ASTRAZENECA TREASURY LIMITED

Financial Statements

For the year ended 31 December 2014

Registered number: 2910116

AstraZeneca Treasury Limited

Directors' Report and Financial Statements

Contents **Page No**

Notes

AstraZeneca Treasury Limited

STRATEGIC REPORT

Principal activity

The principal activities of the Company are to act as an investment holding company for a number of AstraZeneca PLC subsidiaries ("Group companies") and to act as an in-house bank for the Group, conducting substantially all of the Group's foreign exchange and cash management activities. These activities are carried out in compliance with clearly defined policies and procedures, which have been approved by the Board of AstraZeneca PLC.

Business review

This is the first time that AstraZeneca Treasury Limited has prepared Financial Statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS101").* In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006. A reconciliation between these Financial Statements and the results and financial position as would have been reported under UK GAAP is available in note 18. Business performance outlined below is in accordance with FRS101.

The profit on ordinary activities after taxation for the year was $6,165m (2013: $6,850m). The decrease in profit was primarily due to a decrease in dividend income from Group undertakings from $7,046m in 2013 to $6,115m in 2014.

The Company paid dividends amounting to $5,905m (2013: $6,000m) to its Parent Company, AstraZeneca UK Limited, during the year.

Principal risks and uncertainties

The Company manages certain financial risks of the AstraZeneca PLC Group through the use of financial instruments. For information on the Company's use of financial instruments, see the Accounting Policies section on pages 10 and 11 of the Financial Statements. The Company is exposed to credit risk on financial assets, such as cash balances (including fixed deposits, cash and cash equivalents) and derivative instruments.

Signed on behalf of the Board

Ian Brimicombe
Director

10 July 2015

AstraZeneca Treasury Limited

Directors:	Ian Brimicombe Keith Darlington (Resigned 17/11/2014) Patricia Greenfield (Resigned 17/10/2014) Adrian Kemp (Appointed 4/11/2014) Brendan Boucher (Appointed 22/9/2014)	**Registered Office:**	2 Kingdom Street London W2 6BD
Secretary:	Katie Jackson-Turner (Appointed 1/7/2015) Claire-Marie O'Grady (Appointed 4/11/2014) Adrian Kemp (Resigned 4/11/2014)	**Auditor:**	KPMG LLP Chartered Accountants Registered Auditors 15 Canada Square London E14 5GL

Date: **10 July 2015**

DIRECTORS' REPORT 2014

The Directors of AstraZeneca Treasury Limited ("the Company") submit their Report, together with the Financial Statements of the Company, for the year ended 31 December 2014.

Going concern

The Board of Directors of AstraZeneca PLC has indicated that AstraZeneca PLC currently intends to provide financial support to AstraZeneca Treasury Limited for the foreseeable future (at least a year from the date of the approval of these Financial Statements) to the extent necessary to enable AstraZeneca Treasury Limited to continue to pay its liabilities as and when they become due.

The AstraZeneca PLC Group has considerable financial resources available. As at 31 December 2014, the Group has $7.0 billion in financial resources (cash balances of $6.4 billion and committed bank facilities of $3.0 billion that are available until April 2020, less $2.4 billion of debt due within one year).

On this basis the Directors believe that the Company has adequate resources to continue operations for the foreseeable future and therefore continue to use the going concern basis in preparing the accounts.

Proposed dividend

The Directors recommend the payment of a dividend in the amount of $nil (2013: $3,000m). During the year dividends were paid amounting to $5,905m (2013: $6,000m).

Directors

The Directors whose names appear at the head of the report were, unless otherwise noted, Directors of the Company at the date of this report and for the whole period under review other than as indicated.

Political donations

The Company has made no political donations during the year (2013: nil).

Statement as to disclosure of information to auditor

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

Auditor

The Board has decided to put KPMG LLP forward as auditors and a resolution concerning their appointment was put to the AGM of the Company on 23 April 2014.

By Order of the Board

Adrian Kemp
Director

2 Kingdom St, London
W2 6BD

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTRAZENECA TREASURY LIMITED

We have audited the Financial Statements of AstraZeneca Treasury Limited for the year ended 31 December 2014 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

J Edwards

John Edwards (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

23 July 2015

AstraZeneca Treasury Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December	Notes	2014 $m	2013 $m
Income from shares in group undertakings		6,115	7,046
Profit on sale of fixed assets		-	122
Finance income	1	999	560
Finance expense	1	(948)	(877)
Profit on ordinary activities before taxation		6,166	6,851
Taxation	3	(1)	(1)
Profit on ordinary activities after taxation		6,165	6,850

$m means millions of US dollars.

