Registered number: 01923357

Hospira UK Limited

Annual report and financial statements

For the year ended 30 November 2018

Company Information

Directors	I Franklin EJ Pearson B Osborn
Registered number	01923357
Registered office	Horizon Honey Lane Hurley Maidenhead Berkshire SL6 6RJ
Independent auditor	KPMG LLP Statutory Auditor & Chartered Accountants 15 Canada Square London E14 5GL
Bankers	Citibank N.A. Citigroup Centre Canary Wharf London E14 5LB

Contents

Strategic report
For the year ended 30 November 2018

Introduction

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006. Hospira UK Limited (the company) is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. The strategic report has, therefore, been prepared with regard to this company only, as an individual undertaking, and not as a group.

Business review

The company's principal activity during the year was the manufacture and sale of compounded pharmaceutical products.

The company had an after tax loss of £2,468,000 (2017: profit of £2,044,000). No dividends were declared in 2018 (2017: nil). At the year end the company had net assets of £23,256,000 (2017: £25,724,000). The decrease in net assets was due to the impact of the after tax loss for the year.

On February 3rd 2017, Pfizer Inc. and ICU Medical entered into a Transitional Services Agreement (TSA). During the year, Hospira UK Limited provided transitional services, identified in the TSA, to ICU Medical.This TSA relationship was completed and ended in March 2018.

In June 2018 directors approved the proposed sale of the compounded pharmaceutical products business and assets. The sale completed, subsequent to year end, in December 2018.

The development and performance of the company during the year was in line with expectations, as was the position of the company at the year-end. This was in line with the continuing integration of the company's business into the larger Pfizer group and in preparation for the sale of the compounded pharmaceutical products business and assets. The company is managed on an integrated basis with other Pfizer Inc. group companies worldwide as part of Pfizer Inc.'s global healthcare business. Accordingly, key performance indicators have not been given for the company itself. The focus of the business is innovation in the medicines that are integral to good healthcare, with a central task being the discovery and development of more new medicines for patients. Further details are provided in the Pfizer Inc. consolidated annual review and financial report which are available from Pfizer Inc., 235 East 42nd Street, New York, NY 10017, USA.

Principal risks and uncertainties

The principal risks and uncertainties for the company derive from the development, performance and position of the Pfizer Inc. group (of which the company is a part). During the year the principal factors which could cause risk and uncertainty for the Pfizer Inc. group included:

- The success of research and development activities.
- Decisions by regulatory authorities regarding whether and when to approve Pfizer's drug applications as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of Pfizer's products.
- The speed with which regulatory authorisations, pricing approvals and product launches may be achieved.
- The success of external business development activities.
- Competitive developments, including the impact on Pfizer's competitive position of new product entrants, inline branded products, generic products, private label products and product candidates that treat diseases and conditions similar to those treated by Pfizer's inline products and product candidates.
- The ability to successfully market both new and existing products.
- Difficulties or delays in manufacturing.
- Trade buying patterns.
- The ability to meet generic and branded competition after the loss of patent protection for Pfizer's products and competitor products.

Strategic report (continued)
For the year ended 30 November 2018

- The impact of existing and future legislation and regulatory provisions on product exclusivity.
- Trends toward managed care and health care cost containment.
- Legislation or regulatory action affecting, amongst other things, pharmaceutical product pricing, reimbursement or access.
- Contingencies related to actual or alleged environmental contamination.
- Claims and concerns that may arise regarding the safety or efficacy of inline products and product candidates.
- The significant breakdown, infiltration or interruption of Pfizer's information technology systems and infrastructure.
- Legal defence costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement related to product liability, patent protection, government investigations, and other legal proceedings.
- Pfizer's ability to protect its patents and other intellectual property.
- Interest rate and foreign currency exchange rate fluctuations.
- Governmental laws and regulations affecting operations, including tax obligations.
- Changes in generally accepted accounting principles.
- General economic, political, business, industry, regulatory and market conditions including, without limitation, any impact on Pfizer, its lenders, its customers, its suppliers and counterparties to its foreign exchange and interest rate agreements from weak global economic conditions and changes in global financial markets.
- Any changes in business, political and economic conditions due to actual or threatened terrorist activity.
- Growth in costs and expenses.
- Changes in Pfizer's product, segment and geographic mix.
- The impact of acquisitions, divestitures, restructurings, product withdrawals and other unusual items.

