

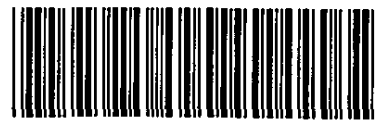
1472269.



Celltech R&D Limited

Annual report and financial statements for the
financial year ended 31 December 2011

WEDNESDAY



A1ED4IR5

A37

01/08/2012

#143

COMPANIES HOUSE

Celltech R&D Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company, registered number 01472269, is the provision of employees to other Group companies and the Directors believe that the Company will continue in this manner for the foreseeable future. The Company has had a number of outstanding tax inquiries settled during the year and this has resulted in a profit after taxation of £9.9 million (2010: £9.1 million).

The performance of the Company during and at the end of the year was considered to be satisfactory by the directors.

PRINCIPAL RISKS AND UNCERTAINTIES

A global risk management policy, applicable for the whole UCB Group and its affiliates worldwide, describes UCB's commitment to provide an effective risk management system across the Group in order to minimise its exposure to risks that could threaten UCB's corporate objectives.

The Board of Directors is responsible for approving the UCB Group's strategy, goals and objectives and overseeing the establishment, implementation and review of the Group's risk management system. The Board of Directors is assisted by the Audit Committee in its responsibility for the appreciation of risk and risk management. The Audit Committee examines on a regular basis the areas where risk could significantly affect the Group's financial situation and reputation and monitors the overall risk management process of the Group.

The Corporate Risk Management Committee, consisting of Executive Committee members and senior management representatives of all business functions and reporting to the Executive Committee, provides strategic leadership that endorses the corporate risk assessment and prioritisation process that drives the establishment of risk mitigation plans within all business functions and operations, supported by a global risks management system to effectively and efficiently assess, report, mitigate and manage actual or potential risk or exposures.

Celltech R&D Limited is part of the UK Group of UCB Companies and as such is included within the global risk management policy.

FINANCIAL RISK MANAGEMENT

The company is exposed to various financial risks arising from its operations and Group corporate finance activities. The Group manages, on behalf of the subsidiaries, these financial risks. These financial risks are market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's profit and loss. The objective of market risk management is to manage and control market risk exposures. The Group enters into derivative financial instruments and also incurs financial liabilities in order to manage market risk.

Foreign exchange risk

The Company as part of the UCB Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in sterling. The Group actively monitors its currency exposures, and when appropriate enters into transactions with the aim of preserving the value of assets and anticipated transactions. The Group uses forward contracts, foreign exchange options and cross currency swaps to hedge certain committed and anticipated foreign exchange flows and financing transactions.

Interest rate risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest bearing assets and liabilities. The Group uses interest rate derivatives to manage its interest rate risk.

Credit risk

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations causing a financial loss to the Company. Trade receivables are subject to a policy of active risk management, which focuses on the assessment of country risk, credit availability, ongoing credit evaluation and account monitoring procedures.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity risk is managed by the Group. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal circumstances without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements at all times. In addition the Group has certain unutilised revolving committed facilities at its disposal.

KEY PERFORMANCE INDICATORS (KPI'S)

Given the straightforward nature of the business and the fact that the Company is not engaged in any trading activities, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development performance or position of the business.

Celltech R&D Limited

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

FUTURE DEVELOPMENTS

The Company will continue to provide employees to other Group companies in the future

DONATIONS

There were no donations made in the year (2010 £nil)

DIVIDEND

An interim dividend of £6,500,000 was paid during the year (2010 £nil) The directors do not recommend the payment of a final dividend for the year

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements, *unless otherwise stated*, are listed below

M G Hardy	
M de Cannart d'Hamale	(resigned 29 April 2011)
S C Jones	
H Klitgaard	(resigned 31 May 2011)
L Vermeesch	
J C Donck	(resigned 31 May 2011)
A Norris	(resigned 31 May 2011)
A C van der Toorn	

DIRECTORS' INDEMNITIES

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) are in force for the benefit of the Directors and former Directors who held office during 2011

EMPLOYEE ENGAGEMENT

As of December 31, 2011 the Company employed 414 personnel, for further detail see note 4

The UCB Group maintains timely, clear and transparent communication with all its employees in order to ensure alignment, consolidate trust and build pride. In 2011 the year ended and started with a 'High-Impact Conference' for upper management, followed by wide-reaching interactive town hall meetings that broadly communicated 2011 objectives across the Group. These face-to-face events allow a broad audience to review our achievements, set objectives and priorities for the future and provide management with an opportunity to discuss issues with members of the Group's Executive Committee in an informal and open setting. Employees' questions to the Executive Committee are openly answered and broadcast via video on the Group's intranet.