The results for the year relate entirely to continuing operations.

The gains or losses reported above represent the total comprehensive income for the year, therefore a statement of other comprehensive income has not been presented.

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax.

The accounting policies on pages 9 to 11 and the Notes to the Financial Statements on pages 12 to 24 form part of these Financial Statements.

AstraZeneca Treasury Limited

BALANCE SHEET

	Notes	At 31 December 2014 $m	At 31 December 2013 $m
Fixed assets			
Fixed asset investments	6	50,773	44,244
Derivative financial instruments		465	365
		51,238	44,609
Current assets			
Debtors	7	6,260	6,954
Derivative financial instruments		24	40
Cash and cash equivalents	8	5,415	8,159
		11,699	15,153
Creditors: amounts falling due within one year			
Amounts owed to Group undertakings	11	(40,003)	(38,267)
Derivative financial instruments		(25)	(2)
		(40,028)	(38,269)
Net current liabilities		(28,329)	(23,116)
Total assets less current liabilities		22,909	21,493
Creditors: amounts falling due after more than one year			
Amounts owed to Group undertakings	9,11	(9,098)	(7,941)
Other creditors		(1)	(1)
Derivative financial instruments		-	(1)
Net assets		13,810	13,550
Capital and reserves			
Called-up share capital	13	5,965	5,965
Profit and loss account	14	7,845	7,585
Shareholders' funds	15	13,810	13,550

$m means millions of US dollars.

The accounting policies on pages 9 to 11 and the Notes to the Financial Statements on pages 12 to 24 form part of these Financial Statements.

The Financial Statements on pages 7 to 24 were approved by the Board of Directors on 10 July 2015 and were signed on its behalf by

Ian Brimicombe
Director

Company registered number: 2910116

ACCOUNTING POLICIES

Basis of presentation of financial information

AstraZeneca Treasury Limited (the "Company") is a company incorporated and domiciled in the UK.

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

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these Financial Statements, the company has adopted early FRS 101 and for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 18. There has been no material amendments on the transition to FRS 101.

The Company's ultimate parent undertaking, AstraZeneca PLC includes the Company in its consolidated Financial Statements. The consolidated Financial Statements of AstraZeneca PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and can be obtained from the address given in note 17.

In these Financial Statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements and in preparing an opening FRS 101 IFRS balance sheet at 1 January 2013 for the purposes of the transition to FRS 101 Adopted IFRSs.

Change in accounting policy

In these Financial Statements the Company has changed its accounting policies in the following areas:

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements. IFRS 13 replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

These Financial Statements are prepared under the historical cost convention, modified to include revaluation to fair value of certain financial instruments as described below.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group accounts. Therefore, these Financial Statements present information about the Company as an individual undertaking and not about its Group.

Foreign Currencies

Transactions denominated in foreign currencies are translated into US dollars at actual spot rates on the dates the transactions are incurred.

Monetary assets and liabilities are translated at exchange rates prevailing at the date of the Company balance sheet. Exchange differences on foreign currency borrowings and deposits are included within net interest and similar items.

Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date. Except as otherwise required by IAS 12, deferred tax is provided in full on temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Fixed Asset Investments

Fixed asset investments are stated at cost and reviewed for impairment on an annual basis to identify any indications that the carrying value may not be recoverable. Any impairment losses are recognised in the profit and loss account.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the Financial Statements.

Financial Instruments

All financial instruments held by AstraZeneca Treasury Limited are used to manage financial risks within the AstraZeneca PLC Group.

Financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instrument.

Forward foreign exchange contracts: The Company has forward foreign exchange contracts to sell currency for the purpose of hedging non-dollar commercial transaction exposures which existed within the AstraZeneca PLC group at the date of the balance sheet. The majority of the contracts for existing transactions had a maturity of six months or less from year end. These contracts are stated at fair value at the balance sheet date and the gains or losses arising are recognised in the profit and loss account. The fair value of forward foreign exchange contracts is based on market forward foreign exchange rates at year end.

ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Foreign currency option contracts: The Company may use foreign currency option contracts to hedge anticipated, but not firmly committed, non-dollar commercial transactions within the AstraZeneca PLC group. The gains or losses on these contracts are recognised in the profit and loss account. The fair value of option contracts is estimated using Black-Scholes valuation techniques.

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortised cost.

Amounts due from or to Group undertakings and interest rate swaps: The AstraZeneca PLC Group uses derivatives, principally interest rate swaps, to hedge the interest rate exposure inherent in a portion of its fixed interest rate debt. The Group also uses cross currency interest rate swaps to hedge its foreign currency exposures. The Company holds these interest rate swaps on behalf of the Group.