This report was approved by the board and signed on its behalf.

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I Franklin
Director

Date: 1 August 2019

Directors' report
For the year ended 30 November 2018

The directors present their report and the financial statements for the year ended 30 November 2018.
A review of the performance of the company's business during the year, the principal risks and uncertainties facing the company and its future prospects are included in the Strategic report on pages 1 and 2 which should be read in conjunction with the Directors' report.

Directors

The directors who held office from 1 December 2017 to the date of this report, unless otherwise stated, were:

I Franklin
EJ Pearson
S Rienow (appointed 23 March 2018, resigned 5 February 2019)
S Richardson (appointed 15 February 2017, resigned 14 March 2018)
B Osborn (appointed 6 February 2019)

Financial instruments

The overall objective of Pfizer's financial risk management programme is to seek to minimise the impact of foreign exchange rate movements and interest rate movements on its earnings. These financial exposures are managed through operational means and by using various financial instruments. These practices may change as economic conditions change.

Share capital, other reserves and dividends

No shares have been issued during the period. During the year, the directors did not propose to pay any dividends (2017: £nil).

Political contributions

No political donations were made during the year (2017: £nil).

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Future developments

In June 2018, the directors approved the proposed sale of the compounded pharmaceutical products business and assets. The sale was approved by Competition and Markets Authority on 13 December 2018, completed on 14 December 2018 and the company ceased trading. As required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is no longer a going concern. As noted in note 2.4 no material adjustments arose as a result of ceasing to apply the going concern basis.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' report (continued)
For the year ended 30 November 2018

Auditor

The directors who held office at the date of approval of this directors' report confirm that so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

....
I Franklin
Director

Date: 1 August 2019

Horizon
Honey Lane
Hurley
Maidenhead
Berkshire
SL6 6RJ

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements
For the year ended 30 November 2018

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 2.4, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 to enable them to ensure that the comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Hospira UK Limited

Opinion

We have audited the financial statements of Hospira UK Limited ("the company") for the year ended 30 November 2018 which comprise the Profit and loss account and other comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 2.4 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent auditor's report to the members of Hospira UK Limited

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at *www.frc.org.uk/auditorsresponsibilities*.

The purpose of our audit work and to whom we owe our responsibilities

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.

Andrew Royle (Senior Statutory Auditor)

for and on behalf of

KPMG LLP

Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

1 August 2019

Profit and loss account
For the year ended 30 November 2018

	Note	Continuing operations 2018 £000	Discontinued operations 2018 £000	Total 2018 £000	*Continuing operations 2017 £000*	*Discontinued operations 2017 £000*	*Total 2017 £000*
Turnover	4	*14,833*	-	*14,833*	*26,681*	*489*	*27,170*
Cost of sales		*(13,029)*	-	*(13,029)*	*(14,750)*	*(233)*	*(14,983)*
Gross profit		*1,804*	-	*1,804*	*11,931*	*256*	*12,187*
Distribution costs		*(227)*	-	*(227)*	*(382)*	-	*(382)*
Administrative expenses		*(4,763)*	-	*(4,763)*	*(8,778)*	*(1,046)*	*(9,824)*
Other operating (expense) / income	5	*56*	-	*56*	-	*598*	*598*
Operating (loss) / profit	6	*(3,130)*	-	*(3,130)*	*2,771*	*(192)*	*2,579*
Interest receivable and similar income	10	*62*	-	*62*	*43*	-	*43*
Interest payable and similar expenses	11	-	-	-	*(1)*	-	*(1)*
(Loss)/profit before tax		*(3,068)*	-	*(3,068)*	*2,813*	*(192)*	*2,621*
Tax on (loss)/profit	12	*600*	-	*600*	*(577)*	-	*(577)*
(Loss)/profit for the year		*(2,468)*	-	*(2,468)*	*2,236*	*(192)*	*2,044*

There were no other comprehensive incomes for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 11 to 29 form part of these financial statements.

Hospira UK Limited
Registered number: 01923357

Statement of financial position
As at 30 November 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Non-current assets					
Debtors due after more than 1 year	13		450		275
			450		275
Current assets					
Fixed assets held for sale	14	984		2,602	
Investments	15	267		267	
Stocks	16	1,779		2,502	
Debtors: amounts falling due within one year	13	18,884		21,759	
Cash at bank and in hand	17	2,549		2,680	
		24,463		29,810	
Creditors: amounts falling due within one year	18	(1,657)		(4,227)	
Net current assets			22,806		25,583
Total assets less current liabilities			23,256		25,858
Creditors: amounts falling due after more than one year	19		-		(134)
Net assets			23,256		25,724
Capital and reserves					
Called up share capital	22		64		64
Share premium account	23		11,259		11,259
Profit and loss account	23		11,933		14,401
			23,256		25,724

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 August 2019.

