

Registered number: 02175750

# JOHNSON & JOHNSON LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021



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## JOHNSON & JOHNSON LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	G Rice C England (appointed 3 August 2021)
<b>Registered number</b>	02175750
<b>Registered office</b>	50-100 Holmers Farm Way High Wycombe Buckinghamshire HP12 4EG United Kingdom
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3GH

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## JOHNSON & JOHNSON LIMITED

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### STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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The directors present their Strategic report on the company for the financial year ended 3 January 2021.

#### Principal activities

The company acts as a sales agent for Johnson & Johnson group companies, receiving commission in respect of sales made.

#### Business review

Overall the directors are satisfied with the performance of the company during the financial year and its financial position at the financial year end.

The key financial and other performance measures year were as follows:

	2020 £000	2019 £000	Change %
Revenue	40,275	44,813	(10)%
Operating profit	401	8,488	(95)%
Total equity	49,863	50,261	(1)%
Average number of employees	287	284	1 %

The results and dividend section within the directors' report and the income statement on page 10 show the full results for the financial year.

Revenue from commission under company's agency agreements have been fallen by 10% year on year and operating profit has been reduced by 95% year on year due to due to a one-off pension charge for £9.3 million causing an increase in operating costs.

Total equity has decreased by 1% year on year. The decrease is principally due to the decrease in profit for the financial year.

The statement of financial position on page 16 of the financial statements shows the company's financial position at the end of the year.

The average number of employees has remained stable over the two years.

#### Future outlook

Both the level of business and the year-end financial position remain satisfactory, despite strong competitive and market pressures and the impact of COVID. The directors expect that the present level of activity will be sustained for the foreseeable future.

The directors' consideration of Brexit and COVID is outlined with the Directors' Report.

#### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to general industry conditions and competition; economic conditions, such as currency exchange rate fluctuations; technological advances; challenges inherent in new product development; and trends toward health care cost containment. The risks and uncertainties are managed at regular board meetings, and where applicable, actions are taken to mitigate the risks.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 3 JANUARY 2021

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**Section 172 Statement**

Section 172 ("section 172") of the Companies Act 2006 ("Act") states that a director of a company must act in a way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the:

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

The Company is part of the Johnson & Johnson sub-group of companies in the UK and is ultimately owned by Johnson & Johnson. It is a member of the wider Johnson & Johnson international group of companies ("Group"). The Company has a culture of high standards of business conduct, which the directors ensure is maintained throughout the Company's operations and ultimately underpinned by **Our Credo**. It is the Group's values and principles as set out in **Our Credo**, together with the duties and responsibilities which the directors are subject to by virtue of the Act and other applicable law and regulation, which guide the directors' decision-making.

**Decision making processes**

The Company's management is structured to align to the Company's objectives and strategy and those of the wider Group. Authority for day-to-day management of the Company is delegated to individual operational and functional managers who have clear processes to follow when considering decisions, including principal decisions which impact the Company's key stakeholders. Common with other international groups, certain of these operational and functional managers have a wider Group remit. Responsibility for decision making on certain matters is delegated to the key operational and functional management within the Group except where they cannot be delegated under the Act.

All employees, including the Company's operational and functional managers, are required to comply with the ethical values and principles set out in **Our Credo** which is further supported by the Company's Code of Business Conduct. Each employee is expected to keep up to date with these ethical values and principles and they are supported in doing so through business led training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Anti-Bribery, Anti-Trust, Anti-Fraud and Anti-Theft. The training provided enables the directors to be committed to operating the business to the highest ethical, moral and legal standards when making decisions and putting the Group's core ethical values of integrity, honesty and respect for the law into practice in their daily duties. The directors monitor compliance with training requirements.