Along with the Company's management's daily commitment to open dialogue among and between teams there are as stated above, regular town hall meetings and informal networking events where colleagues can share progress and have an open exchange across teams and senior management.

The Company wants talent to be recognised. It can be recognised by management recognition or other reward. In addition to being eligible for adhoc awards for outstanding achievements, the Company's employees follow an annual performance management cycle. The Company tracks, rewards and recognises each employee's contribution to the company through systematic feedback on measurable annual objectives.

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

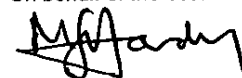
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be put forward to the members.

On behalf of the board



M G Hardy
Director
16/9/2012

Celltech R&D Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2011

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 and applicable law). Under Company law the 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELLTECH R&D LIMITED

We have audited the financial statements of Celltech R&D Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matters

The Company has passed a resolution in accordance with Section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

17 July 2012.

Celltech R&D Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	34,321	32,170
Gross profit		34,321	32,170
Administrative expenses	4	(35,723)	(33,188)
Operating loss	3	(1,402)	(1,018)
Interest receivable and similar income	5	11,770	13,675
Interest payable and similar charges	6	(10,781)	(12,541)
(Loss)/profit on ordinary activities before taxation		(413)	116
Taxation credit on (loss)/profit on ordinary activities	8	10,291	9,014
Profit for the financial year	13	9,878	9,130

The notes on pages 7 to 13 form an integral part of these financial statements

All results derive from continuing operations

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented


There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis


Celltech R&D Limited
BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	9	-	-
Current assets			
Debtors	10	100,015	111,415
Cash at bank and in hand		<u>393</u>	<u>327</u>
		100,408	111,742
Creditors amounts falling due within one year	11	<u>(60,936)</u>	<u>(77,147)</u>
Net current assets		<u>39,472</u>	<u>34,595</u>
Total assets less current liabilities		<u>39,472</u>	<u>34,595</u>
Net assets		<u>39,472</u>	<u>34,595</u>
Capital and reserves			
Called up share capital	12	18,594	18,594
Share premium account	13	9,048	9,048
Profit and loss account	13	11,830	6,953
Total shareholders' funds	14	<u>39,472</u>	<u>34,595</u>

The notes on pages 7 to 13 form part of these financial statements

The financial statements were approved on behalf of the board on 16th July 2012 and were signed on its behalf by


M G Hardy
Director


S C Jones
Director

COMPANY REGISTERED NUMBER 01472269

Celltech R&D Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with all items in relation to the financial statements

ACCOUNTING CONVENTION

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below

The Company is exempt by virtue of part 15, section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group

GOING CONCERN

The directors consider that the Company has adequate resources to continue in business in the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements

CASH FLOW STATEMENT

The Company is a wholly owned subsidiary company of a group headed by UCB S A, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement

RELATED PARTY TRANSACTIONS

The Company is exempt, under FRS 8, from the requirement to disclose related party transactions on the grounds that it is a wholly owned subsidiary undertaking. This exemption covers transactions with other Group undertakings. There were no other related party transactions in the year

TURNOVER AND INCOME RECOGNITION

Turnover is derived from recharging employee's services to other group entities, excluding value added tax

Turnover is recognised when the service has been provided, and it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably

INTEREST RECEIVABLE AND PAYABLE

Interest receivable and payable are recognised on an accruals basis

DIVIDENDS

Dividends receivable are recognised at the date on which their payment becomes irrevocable. Dividend distributions to the Company shareholders are recognised in the period when they are paid or become an irrevocable committed obligation

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling on the balance sheet date and the gains or losses arising on translation are dealt with through the profit and loss account

DEFERRED TAXATION

Deferred taxation is provided on timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