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I Franklin
Director

The notes on pages 11 to 29 form part of these financial statements.

Statement of changes in equity
For the year ended 30 November 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 December 2017	*64*	*11,259*	*14,401*	*25,724*
Loss for the year	-	-	*(2,468)*	*(2,468)*
At 30 November 2018	*64*	*11,259*	*11,933*	*23,256*

Statement of changes in equity
For the year ended 30 November 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 December 2016	*64*	*11,259*	*12,345*	*23,668*
Profit for the year	-	-	*2,044*	*2,044*
Equity from liquidation of subsidiary company	-	-	*12*	*12*
At 30 November 2017	*64*	*11,259*	*14,401*	*25,724*

The notes on pages 11 to 29 form part of these financial statements.

Notes to the financial statements
For the year ended 30 November 2018

1. General information

Hospira UK Ltd (the "company") is a company limited by shares and incorporated and domiciled in the United Kingdom. The registered number is 01923357, and the registered address is Horizon, Honey Lane, Hurley, Maidenhead, Berkshire, SL6 6RJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

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 3.

All amounts in the financial statements have been rounded to the nearest £1,000.

2.2 Discontinued operations

Discontinued operations are components of the company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation. They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

2. Accounting policies (continued)

2.3 Financial reporting standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders.

A separate cash flow statement is not presented by the company as the information is included in the consolidated cash flow statement prepared by the ultimate parent, Pfizer Inc., in the manner prescribed by FRS102.7.

The company has availed of the exemption in FRS 102.33.1A from the requirement to disclose details of transactions with group undertakings. Other than transactions with related group undertakings there are no related party transactions. Details of the availability of the group consolidated financial statements are given in note 29.

The company is exempt from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The company is exempt from certain disclosures of share based payments as the relevant information is disclosed in the consolidated financial statements of Pfizer Inc., as required by FRS 102.26.

The company has availed of the exemption from disclosures for financial assets and liabilities required by Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A as equivalent disclosures are included in the consolidated financial statements of Pfizer Inc. in which Pfizer Limited is consolidated.

2.4 Going concern

In June 2018 the directors approved the sale of the compounded pharmaceutical products business. This sale was completed on December 14th 2018.

Following this sale the company ceased trading. As the company has not acquired a replacement trade, the directors have prepared the 2018 financial statements on a basis other than going concern. No adjustments were necessary to the amounts at which the net liabilities are included in these financial statements.

The presentation of the financial statements on a basis other than going concern did not have a material impact on the company's assets and liabilities at 30 November 2018.

2.5 Revenue recognition

Turnover represents the amounts (excluding value added tax and net of returns) derived from the provision of goods to customers. Turnover is recognised at the point at which the significant risks and rewards are transferred to the buyer, in line with contract terms, typically on date of goods deliver to customer site.

2. Accounting policies (continued)

2.6 *Tangible fixed assets*

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	- over the term of the lease
Plant & equipment	- 10% - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

An impairment test is undertaken on an annual basis by the company to confirm that the carrying value of non-listed financial fixed assets is appropriate.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of consumables and goods purchased for resale, the lower of cost and net realisable value method of valuation is used. For finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Basic financial assets, including trade and other debtors and amounts due from group companies

2. Accounting policies (continued)

2.10 Financial instruments (continued)

are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. A provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables and amounts due to group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2.15 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2. Accounting policies (continued)

2.16 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

2.17 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than [investment property, stocks and deferred tax assets], are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment excluding stocks and deferred tax assets

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other

2. Accounting policies (continued)

assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.18 Measurement Convention

The financial statements are prepared on the historical cost basis.

2.19 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

- Determine whether the Employee Share Ownership Plan (ESOP) should be considered to be under the control or de facto control of the parent company. The judgment that the parent company does exert de facto control has resulted in the ESOP's assets and liabilities being recognised on the parent company and consolidated balance sheets.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 14)
  Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment of trade debtors (see note 13)
  The company assesses its trade debtors on a continuous basis for any objective evidence of impairment by considering factors including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

- Taxation (see notes 12 and 21)
  The company establishes provisions based on reasonable estimates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the company and HMRC.

