



**Celltech R&D Limited**

**Annual report for the  
year ended 31 December 2022**

**Company registration number: 01472269**

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**Celltech R&D Limited**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their Strategic Report of Celltech R&D Limited (the "Company") for the year ended 31 December 2022, detailing the main factors impacting upon the business during the year and a review of progress.

**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. UCB Celltech (the UK establishment of UCB Pharma SA), underwent a transfer in 2021, within the UCB group of companies. All of its research and development (R&D) activities were transferred to UCB Biopharma UK (a newly formed UK establishment of UCB Biopharma SRL). As a result of this transfer, Celltech R&D Limited provided workers to UCB Biopharma UK as well as UCB Celltech during 2022 and will do so in the future.

The Company made a profit before tax for the financial year of £446 thousand (2021: £62 thousand profit), and has net assets of £37,783 thousand (2021: £40,254 thousand) at the Balance Sheet date.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

The Group Board of Directors are 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 Group Board of Directors assisted by the Audit Committee in its responsibility for the appreciation of risk and risk management. The Group 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 Group Corporate Risk Management Committee, consisting of Group Executive Committee members and senior management representatives of all business functions and reporting to the Group 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 risk management system to effectively and efficiently report, mitigate and manage actual or potential risk or exposures.

**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.

**SECTION 172 (1) STATEMENT**

The Directors have a duty to promote the success of the Company which is a key consideration when determining the Company's strategy. The Directors ensure they have suitable access to information to allow them to make informed business decisions and the Directors consider whether they possesses sufficient information regarding the stakeholder interests which are affected by their actions. In instances when the Directors do not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available.

Delivering UCB's strategy requires strong mutually beneficial relationships with suppliers, customers, government, National Health Authorities and other partners. The Company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships and this alongside other standards are reviewed and approved by the Board periodically. The Board also reviews and approves UCB's approach to suppliers which is set out by UCB's Global purchasing function. The businesses continuously assess the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

**Celltech R&D Limited**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

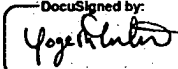
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**SECTION 172 (1) STATEMENT (CONTINUED)**

Moreover, the Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the Purchasing function (on suppliers and supplier contract management topics) to information provided by the businesses (on customers for example, business strategies, projects and investment or divestment proposals).

The Directors aim to attract and retain talented employees from diverse backgrounds and industries by building a world-class culture based on integrity, respect and inclusion in which people have opportunities to do purpose-driven work that impacts customers, communities and co-workers globally.

On behalf of the Board:

DocuSigned by:  
  
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**Y Khatri**  
**Director**

Date: 26-Jul-2023

**Celltech R&D Limited**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their Annual Report and audited Financial Statements of the Company for the year ended 31 December 2022 (referred to as "2022" and "year" throughout the Financial Statements).

**FINANCIAL RISK MANAGEMENT**

The Company is exposed to various financial risks arising from its operations and UCB Group corporate finance activities. The Group manages, on behalf of the subsidiaries, these financial risks. These financial risks are market risk (including interest rate 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 Statement of Comprehensive Income. The objective of market risk management is to manage and control market risk exposures. The Group will, from time to time, enter into derivative financial instruments and also incurs financial liabilities in order to manage market risk.

**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.

**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 reputation. The Group maintains sufficient reserves of cash and readily realizable marketable securities to meet its liquidity requirements at all times. In addition the Group has certain unutilized revolving committed facilities at its disposal.

**FUTURE DEVELOPMENTS**

The directors see no changes in the current operations of the company in the foreseeable future.

**EMPLOYEE ENGAGEMENT**

In 2022 the UK Company employed 630 (2021: 629) staff, for further detail see note 5.

The UCB Group measures employee engagement through our internal global employee engagement survey which runs on an annual basis to get timely feedback on specific areas of strength and opportunities.