Where derivatives are used for hedging interest rate risk, the Company will either designate the associated debt as fair value through profit or loss when certain criteria are met or as the hedged item under a fair value hedge. Where the debt instrument is designated as fair value through profit or loss, the debt is initially measured at fair value and is remeasured to fair value at each balance sheet date with changes in carrying value being recognised in the profit and loss account (along with changes in the fair value of the related derivative).

Where the debt is designated as the hedged item under a fair value hedge, the debt is initially measured at fair value and is remeasured for fair value changes in respect of the hedged risk at each balance sheet date with changes in carrying value being recognised in the profit and loss account (along with changes in the fair value of the related derivative).

All other amounts due from or due to Group undertakings not designated as described above are recorded at amortised cost.

AstraZeneca Treasury Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Finance income and expense

	2014 **$m**	2013 $m
Finance income		
Interest receivable - Group undertakings	88	76
Interest on short term investments	91	113
Fair value changes on debt and interest rate swaps	116	116
Exchange gains on foreign currency loans and deposits	704	255
Total	999	560
Finance expense		
Amounts payable on other loans - Group undertakings	(469)	(488)
Amounts payable on bank loans and overdrafts	-	(1)
Exchange losses on foreign currency loans and deposits	(479)	(388)
Total	(948)	(877)
Net finance income/ (expense)	51	(317)

$29m fair value losses (2013: $43m fair value losses) on interest rate fair value hedging instruments and $28m fair value gains (2013: $42m fair value gains) on the related hedged items have been included within fair value changes on debt and interest rate swaps. All fair value hedge relationships were effective during the year.

$2m fair value losses (2013: $77m fair value losses) on derivatives related to debt instruments designated at fair value through profit or loss and $2m fair value gains ($82m fair value gains) on debt instruments designated at fair value through profit or loss have been included within fair value changes on debt and interest rate swaps.

2. Auditor's remuneration

The auditor's remuneration was borne by AstraZeneca UK Limited, a subsidiary of AstraZeneca PLC. The fee assigned to the 2014 year end audit of AstraZeneca Treasury Limited is $99,000 (2013: $99,000). Full disclosure of the amounts of remuneration given to the Company's auditor for the supply of other (non-audit) services to the Company is included, on a Group-wide basis, in the Group accounts of AstraZeneca PLC. These can be obtained from the address given in note 17.

3. Taxation

UK corporation tax	**2014** **$m**	2013 $m
Current tax on income for the period	-	-
Overseas tax	1	1
Current tax on income for the period	**1**	1
Deferred tax	-	-
Tax on profit on ordinary activities	**1**	**1**

3. Taxation (continued)

Taxation reconciliation to UK statutory rate

The total tax expense for the period is lower (2013: lower) than the standard rate of corporation tax in the UK (21.5%, 2013: 23.25%). The differences are explained below.

	2014	2013
	$m	$m
Profit on ordinary activities before taxation	6,166	6,851
Tax at 21.5% (2013: 23.25%)	1,326	1,593
Non-taxable dividend income	(1,315)	(1,638)
Group relief surrendered for nil consideration	49	92
Non-taxable income / non-deductible expenses	(60)	(47)
Overseas taxes	1	1
Total tax charge for the year	1	1

Factors affecting the tax charge in future periods

From 1 April 2015, the main rate of corporation tax reduced to 20%. This rate has been used to calculate the deferred tax balance as it was substantively enacted at the balance sheet date. In the budget on 8 July 2015, the government announced further reductions in the main rate of corporation tax to 19% in 2017 and 18% in 2020. These changes have not been substantively enacted.

Deferred taxation

The movements in the net deferred tax balance during the year are as follows:

	Other	**Total**
	$m	**$m**
Net deferred tax balance at 31 December 2012	**1**	**1**
Taxation expense	-	-
Net deferred tax balance at 31 December 2013	**1**	**1**
Taxation expense	-	-
Net deferred tax balance at 31 December 2014	1	1

3. Taxation (continued)

The net deferred tax balance consists of:

	Other $m	Total $m
Deferred tax assets at 31 December 2013	1	1
Deferred tax liabilities at 31 December 2013	-	-
Net deferred tax balance at 31 December 2013	1	1
Deferred tax assets at 31 December 2014	1	1
Deferred tax liabilities at 31 December 2014	-	-
Net deferred tax balance at 31 December 2014	1	1

Deferred tax has been measured at 20% (2013: 20%).

4. Employees and Directors

The Company had no employees during 2014 (2013: nil).