4. Turnover

The whole of the turnover is attributable to the sales of compounded drugs. All turnover arose within the United Kingdom and Ireland.

5. Other operating income/(expense)

	2018 £000	2017 £000
TSA with ICU Medical	(19)	591
Profit on sale of medical devices business	3	7
Loan income receivable	72	-
	56	598

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	431	934
Foreign exchange (gain)/loss	(9)	39
Other operating lease rentals	130	891
(Gain)/Loss on disposal of fixed assets	-	1
Defined contribution pension cost	75	166

7. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	-	39

It has been agreed that Pfizer Ltd will pay 2018 audit fee £39k for Hospira UK Ltd.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	2,373	5,059
Social security costs	252	571
Contributions to defined contribution scheme	75	166
	2,700	5,796

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Sales and distribution	2	3
Administration	26	28
Production	36	39
	64	70

9. Directors' remuneration

None of the directors received emoluments or accrued retirement benefits in respect of qualifying services they provided to the company in 2018 (2017: nil).

Three of the directors received shares under long term incentive schemes (2017: four) and one of the directors exercised share options in the ultimate holding company Pfizer Inc. during the year (2017: none).

10. Interest receivable

	2018 £000	2017 £000
Other interest receivable	13	1
Interest receivable from group companies	49	42
	62	43

11. Interest payable and similar charges

	2018 £000	2017 £000
Bank interest payable	-	1

12. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	(634)	353
Adjustments in respect of previous periods	(64)	37
Total current tax	(698)	390
Deferred tax		
Origination and reversal of timing differences	98	227
Adjustment in respect of previous periods	-	(33)
Effect of changes in tax rates	-	(7)
Total deferred tax	98	187
Taxation on (loss)/profit on ordinary activities	(600)	577

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 19.33%)*. The differences are explained below:

	2018 £000	*2017 £000*
(Loss)/profit on ordinary activities before tax	(3,068)	*2,621*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.33%)	(583)	*507*
Effects of:		
(Income not chargeable)/expenses not deductible	(81)	*73*
Adjustments to tax charge in respect of prior periods	64	*4*
Tax rate changes	-	*(7)*
Total tax (credit)/charge for the year	(600)	*577*

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 Nov 2018 has been calculated based on these rates.

13. Debtors

	2018 £000	*2017 £000*
Due after more than one year		
Other debtors	450	*275*

	2018 £000	*2017 £000*
Due within one year		
Trade debtors	1,968	*3,760*
Amounts owed by group undertakings	11,569	*12,584*
Other debtors	-	*644*
Prepayments and accrued income	19	*56*

13. Debtors (continued)

Corporation tax	*4,855*	*4,144*
Deferred taxation	*473*	*571*
	18,884	*21,759*

14. Fixed assets held for sale

	S/Term Leasehold Property £000	Plant & machinery £000	Construction in progress £000	Total £000
Cost or valuation				
At 1 December 2017	*3,051*	*3,747*	*37*	*6,835*
Additions	-	*67*	-	*67*
Disposals	*(1,684)*	*(1,088)*	*(37)*	*(2,809)*
At 30 November 2018	*1,367*	*2,726*	-	*4,093*
Depreciation				
At 1 December 2017	*1,618*	*2,615*	-	*4,233*
Charge for the year on owned assets	*145*	*286*	-	*431*
Disposals	*(822)*	*(733)*	-	*(1,555)*
At 30 November 2018	*941*	*2,168*	-	*3,109*
Net book value				
At 30 November 2018	*426*	*558*	-	*984*
At 30 November 2017	*1,433*	*1,132*	*37*	*2,602*

15. Investments

	2018 £000	2017 £000
Shares in group undertakings	267	267
	267	267

Subsidiary undertakings

The following was subsidiary undertaking of the company

Name	Country of Incorporation	Address	Class of shares	Principal Activity	Holding
Hospira Aseptic Services Ltd	United Kingdom	Horizon, Honey Lane, Hurley, Maidenhead, Berkshire, SL6 6RJ	Ordinary	Dormant	100%

16. Stocks

	2018 £000	2017 £000
Finished goods and goods for resale	1,779	2,502
	1,779	2,502

The replacement cost of stock is not materially different from the amount shown above.
Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £13,029,000 (2017: £14,983,000). The write-down of stocks to net realisable value amounted to £nil (2017: £nil).

17. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	2,549	2,680
	2,549	2,680

The company is party to the Pfizer treasury management scheme which ensures that group entities maintain cash balances in line with their day to day requirements with any historic excess or shortfall in cash managed via intercompany loans.

18. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	1,108	3,378
Amounts owed to group undertakings	267	187
Other taxation and social security	90	254
Accruals and deferred income	192	408
	1,657	4,227

	2018 £000	2017 £000
Other taxation and social security		
VAT liability	30	182
PAYE/NI liability	60	72
	90	254

19. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Other creditors	-	134
	-	134

Other creditors consist of dilapidation accruals on leased office premises.

20. Financial instruments

The analysis of the carrying amounts of the financial instruments of the company required under section 11 of FRS 102 is as follows:

	2018 £000	2017 £000
Financial assets that are debt instruments measured at amortised costs		
Trade debtors	1,968	3,760
Amounts owed by group undertakings	11,569	12,584
Other debtors	450	919
Financial liabilities that are debt instruments measured at amortised costs		
Trade creditors	1,108	3,378
Amounts owed to group undertakings	267	187
Other creditors	-	134

21. Deferred taxation

	2018 £000	2017 £000
At beginning of year	571	758
Credited/(charged) to the profit and loss account	(98)	(187)
At end of year	473	571

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Depreciation in excess of capital allowance	425	459
Short term timing differences	48	113
Tax losses carried forward	-	(1)
	473	571

Deferred tax assets of £56,000 are expected to reverse over the next 12 months.

22. Share capital

	2018 £000	*2017 £000*
Allotted, called up and fully paid		
64,073 *(2017 - 64,073)* Ordinary shares of £1.00 each	*64*	*64*

23. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit & loss account

This reserve records the accumulated profits of the company.

24. Share based payments

FRS 102 requires the company to recognise Share-based Payments as an expense and Share-based Payments must be measured at fair value. Hospira UK Limited is part of the Pfizer Inc. ("Pfizer") 2004 Stock Plan and therefore under FRS 102.1.12(d) is exempt from certain disclosures of share based payments as the relevant information is disclosed in the holding undertaking's (Pfizer Inc.) consolidated financial statements.

The terms and conditions of the grants are as follows:

Grant date/employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
Equity settled award	Equity	5	Vest after three years of continuous service	10 years

25. Discontinued operations

On February 2nd 2017, Pfizer Inc. completed the sale of Hospira Infusion Systems, including the medical devices business unit of the company, to ICU Medical. In line with requirements of FRS102 the activity of Hospira Infusion Systems is reported as discontinued operations in the Financial Statements.

On February 3rd 2017, Pfizer Inc. and ICU Medical entered into a Transitional Services Agreement (TSA). During the year, Hospira UK Limited provided transitional services, identified in the TSA, to ICU Medical. This TSA relationship was competed and ended in March 2018.

26. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £75,000 (2017 - £166,000). Contributions totalling £10,000 (2017 - £13,000) were payable to the fund at the balance sheet date and are included in creditors.

27. Commitments under operating leases

At 30 November 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	*2017 £000*
Land and buildings		
Not later than 1 year	-	*159*
Later than 1 year and not later than 5 years	-	*327*
	-	*486*

	2018 £000	*2017 £000*
Other		
Not later than 1 year	*71*	*212*
Later than 1 year and not later than 5 years	-	*78*
	71	*290*

28. Related party transactions

The company has taken advantage of exemptions available under FRS 102 section 33 from disclosing transactions entered into between wholly owned members of the same group. There were no related party transactions with non-wholly owned members of the group.

29. Post balance sheet events

In June 2018, directors approved the proposed sale of the compounded pharmaceutical products business and assets. The sale was approved by the Competition and Markets Authority on 13 Dec 2018 and completed on 14 Dec 2018.

30. Controlling party

The immediate parent entity of the company is Pfizer Limited. The ultimate parent and ultimate controlling party is Pfizer Inc. a company incorporated in the United States of America. The smallest and largest group into which the accounts are consolidated is Pfizer Inc. A copy of Pfizer Inc.'s financial statements can be obtained from the Registered Office at 235 East 42nd Street, New York, NY 10017, USA.