

Registered number: 10119709

Teva Pharma Holdings Limited
Annual report and financial statements
For the year ended 31 December 2020



Teva Pharma Holdings Limited

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Teva Pharma Holdings Limited

Company information

Directors

S Charlesworth
D Vrhovec
K Innes

Registered office

Ridings Point
Whistler Drive
Castleford
West Yorkshire
England
WF10 5HX

Registered number

10119709

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Teva Pharma Holdings Limited

Strategic report for the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Business review

Teva Pharma Holdings Limited is an intermediate holding company which owns a 100% share of Teva UK Holdings Limited and Teva Laboratories UK Limited with operating subsidiaries thereof engaged in the manufacturing, packaging and distribution of pharmaceutical products.

The company had net assets of £307,112,000 at 31 December 2020 (2019: £289,492,000) which the directors believe to represent a solvent position. The company's transactions during the year were mainly limited to those with group undertakings.

Principal risks and uncertainties

The principal risk factor for the company is the recoverability of the investment in subsidiary undertakings which is dependent on the financial performance of the subsidiary undertakings. The directors have assessed the recoverability of the net investment at 31 December 2020 and are satisfied with its carrying value.

Financial risks include the effects of changes in interest rates and liquidity.

Interest rate risk arises as a consequence of borrowings with group undertakings, which are at variable rates of interest. The company manages its liquidity risk by ensuring that sufficient facilities are available for at least the next 12 months and enjoys the support of shareholders and group banking arrangements.

The company seeks to limit the effects of such risks through the continuing support of its ultimate parent company. Liquidity risk and interest rate risk is managed on a group wide basis. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Financial key performance indicators

Due to the non-complex nature of the company's activities, that of being a holding company, the directors believe that analysis using key performance indicators (KPIs) is not necessary or appropriate for an understanding of the development, performance or position of the company.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of the company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020. See further details in the Directors report on page 4.

On behalf of the Board:

DocuSigned by:

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S Charlesworth
Director

Date: 23-Sep-2021 | 14:01 BST

Teva Pharma Holdings Limited

Directors' report for the year ended 31 December 2020

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the financial year was £17,620,000 (2019: loss £18,536,000).

The company paid a dividend of £nil in the year (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

In 2019, following a review of the net assets of Teva Laboratories UK Limited, the company recognised an impairment of its investment in Teva Laboratories UK Limited of £18,375,000 (see note 9).

Following completion of their annual impairment review, the directors believe that the recoverable amount of the cost of investment in the company's subsidiary exceeds the carrying amount previously held. Hence during 2020 an impairment loss of £18,375,000 has been reversed, such that the carrying amount of the asset has been increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined if no impairment losses had been recognised in prior periods. The reversal of the impairment loss has been recognised on the face of the profit and loss account.

In March 2020, the World Health Organization declared the outbreak of a new Coronavirus, now known as COVID-19. The outbreak of the virus has caused material disruptions to the global economy. Given the nature of the Company's activities, it has not had a material impact on the Company's operations, however management continues to closely monitor the situation.

Principal activities and future developments

The company is an intermediate holding company with operating subsidiaries engaged in the manufacturing, packaging and distribution of pharmaceutical products. The directors expect that this activity will continue for the foreseeable future.

Financial risk management

The company's activities expose it to a number of financial risks including interest rate risk and liquidity risk. The company does not use derivative financial instruments and tries to limit those risks through the support of its parent company.

Liquidity risk

The company controls liquidity risk by monitoring and forecasting cash balances very closely and obtaining parent company support for any shortfalls in cash balances.

Interest risk

The company has both interest-bearing assets and interest-bearing liabilities with intercompany counter parties which exposes the company to changes in interest rates.

Directors

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

D Vrhovec	
D Cooper	(resigned 29 April 2020)
K Innes	
S Charlesworth	(appointed 29 April 2020)

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 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.

Teva Pharma Holdings Limited

Directors' report for the year ended 31 December 2020 (continued)

Directors' duties in accordance with s172

1. COMPLIANCE WITH DIRECTORS' DUTIES

1.1. Directors' duties

The Company is a non-trading company (under CTA/S26).

Each Board Director is given training on their duties as statutory directors. Such training includes information about their responsibilities under the Companies Act 2006 and specifically their duties under section 172 of the Companies Act 2006 ('s172').

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

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment, and
- e. the desirability of the company maintaining a reputation for high standards of business conduct.

The Board has due regard to such matters in the decisions it makes and the impact such decisions may have in accordance with s172.

1.2. Board meetings

As a non-trading company Board members participate in Board meetings of the Company's trading subsidiary companies.

The Company may also, from time to time, hold Board meetings in respect of non-trading matters such as group re-organisations which may also impact the Company. The Board also considers each decision in accordance with the Directors' Duties requirements under the Companies Act 2006.