Director meetings are held as required where the directors consider the Company's activities and make and approve decisions, as appropriate. Business strategies and decisions are subject to a rigorous review process involving various levels of employees from numerous departments. As part of the Company's governance framework, information submitted to the directors and operational and functional managers to support decision-making must be prepared to a high standard of accuracy and integrity and provide sufficient information to enable directors to discharge their duties effectively. The governance process provides a framework to ensure everyone involved in and contributing to the decision-making process understands the duties which the directors are subject to and the factors which they are required to have regard to.

Potential legal and ethical risks which may compromise the performance of the Company are monitored and discussed in senior management and risk and compliance meetings. Stakeholders from within the wider Johnson & Johnson Group are consulted with on key business decisions where appropriate and their input on Company strategy and objectives sought.

The directors acknowledge that the views of, and effects on, the Company's key stakeholders in regard to key business decisions are of critical importance to the continued success of the Company.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 3 JANUARY 2021

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**Stakeholder engagement**

As a member of a global healthcare group, the Company interacts with numerous stakeholder groups at the global, national and local levels. **Our Credo**, written more than 75 years ago, identifies and embraces the diversity of stakeholders to whom the Group is responsible, and serves as our guide to creating long-term value for our Company and for society. Ongoing and proactive engagement with these groups provides valuable insight into our stakeholders' perspectives which in turn enables us to consider their interests in Company decision-making processes. It enables the Company to develop products and services that are responsive to their needs.

**Employees**

The directors recognise that the Company owes its success to its employees and those of the wider Johnson & Johnson Group. The directors are aware of their responsibility to the Company's employees and further recognise that key to providing an inclusive work environment, where individuals have a sense of fulfilment and purpose in their roles, is regular consultation on matters affecting the Company and them individually.

The Company continually communicates with its employees through a variety of formats and media leveraging Group functions and initiatives. Through these forums, the Company provides employees with information on matters that are of concern to them as well as obtaining their views on Company matters likely to affect them or in which they may be interested. The engagement forums used by the Company include formal and informal meetings, offline and online communication including newsletters, 'Town Hall' meetings, Leadership blogs, digital daily digests, quarterly business updates, TED talks and events, conferences, **Our Credo** survey, webcasts and seminars and through employee representative forums. In light of the COVID-19 pandemic much of the Company's engagement initiatives in this financial year have been through online and electronic means. The Company also operates a 24/7 toll free employee hotline, run by external providers, to offer employees an alternative method of voicing their views outside of normal business channels. An Escalation Procedure is also in place by which employees can bring issues of concern to the attention of senior management.

During the financial year, the Company has engaged with employees on a variety of key business matters including personal development, consumer health product launches, trends in self care talent acquisition and career opportunities, health and well-being, COVID-19 pandemic crisis management response, awareness and support, ethical business practices, Environmental, Social and Governance (ESG) priorities, business performance, sustainable innovation, workplace health and safety, compensation and benefits, diversity and inclusion, human rights, community engagement initiatives, access to and affordability of medicines and data protection and privacy. In the last financial year the Company consulted widely with employees on the Company's return to workplace policies following easing of the COVID-19 restrictions. The feedback received from employees was factored into the directors' decisions on return to work, working from home and health & safety policies and protocols.

Employees have the ability to participate in a share option plan operated by the Company's ultimate parent company Johnson & Johnson. The purpose of the plan is to motivate employees to contribute towards the creation of long-term shareholder value whilst providing them with an opportunity to share in the wider Group's success.

**Suppliers**

The directors recognise that the success of the Company depends on its ability to collaborate with suppliers that not only provide the highest quality products and services, but are philosophically and strategically aligned with the Company's commitment to patient well-being and the Company's social and environmental responsibilities.