The total emoluments of the Directors of the Company for the year, net of pension contributions, were $1,419,401 (2013: $521,743) in respect of services to the Company, and were borne by another company in the AstraZeneca Group. The aggregate amount of company contributions to defined benefit and money purchase schemes was $36,777 (2013: $19,165), and were borne by another company in the AstraZeneca Group.

During 2014 and 2013, all of the Directors participated in defined benefit or defined contribution schemes sponsored by other Group companies. The details of these schemes are disclosed in the Consolidated Financial Statements of AstraZeneca PLC, which can be obtained from the address given in note 17.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid Director, net of pension contributions were $518,012 (2013: $201,923) and the pension contributions were $12,265 (2013: $14,567). During the current year, the highest paid director did not receive shares under a long term incentive scheme. In the prior year, the highest paid director received shares under a long term incentive scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Employees and Directors (continued)

	2014	2013
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	1	-
Defined benefit schemes	2	3
The number of Directors who exercised share options was	2	1
The number of Directors in respect of whose services shares were received or receivable under long-term incentive schemes was	3	3

5. Dividends to shareholders

	2014 cents per share	2013 cents per share	**2014 $m**	2013 $m
Ordinary shareholders				
Dividends on Ordinary Shares	99.0	100.6	5,905	6,000

6. Fixed asset investments

Cost and net book value	**Shares in subsidiaries $m**	**Loans to subsidiaries $m**	**Total fixed asset investments $m**
Carrying amount at 1 January 2014	44,086	158	44,244
Additions	6,534	-	6,534
Disposals	-	(5)	(5)
Carrying amount at 31 December 2014	**50,620**	**153**	**50,773**

The companies in which the Company has an interest at 31 December 2014 are as follows:

Subsidiaries	**Country of registration**	**Percentage of ordinary shares held**	**Principal Activity**
AstraZeneca Holdings BV	Netherlands	100%	Investment holding company
AstraZeneca AB	Sweden	100%	Research and development, manufacturing, marketing
AstraZeneca Egypt for Pharmaceutical Industries JSC	Egypt	98%	Manufacturing, marketing
AstraZeneca Egypt for Trading LLC	Egypt	50%	Marketing
LLC AstraZeneca Pharmaceuticals	Russia	100%	Marketing
AstraZeneca S.A.	Chile	100%	Marketing
AstraZeneca Maroc SARLAU	Morocco	100%	Marketing
AstraZeneca Tunisie SARL	Tunisia	100%	Marketing
AstraZeneca Taiwan Limited	Taiwan	100%	Marketing
AstraZeneca Sweden Investments Limited	England and Wales	89%	Financing
AstraZeneca Asia Pacific Business Services SDN BHD	Malaysia	100%	Shared service centre
AstraZeneca Finance Coöperatief WA	Netherlands	95%	Financing
AstraZeneca Health Care S.A.	Mexico	0.02%	Marketing
AstraZeneca SA de CV	Mexico	0.02%	Marketing

6. Fixed asset investments (continued)

In the Directors' opinion, the investments in, and amounts due, from the Company's subsidiaries are worth at least the amounts at which they are stated in the balance sheet.

7. Debtors

	2014	2013
	$m	$m
Amounts owed by Group undertakings	6,234	6,931
Prepayments and accrued income	25	22
Deferred tax asset	1	1
Total debtors	6,260	6,954

Debtors include $1m deferred tax asset due after more than one year.

8. Cash and cash equivalents

	2014	2013
	$m	$m
Cash at bank and in hand	97	69
Other investments	5,318	8,090
Total cash and cash equivalents	5,415	8,159

Other investments of $5,318m (2013: $8,090m) principally comprise investments in Money Market Funds and Repos held directly with third party managers with an average maturity of 47 days (2013: 50 days).

9. Creditors: amounts falling due after more than one year

The amounts owed to Group undertakings includes a fair value adjustment of $163m (2013: $179m).

10. Derivative financial instruments

Derivative financial instruments consist of interest rate swaps (included in instruments designated at fair value if related to debt designated at fair value or instruments in a fair value hedge relationship if formally designated as in a fair value hedge relationship), cross-currency swaps, foreign exchange options and forward foreign exchange contracts.

Fair value hierarchy

Financial instruments carried at fair value can be analysed by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. Derivative financial instruments (continued)

All derivatives are held at fair value and fall within Level 2 of the fair value hierarchy. None of the derivatives have been reclassified in the year. The fair value of interest rate swaps and cross-currency swaps is estimated using appropriate zero coupon curve valuation techniques to discount future contractual cash flows based on rates at current year end.

The fair value of forward foreign exchange contracts and currency options are estimated by cash flow accounting models using appropriate yield curves based on market forward foreign exchange rates at the year end. The majority of forward foreign exchange contracts for existing transactions had maturities of less than one month from year end.