INVESTMENTS IN SUBSIDIARY COMPANIES

Investments are held at cost less any provision for impairment

IMPAIRMENT OF INVESTMENT

The carrying values of investments are reviewed for impairment when there is an indication that the investment might be impaired. Any provision resulting from an impairment review is charged to the Profit and Loss Account in the year concerned

PENSION

The Company participates in contributory and non-contributory defined benefit and defined contribution pension schemes covering the majority of its employees. The schemes' funds of the defined benefit plans are administered by trustees and are independent of the Company's finances. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries. The Company's contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the Company. Payments to defined contribution schemes are expensed as incurred

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (CONTINUED)

SHARE BASED PAYMENTS

The Company participates in the holding company's stock option plan and share award plan, both of which are equity-settled. The services rendered by the employees as consideration for stock options are recognised as an expense. The expense corresponds to the fair value of the stock option plans and is charged to operating profit on a straight-line basis over the vesting period of the plan. The fair value of the stock option plan is measured at the grant date using the Black-Scholes valuation model taking into account the expected life and cancellation rate of the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

TRADE AND OTHER DEBTORS

Trade and other debtors are carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full, with the charge being recognised in the profit and loss account. Balances are written off when the probability of recovery is assessed as being remote.

TRADE AND OTHER CREDITORS

Trade and other creditors are stated at cost.

FOREIGN CURRENCY DERIVATIVES

At 31 December 2011 the fair value of foreign currency derivative was an asset of £1,866,000 (2010: £1,545,000 liability). Foreign currency derivatives are not recognised at fair value in the financial statements.

2 TURNOVER

	2011 £'000	2010 £'000
<i>Turnover by destination</i>		
United Kingdom	34,321	32,170

All turnover is derived from one class of business, being the recharging employee's services to other group entities.

3 OPERATING LOSS

In 2011 Auditors' remuneration of £3,803 has been borne by fellow subsidiary companies (2010: £4,754). No director received any remuneration for the year in respect of their duties (2010: £nil).

4 STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Employee numbers	
	2011	2010
Sales and marketing, administration and distribution	129	70
Medical, research and development	285	339
	414	409

The aggregate payroll costs of these persons were as follows:

	2011 £'000	2010 £'000
Wages and salaries	24,204	22,785
Social security costs	2,799	2,784
Other pension costs (see note 15)	7,221	6,503
Cost of employee share schemes (note 17)	1,499	1,116
	35,723	33,188

Included in wages and salaries is an expense of £1,499,000 (2010: £1,116,000) for transactions accounted for as equity-settled share-based payment transactions.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Interest receivable from group undertakings	3,069	2,302
Foreign exchange gains	8,701	11,373
	11,770	13,675

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Interest payable to group undertakings	236	583
Foreign exchange losses	10,545	11,958
	10,781	12,541

7 DIVIDENDS

	2011 £'000	2010 £'000
Equity – Ordinary		
Interim dividend paid £0.34 per £1 share (2010 nil)	6,500	-

8 TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
<i>Current tax credit</i>		
UK corporation tax on profits of the year	(802)	(1,115)
Adjustment in respect of prior years	(9,489)	(7,899)
Tax on profit on ordinary activities	(10,291)	(9,014)

The tax assessed for the year is lower (2010 higher) than the standard effective rate of corporation tax in the UK (26.5%, 2010 28%). The differences are explained below,

	2011 £'000	2010 £'000
(Loss)/profit on ordinary activities before taxation	(413)	116
Profit on ordinary activities multiplied by the standard rate in the United Kingdom at 26.5% (2010 28%)	(109)	32
Effects of,		
Non-taxable income	(1,090)	(1,460)
Adjustment in respect of prior years	(9,489)	(7,899)
Share-based payments	397	313
Current tax for the year	(10,291)	(9,014)

The prior period tax adjustment of £9,489,000 has arisen due to various tax enquiries reaching a conclusion in the year. The Finance Act 2011, which was substantively enacted on 5 July 2011, included legislation reducing the main UK corporation tax rate from 28% to 26%, effective from 1 April 2011. A further reduction to 25%, effective from 1 April 2012, was also substantively enacted on this date.