Each supplier engaged by the Company is required to uphold the Group's **Our Credo** values and comply with the Group's Code of Business Conduct and Responsibility Standards for Suppliers. The Group has in place an audit and assurance programme against which suppliers' adherence to these standards and applicable legal and regulatory requirements is regularly monitored and assessed. As a company we maintain robust continuity plans across our global supply chain network to prepare for unforeseen events and to meet the needs of patients, customers and consumers who depend on our products and services.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 3 JANUARY 2021

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***Suppliers (continued)***

The Company seeks to foster its business relationship with its suppliers through a number of engagement initiatives including direct engagement by product category leaders, collaborative partnerships, face-to-face meetings, supplier conferences, surveys and scorecards and through participating in initiatives such as the Group's Sustainable Procurement and Supplier Diversity Programmes.

During the financial year, the Company has engaged with suppliers on a variety of Company initiatives and matters including its environmental and sustainability, product innovation initiatives, information security and data privacy and COVID-19 crisis management and supply continuity in response to COVID-19. The Company implemented a Supplier Sustainability Programme, which was led by the Company's procurement team. The programme is designed to implement the Company's Responsibility Standards and aims to foster a culture of conformance, transparency, disclosure and excellence in Environment, Social and Ethical business practices. Supplier feedback is incorporated into the programme and the results of the feedback incorporated into programme and policy improvements.

The directors monitor payment performance to the Company's suppliers and to ensure the Company complies with the wider Group's fair payment policies.

***Patients, Customers and Consumers***

Enshrined in ***Our Credo*** is a recognition that the Group's first responsibility is to the patients, doctors and nurses, customers, consumers and all others who use Johnson & Johnson's products and services. The well-being of patients is the reason for the Company's existence.

The Company works closely with patients, customers and consumers. The Company seeks to foster its business relationship with such groups through a variety of forums and initiatives from clinical trials, customer focus groups, joint product design initiatives, direct contact through sales, via dedicated customer relationship managers, attendance at industry trade groups and meetings and through the Company's websites and social media platforms.

The Company regularly seeks patient and consumer input on matters such as product effectiveness, quality, safety, reliability, performance, composition, price and pricing transparency, access, ease of use or application and disposal. Other matters on which input has been sought from patient organisations include product packaging, sales and distribution channels, patient demand, pricing and manufacturing processes. A summary of consumer complaints, comments and interactions is provided to the Board on a quarterly basis and the feedback received used to improve product and service levels.

The directors recognise that working with these stakeholders is key to the Company's success as it helps the Company better understand the needs of patients living with diseases and conditions that the Company is committed to help, prevent, treat and cure.

***Environment and communities***

The directors believe that human health is inextricably linked to environmental health and recognise the need to protect the environment and natural resources. Much of the Company's environmental and sustainability initiatives are managed and delivered centrally through wider Group initiatives including the Group's 2018 New Plastics Economy Global Commitment, Healthy Lives Mission, We Sustain Sustainability Accelerator Grants challenge and We Sustain Environmental sustainability employee programme. The Group has made a series of public commitments in respect of advancing climate resilience, water and waste management and improving product sustainability.

In 2016, the Group announced its commitment to support the United Nations Sustainable Development Goals and in 2020 the Group launched its 4th generation science based climate commitments, setting out renewed goals to source 100% of the Group's electricity needs from renewable resource by 2025, achieve carbon neutrality in Group operations by reducing absolute Scope 1 and 2 emissions by 60% from 2016 levels and by reducing absolute upstream value chain (Scope 3) emissions by 20% from 2016 levels in each case by 2030.

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 3 JANUARY 2021

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***Environment and communities (continued)***

In June 2020, the Group renewed its position on sustainable products and packaging committing to:

- assess lifecycle environmental impacts across product categories and platforms to identify opportunities for improvement;
- integrate sustainability considerations at the design phase of new products to identify potential environmental improvements;
- selecting and sourcing more sustainable ingredients;
- apply green chemistry and engineering principles in design and manufacturing;
- developing more sustainable packaging including designing for recyclability; and
- managing product end-of-life impacts.

The directors and operational and functional management are responsible for ensuring the Company participates in achieving these Group wide targets. Consideration of these targets, together with wider environmental impact considerations are incorporated into the Company's decision making processes.