11. Analysis of debt by maturity

	2014 Loans $m	**2014 Other $m**	**2014 Total $m**	2013 Loans $m	2013 Other $m	2013 Total $m
In less than 1 year	912	39,091	40,003	762	37,505	38,267
1-2 years	-	-	-	1,035	-	1,035
2-5 years	2,820	-	2,820	1,853	-	1,853
5+ years	6,278	-	6,278	5,053	-	5,053
Greater than 1 year	9,098	-	9,098	7,941	-	7,941
Total Debt	**10,010**	**39,091**	**49,101**	**8,703**	**37,505**	**46,208**

'Other' primarily comprises amounts owed to Group undertakings under interest bearing call account facilities which bear interest at a rate of the London Interbank Bid Rate (LIBID). These facilities may be terminated by not less than one month's written notice given by either party to the other. Fair value approximates to carrying value. Included in 'Other' is an amount due to the ultimate parent company, AstraZeneca PLC, for $6,344m (2013: $6,908m).

Included in 'Loans' are several amounts due to AstraZeneca PLC which represent external loans on-lent to the Company from AstraZeneca PLC. The unamortised discount on these loans was $63m at 31 December 2014 (2013: $56m). The total fair value of 'Loans' as at 31 December 2014 was $11,080m (2013: $9,377m). Additional information on these loans is disclosed in the Consolidated Financial Statements of AstraZeneca PLC, which can be obtained from the address given in note 17.

Also included in 'Loans' are debt instruments designated at fair value through profit or loss. The fair value of these borrowings was $370m at 31 December 2014 (2013: $1,122m).

The carrying value of loans designated at fair value through profit or loss is the fair value. Fair values, as disclosed in this note are based on the Level 1 valuation method as defined in Note 10.

A loss of $1m (2013: $5m gain) was made during the year on the fair value of bonds designated at fair value through profit or loss, due to increased credit risk. A gain of $38m (2013: $39m gain) has been made on these bonds since designation due to increased credit risk. Changes in credit risk had no material effect on any other financial assets and liabilities recognised at fair value in the Financial Statements. The change in fair value attributable to changes in credit risk is calculated as the change in fair value not attributable to market risk. The amount payable at maturity on bonds designated at fair value through profit or loss is $288m (2013: $1,037m).

12. Financial risk management objectives and policies

The Company's principal financial instruments, other than derivatives, comprise bank overdrafts, deposits and loans with Group undertakings, non-current investments, cash and short-term deposits. The main purpose of these financial instruments is to manage the AstraZeneca Group's funding and liquidity requirements.

The principal financial risks to which the Company is exposed are those of liquidity, interest rate, foreign currency and credit. Each of these is managed in accordance with Board-approved policies. These policies are set out below.

The Company uses foreign currency borrowings, foreign currency forwards, currency options, cross-currency swaps and interest rate swaps for the purpose of hedging its foreign currency and interest rate risks. The Company may designate certain financial instruments as either fair value hedges or net investment hedges in accordance with IAS 39. Key controls applied to transactions in derivative financial instruments are: to use only instruments where good market liquidity exists, to revalue all financial instruments regularly using current market rates and to sell options only to offset previously purchased options. The Company does not use derivative financial instruments for speculative purposes.

Capital management

The capital structure of the Company consists of share capital (Note 13), borrowings from Group undertakings (Notes 9 and 11) and cash (Note 8). For the foreseeable future, the Board will maintain a capital structure that supports the wider AstraZeneca Group's strategic objectives through:

- managing funding and liquidity risk for the AstraZeneca Group
- optimising shareholder return for the shareholders of the ultimate parent company
- contributing towards maintaining a strong, investment-grade credit rating for the Group.

Funding and liquidity risk are reviewed regularly by the Board and managed in accordance with policies described below.

Liquidity risk

The Company holds the majority of cash balances for the AstraZeneca Group, as such the Company's liquidity risk are linked to the wider Group. The Group's policy is to monitor liquidity risks annually as part of the wider AstraZeneca group planning process and on an *ad hoc* basis. The Group Board considers short-term requirements against available sources of funding, taking into account forecast cash flows.

Specifically, the Company manages liquidity risk by having access to a number of sources of funding including borrowings from Group undertakings, overdraft facilities and cash resources to manage short-term liquidity and manages long-term liquidity with funds raised through the capital markets on-lent to the Company by the ultimate parent company of the Group.