In 2022, we ran the global employee engagement survey to obtain feedback on our strategy, confidence in the future, our feedback culture and our commitment to Diversity, Equity and Inclusion.

Overall, the UK engagement score is 70%, compared to a global score of 74%. With a 70% participation rate.

Key highlights from the engagement survey results were; pride in working for UCB consistently remains high (73% score, 77% favorable). Employees strongly believe that their manager recognizes their contribution (75% score, 81% favorable) and have their best interests in mind (74% score, 75% favorable). Areas for improvement included communication and development opportunities.

To address development opportunities, we are committed locally to implement new global personal development tools to best enable people to achieve their potential, grow and manager their careers. The launch of these development platforms will be embedded in 2023.

In 2022, we continued efforts to support well being of employees offering access to regular sessions spanning mindfulness, resilience, and physical exercise. Following the return to work fully post pandemic (September 2021), the company implemented hybrid working and core hours, offering greater flexibility to employees which received positive feedback.

In 2022 our Diversity, Equity and Inclusion council sought to expand our agenda with the introduction of a parents and carer coaching program, an inclusive job advert tool and continued focused trainings on Unconscious Bias and awareness of inclusion. In addition, we launched a campaign, This is Me to invite employees to voluntarily disclose their ethnicity and disability. Enabling us to broaden our diversity metrics as we intend to gain insight for action.

**EMPLOYEE ENGAGEMENT (continued)**

We partnered with, Upskill Me to engage students from under-represented groups and provide candidates with the skills, knowledge and networks they need to build a career in STEM. Through Insight days and the empowering women in STEM mentoring program.

**SUPPLIERS, CUSTOMERS AND OTHERS**

In the Strategic report, within the Section 172 (1) Statement on pages "2&3", the Directors have summarised how they have engaged with suppliers, customers and others in a business relationship.

**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 (Company Secretary and a Director)  
Y Khatri  
C Brading

**DIVIDENDS**

During the year the Company paid dividends of £nil (2021: £nil) in respect of the year ended 31 December 2022.

**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 itself and its Directors.

**POST BALANCE SHEET EVENTS**

There have been no reportable post balance sheet events.

**STREAMLINED ENERGY AND CARBON REPORTING**

There is no energy usage or associated greenhouse gas emissions related to the activities financially controlled by the Company that are mandatory to be reported under the Streamlined Energy and Carbon Reporting requirements for the financial year 1st January to 31st December 2022.

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

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 auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Celltech R&D Limited**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**INDEPENDENT AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor appointed is Mazars LLP.

On behalf of the board:

DocuSigned by:  
  
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Y Khatri  
**Director**

208 Bath Road  
Slough  
Berkshire  
SL1 3WE

Date: 26-Jul-2023

**Celltech R&D Limited****STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with the applicable law and regulations.

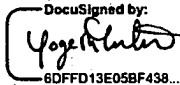
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 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 101, 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 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.

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.

On behalf of the Board:

DocuSigned by:  
  
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**Y Khatri**  
**Director**

208 Bath Road  
Slough  
Berkshire  
SL1 3WE

Date: 26-Jul-2023



# **Celltech R&D Limited**

## **Independent auditor's report to the members of Celltech R&D Limited**

### **Opinion**

We have audited the financial statements of Celltech R&D Limited (the 'company'), for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, and Statement of Changes in Equity and notes to the financial statements, including a summary of the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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.

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.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

# **Celltech R&D Limited**

## **Independent auditor's report to the members of Celltech R&D Limited (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### **Auditor's 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 auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

## Celltech R&D Limited

### Independent auditor's report to the members of Celltech R&D Limited (continued)

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Celltech R&D Limited

### Independent auditor's report to the members of Celltech R&D Limited (continued)

#### Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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David Herbinet (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU

Date 27 July 2023

**Celltech R&D Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	3	<b>88,170</b>	89,554
Administrative expenses		<b>(88,113)</b>	(89,495)
<b>Operating profit</b>	4	<b>57</b>	59
Interest receivable and similar income	6	<b>389</b>	24
Interest payable and similar expenses	7	<b>—</b>	(22)
<b>Profit before taxation</b>		<b>446</b>	62
Tax on profit	8	<b>682</b>	1,367
<b>Profit for the financial year</b>		<b>1,128</b>	1,429
Total other comprehensive income		<b>—</b>	—
<b>Total comprehensive income for the year</b>		<b>1,128</b>	1,429

The notes on pages 15 to 24 form part of these financial statements.

