisation	994	624	115	1,733
At 31 December 2022	**22,292**	**52,245**	**2,068**	**76,605**
Net book value				
At 31 December 2022	**1,242**	**1,377**	**751**	**3,370**
At 31 December 2021	2,236	2,001	444	4,681

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10. Tangible assets

	Land and buildings £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2021	24,947	35,852	37	60,836
Additions	-	-	274	274
Reclassifications	-	100	(100)	-
Transfer to intangible assets	-	(1,723)	-	(1,723)
Disposals	(14,484)	(21,750)	-	(36,234)
Reversal of impairment	932	-	-	932
At 1 January 2022	11,395	12,479	211	24,085
Additions	-	-	825	825
Reclassifications	51	236	(287)	-
Transfer to intangible assets	-	-	(422)	(422)
At 31 December 2022	**11,446**	**12,715**	**327**	**24,488**
Accumulated depreciation				
At 1 January 2021	17,329	31,601	-	48,930
Charge for the year	721	517	-	1,238
Transfer to intangible assets	-	(706)	-	(706)
Disposals	(9,853)	(21,719)	-	(31,572)
At 1 January 2022	8,197	9,693	-	17,890
Charge for the year	540	454	-	994
At 31 December 2022	**8,737**	**10,147**	**-**	**18,884**
Net book value				
At 31 December 2022	**2,709**	**2,568**	**327**	**5,604**
At 31 December 2021	3,198	2,786	211	6,195

Land and buildings at net book value comprise:

	2022 £'000	2021 £'000
Leasehold (less than 50 years)	**2,709**	3,198

The net book value of land at 31 December 2022 amounted to £nil (31 December 2021: £nil).

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11. Inventories

	2022 £'000	2021 £'000
Finished goods and goods for resale	**105,292**	110,885

There is no material difference between the balance sheet value of inventory and their replacement cost. Inventory is stated after provisions for impairment of £17,713,000 (2021: £15,517,000).

12. Debtors

	2022 £'000	2021 £'000
Trade debtors	**114,101**	66,548
Amounts owed by group undertakings	**350,669**	299,546
Corporation tax	**8,586**	11,589
Deferred tax (note 8)	**2,063**	2,163
Prepayments and accrued income	**2,020**	2,001
	477,439	381,847

Amounts owed by group undertakings includes £128,000,000 (2021: £128,000,000) owed by group undertakings falling due after more than one year as a result of the company entering into a 10-year term loan agreement with a fellow group undertaking. This amount is receivable during 2030, with interest charged equal to the aggregate of the three month London Inter-Bank Offered Rate (LIBOR) plus 5.0283% per annum until 30 June 2022, and at the three month Sterling Overnight Index Average (SONIA) rate plus 5.0283% from 1 July 2022.

Interest is receivable on other loans due from group undertakings at the one month LIBOR plus 1.3410% until 30 June 2021, at the one month LIBOR plus 1.9394% from 1 July 2021 to 30 June 2022, at the one month Sterling Overnight Index Average (SONIA) rate plus 1.9394% from 1 July 2022 to 31 July 2022, and at the one month SONIA rate plus 1.1047% from 1 August 2022. Other amounts owed by group undertakings are interest free. No security is held for amounts owed by group undertakings which are repayable on demand.

The deferred tax asset falling due after more than one year is £2,063,000 (2021: £2,163,000).

The securitised gross trade debtors as at 31 December 2022 was £84,894,000 (2021: £73,775,000). This is part of a group wide securitisation agreement with BNP Paribas covering certain third party trade receivables. The company retains certain credit and late payment risk over these balances.

Trade debtors are stated after provisions for impairment of £2,389,000 (2021: £77,000).

Teva UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

13. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	**23,832**	21,254
Amounts owed to group undertakings	**108,713**	80,995
Amounts owed in respect of securitised receivables	**84,894**	73,775
Other taxation and social security	**26,762**	21,237
Other creditors	**319**	-
Accruals and deferred income	**11,154**	11,063
	255,674	208,324

Interest is payable to other group companies on non-trading balances at a rate of the one month London Inter-Bank Offer Rate (LIBOR) plus 1.8686% until 30 June 2021, at the one month LIBOR plus 2.2762% from 1 July 2021 to 30 June 2022, at the one month Sterling Overnight Index Average (SONIA) rate plus 2.2762% from 1 July 2022 to 31 July 2022, and at the one month SONIA rate plus 1.2445% from 1 August 2022. Other amounts owed to group undertakings are interest free. No security is held for amounts owed to group undertakings, which are repayable on demand.