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

9 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2011	270
At 31 December 2011	<u>270</u>
Provisions	
At 1 January 2011	(270)
At 31 December 2011	<u>(270)</u>
Net book value	
At 31 December 2011	<u>-</u>
At 31 December 2010	<u>-</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets

At 31 December 2011 the Company held shareholdings in the following subsidiary undertakings

Subsidiary Undertaking	Principal business activity	Country of Incorporation	Percent of shareholding held	Description of shares held
Celltech Japan Limited	Dormant	England and Wales	100%	Ordinary shares
Chiroscience Group Limited	Holding Company	England and Wales	100%	Ordinary shares
Darwin Discovery Limited	Lending to group companies	England and Wales	100%	Ordinary shares

All interests are direct except the interest in Chiroscience Group Limited which is by virtue of the Company's interest in Celltech Japan Limited and Darwin Discovery Limited which is due to the Company's indirect holding in Chiroscience Group Limited

10 DEBTORS

	2011 £'000	2010 £'000
Amounts owed by group undertakings	<u>100,016</u>	<u>111,415</u>

All debtors are due within one year

Amounts owed by group undertakings are unsecured, £26,540,000 is interest free (2010 £37,638,000) has no fixed date of repayment and is repayable on demand £73,475,000 (2010 £73,777,000) bears interest at 1.89% (2010 0.89%) and is repayable on demand

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed to group undertakings	<u>60,936</u>	<u>77,147</u>

Amounts owed to group undertakings are unsecured, £60,936,000 is interest free (2010 £68,952,000) has no fixed date of repayment and is repayable on demand 2010 £8,195,000 bore interest at 3.07% and was repayable on demand

12 CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
24,000,000 (2010 24,000,000) Ordinary shares of £1	<u>24,000</u>	<u>24,000</u>
Allotted and fully paid		
18,593,783 (2010 18,593,783) Ordinary shares of £1	<u>18,594</u>	<u>18,594</u>

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

13 RESERVES

	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2011	9,048	6,953	16,001
Profit for the financial year	-	9,878	9,878
Dividends	-	(6,500)	(6,500)
Share-based payment	-	1,499	1,499
At 31 December 2011	9,048	11,830	20,878

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Profit / (loss) for the financial year	9,878	9,130
Dividends	(6,500)	-
Share based payment	1,499	1,116
Net additions to shareholders' funds	4,877	10,246
Opening shareholders' funds	34,595	24,349
Closing shareholders' funds	39,472	34,595

15 PENSION SCHEMES

The Company is a sponsor of the Celltech Pension and Life Assurance Scheme (CP&LAS) which is constituted through a separate independent trust and is contributory, funded, and the benefits of which are based on final pensionable pay

The Company accounts for the scheme as if it were a defined contribution scheme

The Company also participates in defined contribution schemes

Total pension charges for the Company for the year were £6.5 million (2010: £5.1 million) for defined benefit scheme and £0.7 million (2010: £1.4 million) for defined contribution scheme (see also note 4). There were no material contributions outstanding to any of the schemes at either year-end.

The Company's contributions for the defined benefit scheme are assessed on a triennial basis, in accordance with the advice of a qualified actuary using the projected unit method. The contributions are determined on the basis of long-term funding assumptions and are set at a level to meet the future benefit accrual and eliminate any funding surplus or shortfall over the long-term.

Actuarial Valuations

CP&LAS - the last full actuarial valuation of this scheme was carried out on 1 January 2010 and has been updated in accordance with FRS 17 to 31 December 2010 by a qualified independent actuary.

The market value of assets were £94.7 million (2010: £91.7 million) and the present value of scheme liabilities were £123.3 million (2010: £117.4 million) plus unrecognised net actuarial loss of £33.7 million (2010: £25.7 million).

Additional annual employer contributions of £3.9 million commenced 1 January 2010 in respect of the past service deficit as an eight year recovery plan agreed by the Company and the Trustees.

The major assumptions used by the actuary were,

	2011 %	2010 %	2009 %
Rate of increase in salaries	4.00	4.50	4.50
Rate of increase of pensions in payments	4.00	3.50	3.50
Discount rate	4.75	5.50	5.50
Inflation assumption - RPI	3.00	3.50	3.50
Inflation assumption - CPI	2.50	3.00	-

16 RELATED PARTY TRANSACTIONS

The Company is exempt, under FRS 8, from the requirement to disclose related party transactions on the grounds that it is a wholly owned subsidiary undertaking. This exemption covers transactions with other group undertakings.