The maturity profile of the anticipated future contractual cash flows including interest in relation to the Company's financial liabilities, on an undiscounted basis and which, therefore, differs from both the carrying value and fair value, is as follows:

12. Financial risk management objectives and policies (continued)

	Short-term borrowings from Group undertakings $m	Loans from Group undertakings $m	Total non-derivative financial instruments $m	Interest rate swaps $m	Currency swaps $m	Total derivative financial instruments $m	Total $m
Within one year	37,521	1,184	38,705	(70)	(16)	(86)	38,619
In one to two years	-	1,450	1,450	(70)	(16)	(86)	1,364
In two to three years	-	361	361	(51)	(16)	(67)	294
In three to four years	-	2,111	2,111	(51)	(16)	(67)	2,044
In four to five years	-	258	258	(51)	(15)	(66)	192
In more than five years	-	9,492	9,492	(77)	(229)	(306)	9,186
	37,521	14,856	52,377	(370)	(308)	(678)	51,699
Effect of interest	(16)	(6,283)	(6,299)	370	97	467	(5,832)
Effect of discounting, fair values and issue costs	-	130	130	(193)	24	(169)	(39)
31 December 2013	37,505	8,703	46,208	(193)	(187)	(380)	45,828

	Short-term borrowings from Group undertakings $m	Loans from Group undertakings $m	Total non-derivative financial instruments $m	Interest rate swaps $m	Currency swaps $m	Total derivative financial instruments $m	Total $m
Within one year	39,104	1,768	40,872	(52)	(16)	(68)	40,804
In one to two years	-	640	640	(52)	(16)	(68)	572
In two to three years	-	2,297	2,297	(52)	(16)	(68)	2,229
In three to four years	-	450	450	(16)	(19)	(35)	415
In four to five years	-	1,456	1,456	(16)	(325)	(341)	1,115
In more than five years	-	9,359	9,359	(62)	-	(62)	9,297
	39,104	15,970	55,074	(250)	(392)	(642)	54,432
Effect of interest	(13)	(5,933)	(5,946)	250	83	333	(5,613)
Effect of discounting, fair values and issue costs	-	(27)	(27)	(161)	5	(156)	(183)
31 December 2014	39,091	10,010	49,101	(161)	(304)	(465)	48,636

Where interest payments are on a floating rate basis, it is assumed that rates will remain unchanged from the last business day of each year ended 31 December. It is not expected that the cash flows in the maturity profile could occur significantly earlier or at significantly different amounts.

Market risk

Interest rate risk

The Company maintains a mix of fixed and floating rate debt, in line with policies approved by the Group Board. The Company uses interest rate swaps to manage this mix.

At 31 December 2014, the Company held interest rate swaps with a notional value of $1.0bn, converting the Group's 7% guaranteed debentures payable in 2023 to floating rates and partially converting the 5.9% callable bond maturing in 2017 to floating rates. No new interest rate swaps were entered into during 2014, 2013 or 2012.

At 31 December 2014, swaps with a notional value of $0.75bn were designated in fair value hedge relationships and swaps with a notional value of $0.29bn related to debt designated as fair value through profit or loss. Designated hedges are expected to be effective and therefore the impact of ineffectiveness on profit is not expected to be material. The accounting treatment for fair value hedges and debt designated as fair value through profit or loss is disclosed in the Company Accounting Policies section from page 9.

The majority of surplus cash is currently invested in US dollar liquidity funds earning floating rates of interest. The interest rate profile of the Company's interest-bearing financial instruments, as at 31 December 2014 and 31 December 2013 is set out below. In the case of current and non-current financial liabilities, the classification includes the impact of interest rate swaps which convert the debt to floating rate.

12. *Financial risk management objectives and policies (continued)*

	Fixed rate	Floating rate	2014 Total	Fixed rate	Floating rate	2013 Total
	$m	$m	$m	$m	$m	$m
Financial liabilities						
Short-term borrowings from Group undertakings	-	39,091	39,091	-	37,505	37,505
Loans from Group undertakings	7,512	2,498	10,010	6,731	1,972	8,703
	7,512	41,589	49,101	6,731	39,477	46,208

	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
	$m	$m	$m	$m	$m	$m
Financial assets						
Amounts owed by Group undertakings	148	6,086	6,234	152	6,779	6,931
Cash and cash equivalents	-	5,415	5,415	-	8,159	8,159
	148	11,501	11,649	152	14,938	15,090

Foreign currency risk

The US dollar is the Company's most significant currency. As a consequence, the Company's results are presented in US dollars and exposures are managed against US dollars accordingly.

Translational

Approximately 60% of the wider Group's external sales in 2014 were denominated in currencies other than the US dollar, while a significant proportion of manufacturing, and research and development costs were denominated in pounds sterling and Swedish kronor. Surplus cash generated by business units is substantially converted to, and held centrally in, US dollars by the Company.