14. Provisions for liabilities

	Onerous lease provision £'000	Restructuring provision £'000	**Total provisions £'000**
At 1 January 2021	820	3,165	**3,985**
Additions	-	1,801	**1,801**
Utilised	(223)	(4,610)	**(4,833)**
At 1 January 2022	597	356	**953**
Additions	63	2,331	**2,394**
Utilised	(164)	(2,392)	**(2,556)**
As at 31 December 2022	496	295	**791**

There are a number of onerous leases held by Teva UK Limited which are provided for to the extent of the present obligation under these contracts.

The company has continued to restructure its activities in response to a continually evolving market environment with a view to improving business performance and efficiency. As at 31 December 2022 an amount of £295,000 (31 December 2021: £356,000) was provided in relation to employee exit costs associated with this restructuring.

15. Post-employment benefits

i) Defined benefit scheme

The company participated in the Teva UK Limited Retirement Benefits Scheme which provided defined benefit pensions to employees. On 31 March 2012 the scheme was closed to future accrual and benefits ceased to accrue with effect from that date.

The assets of the scheme are held in a separate trustee administered fund.

A full actuarial valuation of the scheme was carried out at 31 March 2021 and updated to 31 December 2022 by a qualified independent actuary on an FRS 102 basis. During the year, total contributions of £1,364,000 (2021: £1,453,000) were paid by the company.

The major assumptions used by the actuary were:

	2022	2021	2020
Rate of increase in pensions in payment	**2.50%**	2.20%	2.05%
Discount rate	**4.70%**	1.80%	1.30%
Inflation assumption	**3.10%**	3.20%	2.80%

The following mortality assumptions were adopted:

2022	2021
CMI 2021 projections model, with a 1.25% long term trend rate, a smoothing parameter of 7, an initial additional parameter of A0.25% and a w parameter of 10%	CMI 2020 projections model, with a 1.25% long term trend rate, a smoothing parameter of 7, an initial additional parameter of A0.25% and a w2020 parameter of 10%

The pension liability which is recognised in the balance sheet under FRS 102 is as follows:

	2022	2021
	£'000	£'000
Pooled investment vehicles (PIVs)	**26,953**	47,651
Total market value of assets	**26,953**	47,651
Present value of liabilities	**(31,344)**	(53,659)
Pension liability	**(4,391)**	(6,008)

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Notes to the financial statements for the year ended 31 December 2022 (continued)

15. Post-employment benefits (continued)

i) Defined benefit scheme (continued)

The following amounts are recognised in the performance statements under the requirements of FRS 102:

	2022 £'000	2021 £'000
Operating loss:		
Administrative expenses	**(317)**	(205)
Total operating charge	**(317)**	(205)
Other financial income/(expense):		
Interest income on pension scheme assets	**856**	590
Interest expense on pension scheme liabilities	**(955)**	(736)
Other financial expenses (net)	**(99)**	(146)

	2022 £'000	2021 £'000
Statement of other comprehensive income:		
(Loss)/return on plan assets (excluding interest income)	**(21,359)**	1,865
Changes in assumptions underlying the present value of the scheme liabilities	**22,028**	2,814
Actuarial gain recognised in other comprehensive income	**669**	4,679

An analysis of the movement in the scheme pension liability is as follows:

	2022 £'000	2021 £'000
Deficit in scheme at beginning of the year	**(6,008)**	(11,789)
Movement in year:		
Administrative expenses	**(317)**	(205)
Contributions by company	**1,364**	1,453
Other finance expense	**(99)**	(146)
Actuarial gain	**669**	4,679
Deficit in scheme at end of the year	**(4,391)**	(6,008)

15. Post-employment benefits (continued)

i) Defined benefit scheme (continued)

A Recovery Plan has been agreed whereby additional contributions of £1,300,000 per annum until 30 June 2022 and £1,100,000 per annum from 1 July 2022 to 31 March 2026, plus certain scheme expenses will be paid to the scheme to eliminate the funding shortfall by 31 March 2026.