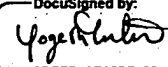
All results derive from continuing operations.

**Celltech R&D Limited**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
<b>Current assets</b>			
Debtors	9	39,711	44,096
Cash and cash equivalents		316	494
		<u>40,027</u>	<u>44,590</u>
<b>Creditors : amounts falling due within one year</b>	10	<u>(2,244)</u>	<u>(4,336)</u>
<b>Net current assets</b>		<u>37,783</u>	<u>40,254</u>
<b>Net assets</b>		<u>37,783</u>	<u>40,254</u>
<b>Capital and reserves</b>			
Called-up share capital	12	18,594	18,594
Share premium account	13	9,048	9,048
Profit and loss account		10,141	12,612
<b>Total Shareholder's funds</b>		<u>37,783</u>	<u>40,254</u>

The notes on pages 15 to 24 form part of these financial statements.

The financial statements on pages 12 to 24 were approved by the Board of Directors on 26-Jul-2023 and signed on its behalf by:

DocuSigned by:  
  
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Y Khatri  
**Director**

**COMPANY REGISTERED NUMBER 01472269**

**Celltech R&D Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total Shareholder's funds £'000
Balance at 1 January 2021	18,594	9,048	9,320	36,962
Total comprehensive income for the year				
Profit for the financial year	—	—	1,429	1,429
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,429</b>	<b>1,429</b>
Transactions with owners, recorded directly in equity				
Equity-settled share based payments	—	—	8,545	8,545
Parent company share based payment recharge	—	—	(8,545)	(8,545)
Deferred tax on equity-settled share based payments	—	—	1,863	1,863
<b>Total transactions with owners, recognised directly in equity</b>	<b>—</b>	<b>—</b>	<b>1,863</b>	<b>1,863</b>
<b>Balance at 31 December 2021 and 1 January 2022</b>	<b>18,594</b>	<b>9,048</b>	<b>12,012</b>	<b>40,254</b>
Total comprehensive income for the year				
Profit for the financial year	—	—	1,128	1,128
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,128</b>	<b>1,128</b>
Transactions with owners, recorded directly in equity				
Equity-settled share based payments	—	—	6,402	6,402
Parent company share based payment recharge	—	—	(6,402)	(6,402)
Deferred tax on equity-settled share based payments	—	—	(3,600)	(3,600)
<b>Total transactions with owners, recognised directly in equity</b>	<b>—</b>	<b>—</b>	<b>(3,600)</b>	<b>(3,600)</b>
<b>Balance at 31 December 2022</b>	<b>18,594</b>	<b>9,048</b>	<b>10,141</b>	<b>37,783</b>

The notes on pages 15 to 24 form part of these financial statements.

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1 ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

Celltech R&D Limited is a private company limited by shares and is incorporated, domiciled and registered in Berkshire, United Kingdom. The registered number is 01472269 and the registered address is 208 Bath Road, Slough, Berkshire, SL1 3WE.

The principal activity of the Company 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.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, UCB S.A. includes the Company in its consolidated Financial Statements. The consolidated Financial Statements of UCB S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Celltech Group Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of IAS1 to present a third balance sheet where comparatives have been restated;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- with respect to IFRS 15 disclosure exemptions from the second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.