The Company manages this currency exposure centrally for the Group, based on forecast cash flows. The impact of movements in exchange rates is mitigated significantly by the correlations which exist between the major currencies to which the Group is exposed and the US dollar. Monitoring of currency exposures and correlations is undertaken on a regular basis and hedging is subject to pre-execution approval.

Foreign currency risk arises where the Company has non-USD denominated intercompany balances with subsidiaries. This exposure is regularly monitored against agreed limits and managed to minimise the effect on the profit and loss account.

Transactional

The Company hedges one hundred percent of the wider Group's major transactional currency exposures on working capital balances, which typically extend for up to three months, using forward foreign exchange contracts. In addition, the Group's external dividend, which is paid principally in pounds sterling and Swedish kronor, is fully hedged by the Company from announcement to payment date. Foreign exchange gains and losses on forward contracts transacted for transactional hedging are taken to profit.

12. Financial risk management objectives and policies (continued)

Sensitivity analysis

The sensitivity analysis set out below summarises the sensitivity of the market value of our financial instruments to hypothetical changes in market rates and prices. The range of variables chosen for the sensitivity analysis reflects our view of changes which are reasonably possible over a one-year period. Market values are the present value of future cash flows based on market rates and prices at the valuation date. For long-term borrowings, an increase in interest rates results in a decline in the fair value of borrowings.

The sensitivity analysis assumes an instantaneous 100 basis point change in interest rates in all currencies from their levels at 31 December 2014, with all other variables held constant. Based on the composition of the Company's long-borrowings position as at 31 December 2014, a 1% increase in interest rates would result in an additional $416m in interest expense being incurred per year. The exchange rate sensitivity analysis assumes an instantaneous 10% change in foreign currency exchange rates from their levels at 31 December 2014, with all other variables held constant. The +10% case assumes a 10% strengthening of the US dollar against all other currencies and the -10% case assumes a 10% weakening of the US dollar.

Each incremental 10% movement in foreign currency exchange rates would have approximately the same effect as the initial 10% detailed in the table below and each 1% change in interest rates would have approximately the same effect as the 1% detailed in the table below.

31 December 2014	Interest rates		Exchange rates	
	+1%	-1%	+10%	-10%
Increase/(decrease) in fair value of financial instruments	818	(823)	161	(161)
Impact on profit: gain/(loss)			161	(161)
Impact on equity: gain/(loss)			-	-

31 December 2013	Interest rates		Exchange rates	
	+1%	-1%	+10%	-10%
Increase/(decrease) in fair value of financial instruments	596	(751)	80	(80)
Impact on profit: gain/(loss)			80	(80)
Impact on equity: gain/(loss)			-	-

There has been no change in the methods and assumptions used in preparing the above sensitivity analysis over the two-year period.

Credit risk

The Company is exposed to credit risk on financial assets, such as cash balances (including fixed deposits and cash and cash equivalents), derivative instruments and amounts due from Group undertakings. The Company is also exposed in its net asset position to the credit risk of the Group in respect of the 2023 debentures which are accounted for at fair value through profit or loss.

The Company may hold significant cash balances as part of its normal operations, with the amount of cash held at any point reflecting the level of cash flow generated by the business and the timing of the use of that cash. The majority of the Group's excess cash is centralised within the Company and is subject to counterparty risk on the principal invested. This risk is mitigated through a policy of prioritising security and liquidity over return, and as such cash is only invested in high credit quality investments. Counterparty limits are set according to the assessed risk of each counterparty and exposures are monitored against these limits on a regular basis. The majority of the Company's cash is invested in US dollar AAA-rated liquidity funds, fully collateralised repurchase agreements and short-term bank deposits.

12. Financial risk management objectives and policies (continued)

The most significant concentration of financial credit risk at 31 December 2014 was $5,475m invested in six AAA-rated liquidity funds. The liquidity fund portfolios are managed by the related external third party fund managers to maintain the AAA rating. No more than 15% of fund value is invested within each individual fund. There were no other significant concentrations of financial credit risk at the reporting date.

At 31 December 2014, the Company had investments of $300m (2013: nil) in short-term repurchase agreements, which are fully collateralised investments. In the event of any default, ownership of the collateral would revert to the Company and would be readily convertible to cash. The value of the collateral held at 31 December 2014 was $316m (2013: nil).

All financial derivatives are transacted with commercial banks, in line with standard market practice. The Company has agreements with some bank counterparties whereby the parties agree to post cash collateral, for the benefit of the other, equivalent to the market valuation of the derivative positions above a predetermined threshold. The carrying value of such cash collateral held by the Company at 31 December 2014 was $457m (2013: $326m).