There were no other related party transactions in the year.

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17 SHARE-BASED PAYMENTS

The UCB S A Group operates several share based compensation plans, including a stock option plan and a share award plan to compensate employees for services rendered. Both of these plans are equity settled.

The Remuneration Committee granted options on UCB S A shares to the members of the Global Leadership Team of the UCB Group and to selected employees, some of which fall in the UK. The exercise price of the granted options in 2011 is equal to the lower of the following two values: (i) the average of the closing price of UCB share on Euronext Brussels, during 30 days preceding the offer or (ii) the closing price of the UCB shares on Euronext Brussels the day before the grant.

The options become exercisable after a vesting period of three years. If the employee leaves the Group, his/her options lapse upon expiry of a period of six months, except if taxes have been prepaid. In case of death the options lapse upon expiry of a period of 12 months. The Group has no obligation to repurchase or settle the options in cash. There are no reload features, the options are not transferable (except in case of death).

No share options have been exercised during the year but UK employees (2010: €nil).

The weighted average share price at the date of exercise of share options exercised during the financial year was €22.01 (2010: €nil).

The options outstanding at the year end have an exercise price in the range of €21.38 to €43.57 and a weighted average contractual life of 10 years.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last 360 days. The probability of early exercise is reflected in the expected life of the options. The expected forfeiture rate is based on actual turnover of employees for categories eligible for stock option compensation.

The significant assumptions used in the measurement of options granted in May 2010 and 2009 respectively are:

Stock option plan

		2011	2010
Weighted fair value at measurement date	Euro	6.48	7.90
Range of exercise prices	Euro	26.8	31.62
Weighted average exercise price	Euro	26.73	31.62
Expected volatility used in the modelling under the Black-Scholes model	%	33.41	32.92
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	Years	6	5
Expected dividend yield	%	3.71	2.99
Risk free interest rate (based on national government bonds)	%	3.45	2.67
Expected annual forfeiture rate	%	7.00	7.00

The number and weighted average exercise prices of share options are as follows:

	2011	2011	2010	2010
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	€		€	
Outstanding at 1 January 2011	30.59	1,141,000	30.12	1,128,200
Granted during the year	26.72	294,200	31.62	306,800
Exercised during the year	22.01	(79,270)	-	-
Forfeited during the year	51.47	(15,415)	29.86	(294,000)
Outstanding at 31 December 2011	30.07	1,340,515	30.59	1,141,000
Exercisable at 31 December 2011	-	506,815	-	368,100

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17 SHARE-BASED PAYMENTS (CONTINUED)

Share award plan

	2011	2010
	Number of	Number of
	options	options
Outstanding at 1 January 2011	2,200	2,200
Granted during the year	1,000	1,000
Forfeited during the year	-	-
Exercised during the year	(1,000)	(1,000)
Outstanding at 31 December 2011	2,200	2,200
Exercisable at 31 December 2011	-	-

In 2009 the Group granted share awards to the members of the Leadership Team of the Group. These awards were conditional to a vesting period of 3 years, except upon leaving on retirement or death in which case they vest immediately. 2,420 rights were granted at a fair value of 22.75 euro per share. The cost is spread over the vesting period. The beneficiaries are not entitled to dividends during the vesting period.

The total expenses recognised for the year arising from share based payments are as follows,

	2011	2010
	£'000	£'000
Equity settled share based payments	1,499	1,116

18 CONTINGENT LIABILITIES

The Company has a deposit of €nil million (2010: €4 million) with Fortis Bank in respect of a guarantee required to secure certain manufacturing arrangements.

19 ULTIMATE PARENT COMPANY

The immediate and ultimate UK parent company is Celltech Group Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party at 31 December 2011 and the smallest and largest group in which the Company's results are consolidated was UCB S.A., a company incorporated in Belgium.

Copies of the respective financial statements for each of these companies can be obtained from the Company secretary at the following address, Celltech Group Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.