As the consolidated Financial Statements of UCB S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; and
- Certain share-based payment disclosures required by IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

**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.



**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1 ACCOUNTING POLICIES (CONTINUED)**

**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.

**TURNOVER**

Turnover is derived from recharging employees' services to other group entities, excluding value added tax. Turnover is recognised when performance obligations have been satisfied. For the Company this is when the service has been provided. Turnover relates to the recharging of employee services to other group companies.

A debtor is recognised when the services are recharged as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**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. Interim dividends are recognised when paid. Dividend distributions to the Company shareholders are recognised in the period in which the dividends are approved by the board.

**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 Statement of Comprehensive Income in the year in which they arise. Foreign currency differences are recognised within finance income or expense.

**FINANCIAL ASSETS**

The company classifies its financial assets at amortised cost.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets'.

The Company's financial assets include intercompany loans and cash, classified as measured at amortised cost.

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1 ACCOUNTING POLICIES (CONTINUED)**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash balances and call deposits.

**CREDITORS**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or group undertakings.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

**CURRENT AND DEFERRED TAX**

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

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the company operates and generates taxable income. 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.

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 the asset can be utilised.

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.

**EMPLOYEE BENEFITS**

The Company participates in contributory and non-contributory defined benefit and defined contribution pension schemes covering the majority of its employees.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the year during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is another member of the group. The Company then recognises a cost equal to its contribution payable for the period. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries.

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1 ACCOUNTING POLICIES (continued)**

**EMPLOYEE BENEFITS (continued)**

Share-based payment transactions

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 with a corresponding entry to equity. The expense corresponds to the fair value of the stock option granted and is charged to operating profit on a straight-line basis over the vesting period of the plan. The fair value of stock options granted 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 Statement of Comprehensive Income, and a corresponding adjustment to equity over the remaining vesting period. National insurance (NI) is recognized on share-based payments based on awards outstanding at the end of the period. The parent company (UCB S.A.) recharges share based payment costs (determined to be equal to the fair value of the options at the grant date) to the Company.

**2 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Tax positions**

The Company operates in complex legal and tax regulatory environments. The income tax positions taken are considered by the Company to be supportable and are intended to withstand challenge from tax authorities. However, it is accepted that some of the positions are uncertain and include interpretations of complex tax laws as well as transfer pricing considerations which could be disputed by tax authorities. A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities based on all relevant information. The liability is calculated by the entity as the single best estimate of the current tax it expects to pay. These estimates are based on facts and circumstances existing at the end of the reporting period.

The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. The losses of the Company are surrendered to another UK group entity that is expected to pay for the group relief. Therefore the deferred tax asset is assessed as recoverable and recognised even though the 'asset' is actually a receipt from another group entity that recovers it from the tax authority.

**Multi-employer defined benefit pension scheme**

Certain employees participate in a multi-employer defined benefit pension scheme with other companies in the group. In the judgement of the directors, the Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. So, the scheme is accounted for as a defined contribution scheme; see note 14 for further details.

**Share based payments**

Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. 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.

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**3 TURNOVER**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<i>Turnover by destination</i>		
United Kingdom	<b>88,170</b>	<b>89,554</b>

All turnover is derived from one class of business at a point in time, being the recharging employees' services to other entities.

**4 OPERATING PROFIT**

In 2022 auditor's remuneration for the statutory audit of Celltech R&D Limited was £3,000 (2021: £5,000).

None of the Directors received nor were due remuneration from the Company during the year (2021 : £nil).

The emoluments of the Directors were paid by another UCB group company. The Directors' services to this company are of a non-executive nature. Accordingly, the Statement of Comprehensive Income includes no emoluments in respect of the Directors (2021: £nil).