13. Share capital

	2014 $m	2013 $m
Allotted, called-up and fully paid share capital		
100 ordinary A shares of £1 each	-	-
5,964,882,232 Ordinary B shares of $1 each	5,965	5,965

14. Reserves

	2014 $m	2013 $m
Profit and loss account brought forward	7,585	6,735
Net profit for the year	6,165	6,850
Dividends	(5,905)	(6,000)
Profit and loss account carried forward	7,845	7,585

15. Reconciliation of movements in shareholders' funds

	2014 $m	2013 $m
Shareholders' funds at beginning of year	13,550	12,700
Retained profit for the financial year	6,165	6,850
Dividends	(5,905)	(6,000)
Shareholders' funds at end of year	13,810	13,550

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Related party transactions

Under FRS 101.8(k), the Company is exempt from the requirement to disclose related party transactions with AstraZeneca PLC and its wholly owned subsidiaries, along with the requirement to disclose compensation of key management personnel, on the grounds that it is a wholly owned subsidiary undertaking of AstraZeneca PLC.

17. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of AstraZeneca UK Limited, a company incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by AstraZeneca PLC, who is the ultimate controlling party. The consolidated accounts of this group are available to the public and may be obtained from the registered office, 2 Kingdom Street, London W2 6BD.

18. Explanation of transition to FRS101 from old UK GAAP

As stated in the accounting policies, these are the Company's first Financial Statements prepared in accordance with FRS 101. The accounting policies set out on pages 9 to 11 have been applied in preparing the Financial Statements for the year ended 31 December 2014, the comparative information presented in these Financial Statements for the year ended 31 December 2013 and in the preparation of an opening FRS 101 Balance Sheet as at 1 January 2014 (the Company's date of transition). In preparing its FRS 101 Balance Sheet, the Company has adjusted amounts reported previously in Financial Statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of profit for 2013

For the year ended 31 December 2013	Notes	UK GAAP $m	Transition effect $m	FRS101 $m
Income from shares in group undertakings		7,046	-	7,046
Profit on sale of fixed assets		122	-	122
Finance income	1	560	-	560
Finance expense	1	(877)	-	(877)
Profit on ordinary activities before taxation		**6,851**	**-**	**6,851**
Taxation	3	(1)	-	(1)
Profit for the financial year		**6,850**	**-**	**6,850**

AstraZeneca Treasury Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Explanation of transition to FRS101 from old UK GAAP (continued)

Reconciliation of equity

	Notes	UK GAAP	Transition effect	FRS101	UK GAAP	Transition effect	FRS101
		1 January 2013			**31 December 2013**		
		$m	$m	$m	**$m**	**$m**	**$m**
Fixed Assets							
Fixed asset investments	6	43,194	-	43,194	**44,244**	-	**44,244**
Derivative financial instruments		389	-	389	**365**	-	**365**
		43,583	-	43,583	**44,609**	-	**44,609**
Current assets							
Debtors	7	8,178	-	8,178	**6,954**	-	**6,954**
Derivative financial instruments		31	-	31	**40**	-	**40**
Cash and cash equivalents	8	6,513	-	6,513	**8,159**	-	**8,159**
		14,722	-	14,722	**15,153**	-	**15,153**
Creditors: amounts falling due within one year							
Amounts owed to group undertakings	11	(36,820)	-	(36,820)	**(38,267)**	-	**(38,267)**
Derivative financial instruments		(3)	-	(3)	**(2)**	-	**(2)**
		(36,823)	-	(36,823)	**(38,269)**	-	**(38,269)**
Net current liabilities		(22,101)	-	(22,101)	**(23,116)**	-	**(23,116)**
Total assets less current liabilities		21,482	-	21,482	**21,493**	-	**21,493**
Creditors: amounts falling due after more than one year							
Amounts owed to group undertakings	9,11	(8,781)	-	(8,781)	**(7,941)**	-	**(7,941)**
Other creditors		(1)	-	(1)	**(1)**	-	**(1)**
Derivative financial instruments		-	-	-	**(1)**	-	**(1)**
Provisions for liabilities and charges		-	-	-	-	-	-
Net assets		12,700	-	12,700	**13,550**	-	**13,550**
Capital and reserves							
Called-up share capital	13	5,965	-	5,965	**5,965**	-	**5,965**
Profit and loss account	14	6,735	-	6,735	**7,585**	-	**7,585**
Shareholder's funds	15	12,700	-	12,700	**13,550**	-	**13,550**