1.3. Compliance Committees

As the Company is a non-trading holding company, Board members participate in Compliance Committee meetings of its trading subsidiary companies.

2. RELATIONS WITH STAKEHOLDERS

As the Company is a non-trading holding company, Board members support relations between its trading subsidiary companies and their multiple stakeholders, including the Government, regulators, customers, suppliers, employees and patients.

3. CONSIDERATION OF THE IMPACT OF THE COMPANY ON THE COMMUNITY AND ENVIRONMENT

As the Company is a non-trading holding company, Board members support their trading subsidiary companies, which are included in the Group Environmental Report and the Group Social Impact Report. The Boards of these trading subsidiaries consider these guidelines and ensure these companies operate within global environmental guidelines and have taken steps to actively engage on environmental sustainability matters and initiatives.

A copy of the Environmental, Social and Governance Progress Report can be found at: <https://www.tevapharm.com/globalassets/tevapharm-vision-files/tevaesgprogressreport2020.pdf>

Teva Pharma Holdings Limited

Directors' report for the year ended 31 December 2020 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

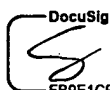
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the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

Directors' confirmations

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

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

On behalf of the board

DocuSigned by:

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S Charlesworth
Director

Date: 23-Sep-2021 | 14:01 BST

Teva Pharma Holdings Limited

Independent auditors' report to the members of Teva Pharma Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Teva Pharma Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

Teva Pharma Holdings Limited

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

Reporting on other information (continued)

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Teva Pharma Holdings Limited

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

Responsibilities for the financial statements and the audit (continued)

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the carrying value of investments. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- obtaining management's impairment assessment over the company's investments and testing the key assumptions for reasonableness; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
23 September 2021

Teva Pharma Holdings Limited**Profit and loss account for the year ended 31 December 2020**

	<i>Note</i>	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Other operating income/(expenses)		18	(67)
Operating profit/(loss)	5	18	(67)
Interest receivable and similar income	6	1,492	2,788
Amounts written back on/(off) investments	9	18,375	(18,375)
Interest payable and similar expenses	7	(2,434)	(2,713)
Profit/(loss) before taxation		17,451	(18,367)
Tax on profit/(loss)	8	169	(169)
Profit/(loss) for the financial year		17,620	(18,536)

All activities relate to continuing operations.

There were no other items of comprehensive income in the current or previous financial year and hence no separate statement of comprehensive income has been presented.

Teva Pharma Holdings Limited
Balance Sheet as at 31 December 2020

	<i>Note</i>	2020 £000	2019 £000
Fixed assets			
Investments	9	366,393	348,018
		<hr/>	<hr/>
		366,393	348,018
Current assets			
Debtors	10	111,504	110,042
Cash at bank and in hand		36	36
		<hr/>	<hr/>
		111,540	110,078
Creditors: amounts falling due within one year	11	(170,821)	(168,604)
		<hr/>	<hr/>
Net current liabilities		(59,281)	(58,526)
		<hr/>	<hr/>
Total assets less current liabilities and net assets		307,112	289,492
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	311,984	311,984
Profit and loss account		(4,872)	(22,492)
		<hr/>	<hr/>
Total shareholders' funds		307,112	289,492
		<hr/>	<hr/>

The notes on pages 12 to 20 form part of these financial statements.

The financial statements on pages 9 to 20 were approved by the board of directors and were signed on its behalf by:

DocuSigned by:

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S Charlesworth
 Director

Date: 23-Sep-2021 | 14:01 BST

Registered number: 10119709

Teva Pharma Holdings Limited**Statement of changes in equity for the year ended 31 December 2020**

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
Balance as at 1 January 2019	311,984	(3,956)	308,028
Loss and total comprehensive expense for the year	-	(18,536)	(18,536)
Balance as at 31 December 2019	311,984	(22,492)	289,492
Profit and total comprehensive income for the year	-	17,620	17,620
Balance as at 31 December 2020	311,984	(4,872)	307,112

Teva Pharma Holdings Limited

Notes to the financial statements

1 General Information

Teva Pharma Holdings Limited is an intermediate holding company which owns a 100% share of the Teva UK Holdings Limited and Teva Laboratories UK Limited groups.

The company is a private company, limited by shares, is incorporated in the United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office is set out on page 1.

The functional currency of Teva Pharma Holdings Limited is considered to be the UK pound sterling because that is the currency of the primary economic environment in which the company operates.

2 Statement of Compliance

The financial statements of Teva Pharma Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

3.1 Basis of preparation

The financial statements have been prepared on the going concern basis and under the historical cost convention. The preparation in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.12.