**5 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:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Sales and marketing, administration and distribution	<b>168</b>	<b>165</b>
Medical, research and development	<b>462</b>	<b>464</b>
	<b>630</b>	<b>629</b>

The aggregate payroll costs of these persons were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>58,274</b>	<b>52,417</b>
Social security costs	<b>6,788</b>	<b>8,227</b>
Other pensions costs (note 14)	<b>16,630</b>	<b>17,031</b>
Cost of employee equity-settled share-based schemes (note 14)	<b>6,402</b>	<b>8,545</b>
	<b>88,094</b>	<b>86,220</b>

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	<b>3</b>	<b>—</b>
Interest receivable from group undertakings	<b>368</b>	<b>24</b>
Foreign exchange gains	<b>18</b>	<b>—</b>
	<b>389</b>	<b>24</b>

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**7 INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022 £'000	2021 £'000
Foreign exchange losses	—	22
	<u>—</u>	<u>22</u>

**8 TAX ON PROFIT**

Recognised in the Statement of Comprehensive Income	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the period	(1,167)	(56)
Adjustments in respect of prior years	—	(2)
	<u>(1,167)</u>	<u>(58)</u>
Deferred tax		
Origination and reversal of timing differences	485	(1,309)
Total deferred tax	<u>485</u>	<u>(1,309)</u>
Tax on profit	<u>(682)</u>	<u>(1,367)</u>

**Recognised in Statement of changes in equity**

Total income included in equity:		
Deferred tax on equity-settled share based payments (note 11)	3,600	(1,863)
Total tax income included in equity	<u>3,600</u>	<u>(1,863)</u>

**Factors affecting the tax (income)/expense**

The tax assessed for the period is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

**Reconciliation of standard tax rate**

	2022 £'000	2021 £'000
Profit for the financial year	1,128	1,429
Total tax credit	<u>(682)</u>	<u>(1,367)</u>
Profit before tax	446	62
Tax using the UK corporation tax rate 19% (2020: 19%)	85	12
Effects of:		
Income not deductible for tax purposes	1,219	(68)
Adjustments in respect of prior periods		(2)
Origination and reversal of timing differences	(2,471)	(1,309)
Total tax credit	<u>(682)</u>	<u>(1,367)</u>

**Factors that may affect future tax charges**

An intention to increase the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was announced in the UK Budget on 3 March 2021. The deferred tax asset at Balance Sheet date has been calculated at 23.5% (2021: 19%). Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

**9 DEBTORS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	<b>33,753</b>	35,075
Other debtors	<b>1,022</b>	—
Deferred tax assets (see note 11)	<b>4,936</b>	9,021
	<b>39,711</b>	<b>44,096</b>

Amounts owed by group undertakings are unsecured and are repayable on demand. £2,693,311 (2021: £5,622,295) is interest free, £10,059,040 (2021: £9,452,502) bears interest at SONIA minus 0.05% (2021: GBP Libor 1 month plus 0.419% and £21,000,000 (2021: £20,000,000) bears an average interest at 1.79% (2021: 0.126%).

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<b>8</b>	411
Accruals and deferred income	<b>2,236</b>	3,925
	<b>2,244</b>	<b>4,336</b>

Amounts owed to group undertakings are unsecured, interest free and are repayment on demand.

**11 DEFERRED TAX ASSETS**

Recognised deferred tax assets are attributable to the following:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Share based payments	<b>4,936</b>	9,021
	<b>4,936</b>	<b>9,021</b>

Movement in deferred tax during the year:

	<b>1 January 2022</b>	<b>Recognised in income</b>	<b>Recognised in equity</b>	<b>31 December 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Share based payments	9,021	(485)	(3,600)	<b>4,936</b>

	<b>1 January 2021</b>	<b>Recognised in income</b>	<b>Recognised in equity</b>	<b>31 December 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Share based payments	5,849	1,309	1,863	<b>9,021</b>

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**12 CALLED UP SHARE CAPITAL**

Share capital	2022 £'000	2021 £'000
<b>Allotted, called up and fully paid</b>		
18,593,783 (2021: 18,593,783) Ordinary shares of £1 at 1 January and 31 December	<u>18,594</u>	<u>18,594</u>