Reconciliation of present value of scheme liabilities:

	2022 £'000	2021 £'000
Present value of scheme liabilities at the beginning of the year	**53,659**	57,208
Interest cost	**955**	736
Actuarial gain	**(22,028)**	(2,814)
Benefits paid	**(1,242)**	(1,471)
Present value of scheme liabilities at the end of the year	**31,344**	53,659

Reconciliation of fair value of scheme assets:

	2022 £'000	2021 £'000
Fair value of scheme assets at the beginning of the year	**47,651**	45,419
Interest income on plan assets	**856**	590
Actuarial (loss)/gain on plan assets	**(21,359)**	1,865
Employer contributions	**1,364**	1,453
Benefits paid	**(1,242)**	(1,471)
Administrative expenses paid from plan assets	**(317)**	(205)
Fair value of scheme assets at the end of the year	**26,953**	47,651

The amounts recognised in the profit and loss account are as follows:

	2022 £'000	2021 £'000
Administrative expenses	**317**	205
Interest income on pension scheme assets	**(856)**	(590)
Interest expense on pension scheme liabilities	**955**	736
Total charge	**416**	351

ii) Defined contribution scheme

During the year, contributions of £2,029,000 (2021: £2,160,000) were payable to defined contribution schemes by the company. As at 31 December 2022 contributions of £158,000 (2021: £162,000) were outstanding.

Notes to the financial statements for the year ended 31 December 2022 (continued)

16. Called up share capital

	2022 £'000	2021 £'000
Allotted and fully paid		
114,792,866 (2021: 114,792,866) ordinary share of US$1	**91,221**	91,221
340,555 (2021: 340,555) deferred shares of £1 each	**341**	341
	91,562	91,562

Unlike ordinary shares, the holders of deferred shares are not entitled to any participation in the profits or assets of the company, other than on a liquidation or other return of capital after the holders of every other class of shares in the capital of the company have received the sum of £1 million in respect of each share (other than deferred shares) held by them and then only to the extent of £2 per deferred share. None of the deferred shares carry any right to receive notice of or attend and vote at any general meeting of the company.

The company has the power and authority at any time to purchase all or any of the deferred shares for an aggregate consideration of £1 which shall be applied for the benefit of the company.

The company paid a dividend of £nil during the year (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

17. Lease obligations

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022 Land and buildings £'000	2022 Other £'000	2021 Land and buildings £'000	2021 Other £'000
Not later than one year	**2,300**	**883**	2,372	685
Later than one year and not later than five years	**8,967**	**1,573**	11,209	498
Later than five years	**2,242**	**53**	2,242	-
	13,509	**2,509**	15,823	1,183

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Notes to the financial statements for the year ended 31 December 2022 (continued)

18. Share based payments

Certain senior employees of the company are entitled to share options in the ultimate parent company. Options are granted either with a fixed exercise price equal to the closing NYSE share price at the date of grant, or at an exercise price of £nil for Restricted Stock Units ('RSUs'). Options granted become fully exercisable on third or fourth anniversaries of the date of grant. Exercise of an option is subject to continued employment.

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value of RSUs is estimated based on the market value of the award at the grant date, less an estimate of dividends that will not accrue to the RSU holders prior to vesting. There are no other features, other than those stated above which require incorporation into the measurement of fair value. No modifications were made to the options since the date of grant.

The company recognises an equity-settled share-based payment expense in the profit and loss account based on an allocation of its share of the group's total expense.

On the exercise of share options by employees, the company may be invoiced the intrinsic value of the shares, in respect of which during the year an amount of £nil (2021: £nil) was recognised directly in equity.

The total charge for the year relating to all employee share based payments was £3,982,000 (2021: £3,614,000) all of which related to the equity settled share based payment transactions.

19. Financial instruments

The company has the following financial instruments:

	Note	**2022 £'000**	2021 £'000
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	12	**114,101**	66,548
Amounts owed by group undertakings	12	**350,669**	299,546
		464,770	366,094

	Note	**2022 £'000**	2021 £'000
Financial liabilities that are debt instruments measured at amortised cost:			
Trade creditors	13	**23,832**	21,254
Amounts owed to group undertakings	13	**108,713**	80,995
Amounts due in respect of securitised receivables	13	**84,894**	73,775
		217,439	176,024

20. Capital commitments

	2022 £'000	2021 £'000
Capital expenditure that has been contracted but not provided for in the financial statements	**327**	168

21. Related party transactions

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose consolidated financial statements are publicly available for inspection from the address in note 22. Consequently, the company has taken advantage of the exemption available under the terms of paragraph 33.1A of FRS 102 not to disclose related party transactions with group companies.

22. Controlling parties

The immediate parent undertaking is Teva UK Holdings Limited, a company incorporated in the United Kingdom.

The ultimate parent company and controlling party of Teva UK Limited is considered by the directors to be Teva Pharmaceutical Industries Limited.

Teva Pharmaceutical Industries Limited, a company incorporated in Israel, is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2022. Copies of Teva Pharmaceutical Industries Limited's financial statements can be obtained from 124 Dvora HaNevi'a St., Tel Aviv, 6944020, Israel.