3.2 Consolidated financial statements

These financial statements contain information about Teva Pharma Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Teva Pharmaceutical Industries Limited, a company incorporated in Israel and whose financial statements are publicly available.

3.3 Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of Teva Pharmaceuticals Europe B.V., a fellow group company. The directors have received confirmation from Teva Pharmaceuticals Europe B.V. that it has pledged its continuing support for a minimum of 12 months from the date of signing these financial statements.

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

3.4 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Teva Pharmaceutical Industries Limited, includes the company's cash flows in its own consolidated financial statements;
- The financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

3.5 Taxation

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

3.5.1 Current Tax

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

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

3.5.2 Deferred Tax

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

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

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

3.6 Investments

Investments in subsidiary undertakings are stated at cost less accumulated impairment losses.

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

3.7 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

3.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3.9 Financial assets and liabilities

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

3.10 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

3.11 Foreign exchange

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

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

3.12 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

There are no critical judgements that had a significant effect on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions

The following estimates have had the most significant effect on amounts recognised in the financial statements:

(i) Impairment of fixed asset investments

The company makes an estimate of the recoverable value of fixed asset investments. When assessing impairment of fixed asset investments, management considers factors including the net assets of the subsidiary in which the investment is held. If the net assets held are lower than the investment balance then a value in use calculation is performed. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. If the value in use calculation is lower than the value of the investment held an impairment is recognised. See note 9 for the net carrying amount and the associated impairment provision that has been recognised.

4 Directors and employees and auditors' remuneration

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Net aggregate emoluments	-	40

The emoluments of S Charlesworth, D Cooper and K Innes (2019: D Cooper and K Innes) were paid by a subsidiary undertaking, Teva UK Limited. The aforementioned directors were directors of a number of group undertakings in the United Kingdom and their total emoluments are included in the aggregate of directors' emoluments set out below as disclosed in the financial statements of Teva UK Limited:

	2020 £'000	2019 £'000
Aggregate emoluments	610	677
Company pension contributions to money purchase schemes	9	13

During the year £nil (2019: £733,000) was recharged from Teva UK Limited to the company for the services of S Charlesworth, K Innes and D Cooper (2019: K Innes and D Cooper). The company also recharged a total of £nil (2019: £693,000) to its subsidiaries for their share of the services of S Charlesworth, K Innes and D Cooper (2019: D Cooper and K Innes).

Retirement benefits are accruing to two directors (2019: two) under defined contribution schemes. Retirement benefits are accruing to one director under the company's closed defined benefit pension scheme at the year-end (2019: one).

All directors exercised share options during the current and prior year.

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

4 Directors and employees and auditors' remuneration (continued)

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

	2020 £'000	2019 £'000
Aggregate emoluments	405	512
Company pension contributions to money purchase schemes	3	5

The highest paid director exercised share options during the year.

The above amounts include £nil (2019: £443,000) recharged from Teva UK Limited to the company in respect of emoluments of the highest paid director.

The emoluments of D Vrhovec were paid by Teva Pharmaceuticals Europe B.V. The total emoluments of D Vrhovec was included in the aggregate of the directors' emoluments disclosed in the financial statements of Teva Pharmaceuticals Europe B.V. D Vrhovec received no emoluments in the current or prior year in respect of his services as a director of the company.

The company has no employees (2019: none). The auditors' remuneration for the current year and prior year was borne by a fellow group undertaking, Teva UK Limited, as a combined fee for the group. No recharge (2019: £25,000) was made to Teva Pharma Holdings Limited for this.

5 Operating profit/(loss)

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Operating profit/(loss) is stated after (crediting):		
Foreign exchange (gains)	(5)	(4)

6 Interest receivable and similar income

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Receivable from group undertakings	1,492	2,788

7 Interest payable and similar expenses

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Payable to group undertakings	2,434	2,713

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

8 Tax on profit/(loss)

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Tax (credit)/charge included in profit and loss		
Current tax (credit)/charge:		
Current tax on profit for the year	-	-
Adjustments in respect of previous years	(169)	169
Total current tax	(169)	169
Total deferred tax	-	-
Tax on profit/(loss)	(169)	169

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Profit/(loss) before taxation	17,451	(18,367)
Profit/(loss) multiplied by the rate derived from the standard rate in the UK of 19% (2019: 19%)	3,316	(3,490)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	3,491
Group relief surrendered	175	168
Income not taxable	(3,491)	(169)
Adjustments in respect of prior years	(169)	169
Total tax on profit/(loss) before taxation	(169)	169

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date.