**13 SHARE PREMIUM**

Share premium	2022 £'000	2021 £'000
<b>Allotted, called up and fully paid</b>		
18,593,783 (2021 – 18,593,783) ordinary shares of £0.49 at 1 January and 31 December	<u>9,048</u>	<u>9,048</u>

**14 EMPLOYEE BENEFITS**

**Pension schemes**

The Company is a participating employer 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, as management have decided not to put a policy in place to allocate the deficit to participating employers. Consequently, the Company will continue to recognise the contributions paid into the scheme over the financial year as an expense item in the Statement of Comprehensive Income.

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 as at 30 September 2020 has been updated in accordance with IAS 19 to 31 December 2022 by a qualified independent actuary.

Celltech Group Limited is the sponsoring employer of the Celltech pension and life assurance scheme and is fully disclosed in their financial statements.

The market value of assets were £155.1 million (2021: £261.2 million) and the present value of scheme liabilities were £172.2 million (2021: £270.0 million) leading to net liabilities of £17.0 million (2021: £8.8 million).

Following the actuarial valuation of the scheme as at 30 September 2020, a funding shortfall (technical provisions minus value of assets) of £49.7million was identified. The scheme Trustee and the Principal Employer have agreed that additional contributions (i.e. contributions over and above those needed to cover benefits being earned in the future) will be payable to the Scheme by the Company amounting to £5.49 million per annum in equal monthly instalments to 30 September 2027. Based on the above, at the year end the Company has a total commitment of £26,077,500.

The Company also participates in defined contribution schemes.

Total pension charges for the Company for the year were £8.7 million (2021: £9.3 million) for defined benefit schemes, representing 90% of total group contributions to the plan for the year (2021: 90%), and £7.9 million (2021: £7.7 million) for defined contribution schemes (see also note 5). Other than in relation to commitments under the

**Celltech R&D Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**14 EMPLOYEE BENEFITS (continued)**

deficit reduction plan (see below) there were no material contributions outstanding to any of the schemes at either year-end.

**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 free UCB S.A. shares to the Executive Committee members, the Senior Executives and the senior and middle management of the UCB Group. The free shares have service conditions attached to them whereby beneficiaries are required to remain in service for three years post grant date. Share awards lapse upon leaving the Group, except upon retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

The exercise price of the granted options in 2022 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 about 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. The Group has no obligation to repurchase or settle the options in cash. There are no reload features and the options are not transferable (except in case of death).

The weighted average share price at the date of exercise of share options exercised during the financial year was €103.95 (2021: €93.44).

The options outstanding at the year-end have an exercise price in the range of €48.69 to €108.45 (2021: €32.36 to €81.12) and weighted average contractual life of 5 years and 9 months.

The weighted average share price at the date of exercise of share award exercised during the financial year was €90.94 (2021: €81.41).

The share awards outstanding at the year-end have an exercise price in the range of €nil to €nil and a weighted average contractual life of 1 year 5 months.

The total expense recognised for the year arising from share based payments are as follows:

	2022	2021
	£'000	£'000
Equity settled share based payments	<u>6,402</u>	<u>8,545</u>

During the year, the parent company (UCB S.A.) has recharged share based payment costs (determined to be equal to the fair value of the options at the grant date) to the Company £6,402,000 (2021: £8,545,000).

**15 RELATED PARTY TRANSACTIONS**

The Company is exempt, under paragraph 8(k) of FRS 101, 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 (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**16 ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of Celltech Group Limited. The ultimate controlling party is UCB S.A., a company incorporated in Belgium.

The smallest and largest group in which the Company's results are consolidated is that headed by UCB S.A., Allée de la Recherche, 60, Brussels, 1070, Belgium. The consolidated financial statements of UCB S.A. can be obtained from the Company secretary at the following address: Celltech Group Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.

**17 SUBSEQUENT EVENTS**

There have been no reportable post balance sheet events.