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

9 Investments

	Shares in group undertakings £000
<i>Cost</i>	
At 1 January 2020 and 31 December 2020	366,393
<i>Impairment</i>	
At 1 January 2020	18,375
Reversal of impairment	(18,375)
At 31 December 2020	-
<i>Net book value</i>	
At 31 December 2020	366,393
At 31 December 2019	348,018

Details of the company's subsidiary undertakings are set out below:

Subsidiary undertaking	Country of incorporation	Description of shares held	Principal activity	Percentage of shares held
Teva UK Holdings Limited	UK	Ordinary shares	Holding company	100%
Teva Laboratories UK Limited	UK	Ordinary shares	Marketing & sales of pharmaceutical products	100%
Teva UK Limited *	UK	Ordinary and deferred shares	Marketing, packaging and distribution of pharmaceutical products	100%
Ivax UK Limited *†	UK	Ordinary shares	Non-trading	100%
Teva Pharmaceuticals Limited *	UK	Ordinary shares	Dormant company	100%
Norton Healthcare Limited *	UK	Ordinary shares	Research, development and manufacture of pharmaceutical products	100%
Pliva Pharma Limited *	UK	Ordinary shares	Dormant company	100%
APS/Berk Limited *†	UK	Ordinary shares	Dormant company	100%
Cephalon (UK) Limited *	UK	Ordinary shares	Dormant company	100%
Ratiopharm (UK) Limited *†	UK	Ordinary shares	Dormant company	100%
Norton Healthcare (1998) Limited *†	UK	Ordinary shares	Non-trading	100%

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

9 Investments (continued)

Subsidiary undertaking	Country of incorporation	Description of shares held	Principal activity	Percentage of shares held
Cephalon Holdings Limited *†	UK	Ordinary shares	Dormant (in liquidation)	100%
Cephalon Limited **	UK	Ordinary shares	Dormant (in liquidation)	100%
Teva Pharmaceutical Finance B.V. *	Netherlands Antilles	Type 'A' and type 'B' equity shares	Non-trading	100%
Pharmax Limited *†	UK	Ordinary shares	Dormant company	100%

*held indirectly

† entered into liquidation on 7 September 2021

‡ dissolved on 10 February 2021

The directors believe that the carrying value of the investments is supported by their underlying net assets and future expected profits.

In 2019, following a review of the net assets of Teva Laboratories UK Limited, the company recognised an impairment of its investment in Teva Laboratories UK Limited of £18,375,000.

Following completion of their annual impairment review, the directors believe that that the recoverable amount of the cost of investment in the company's subsidiary exceeds the carrying amount previously held. Hence during 2020 an impairment loss of £18,375,000 has been reversed, such that the carrying amount of the asset has been increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined if no impairment losses had been recognised in prior periods. The reversal of the impairment loss has been recognised on the face of the profit and loss account.

The registered address of Teva Pharmaceutical Finance B.V. is Schottegatweg Oost 29D, Curacao, Netherlands Antilles.

The registered address of all other subsidiary undertakings is Ridings Point, Whistler Drive, Castleford, West Yorkshire, United Kingdom WF10 5HX.

10 Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	111,504	110,042

Amounts owed by group undertakings relates to trading balances, capital and interest receivable on unsecured loans, all of which are repayable on demand. Interest on a loan with Teva Financial Services II B.V. is charged at the one month London Inter-Bank Offered Rate (LIBOR) plus 0.6600% from 1 January 2019 to 30 June 2019, at the one-month LIBOR plus 1.4262% from 1 July 2019 to 30 June 2020, and at the one month LIBOR plus 1.3410% from 1 July 2020. Interest on a loan with Teva Capital Services Switzerland GmbH is charged at the three month LIBOR plus 1%. Other amounts owed by group undertakings are interest free.

Teva Pharma Holdings Limited

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	170,821	168,406
Other taxation and social security	-	29
Corporation tax	-	169
	<u>170,821</u>	<u>168,604</u>

Amounts owed to group undertakings include an unsecured loan on which interest is charged at the London Inter-Bank Offered Rate plus 1%. Other amounts owed to group undertakings are interest free. All are repayable on demand.

12 Called up share capital

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
311,983,396 (2019: 311,983,396) Ordinary shares of £1 each	311,984	311,984
	<u>311,984</u>	<u>311,984</u>

13 Ultimate parent company

The immediate parent company is Teva Pharmaceuticals Europe B.V., a company incorporated in the Netherlands.

The directors regard Teva Pharmaceutical Industries Limited, a company incorporated in Israel, as the ultimate parent company and ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated is that of the ultimate parent company. Copies of the ultimate parent's consolidated financial statements may be obtained from 124 Dvora HaNevi'a St., Tel Aviv, 6944020, Israel.

14 Related party transactions

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose consolidated financial statements are publicly available for inspection from the address in note 13. Consequently, the company has taken advantage of the exemption available under the terms of FRS 102 not to disclose related party transactions with group companies.