The Company also partners with other Johnson & Johnson Group UK companies in the delivery of the Group's Corporate Social Responsibility Vision to transform lives in the local communities in which the Company operates by supporting those at the heart of delivering care and reducing health inequities. ***Our Credo*** recognises the Group's responsibility to the communities in which we live and work and the world community as well. To achieve this Vision, the UK Group companies (including the Company) have partnered with a number of organisations both nationally and across local sites to co-create innovative solutions to address health and societal challenges in the UK and to find new ways of collaborating to make a long-term, sustainable impact. The initiatives which the Company chooses to support through its Corporate Social Responsibility Vision can have a significant impact on the local community. In determining which initiatives to support the directors and operational and functional management will consider which initiatives are most aligned to the Group's Vision and which are likely to have the most impact.

***Shareholder***

The Company is a wholly owned subsidiary of another Johnson & Johnson Group entity. A key principle applied by the directors and key management personnel is to always consider whether the decision they are about to take leads to a positive long-term increase in the value of the Company for the benefit of its immediate Group shareholder, and ultimately Johnson & Johnson.

**Streamlined Energy and Carbon Reporting (SECR) disclosure**

We believe industry has an important role to play in responding to climate change by implementing voluntary reductions of the greenhouse gases within their control. We have made strong progress in transitioning to renewable electricity, achieving over 50% globally in 2020 as we strive toward 100% over the next five years. Additionally, we expect to make further investments in energy efficiency across our operations and are evaluating alternative fuel sources and fleet vehicle choices.

The environmental performance has been reported in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Scope 2.

The Scope 2 emissions have been calculated according to the dual reporting principals of the Greenhouse Gas Protocol Scope 2 Guidance (market and location based method). In our total carbon footprint calculations, the location Scope 2 emissions are used.

The Scope 3 emissions covers fuel for transport purchased for business use.

The Scope 3 emissions for the company are negligible.

The greenhouse gas emission calculation has been conducted based on actual vehicle fleet fuel consumption, facilities' energy consumption and waste generation in our operations.



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**JOHNSON & JOHNSON LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 3 JANUARY 2021**

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The company has claimed an exemption on reporting prior year data due to the company year end for 2019 being 29 December 2019, which is outside of the required reporting period.

We have several renewable energy initiatives underway at Johnson & Johnson facilities across the globe:

<b>Renewable Electricity Use Across Regions</b>	<b>Financial year ending 3 January 2021</b>
Global	54 %
Europe	82 %
North America	72 %

**Greenhouse gas emissions in tCO<sub>2</sub>e**

	<b>Financial year ending 3 January 2021</b>
Scope 1 - Direct emissions	58
Scope 2 - Indirect emissions	112
Total	<u>170</u>

**Energy consumption**

	<b>Financial year ending 3 January 2021</b>
Energy consumption in KWh	<u>437,000</u>

Intensity ratio for 2020 is 0.0042tCO<sub>2</sub>e per £'000 revenue.

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

G Rice  
Director

Date: DATE 22.12.2021

**DIRECTORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

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The directors present the annual report and the audited financial statements for the financial year ended 3 January 2021.

The company's reporting period ends on the Sunday closest to 31 December, being 3 January 2021 for the current year (53 weeks) and 29 December 2019 for the prior year (52 weeks).

**Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

**Directors' confirmations**

In the case of each director in the office at the time this Directors' Report is approved:

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

**Future outlook**

The directors' expectations for the future of the business are set out in the Strategic report included within the annual report and financial statements.

### **Financial risk management**

The policies set by the Group are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk and circumstances where it would be appropriate to use financial instruments to manage these.

#### *Price risk*

The company has limited exposure to commodity price risk as a result of its operations. It is also partly indemnified against any potential loss under agreements with other group companies. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

#### *Liquidity risk*

The company has access to short-term debt finance to ensure the company has sufficient available funds for operations and planned expansions.

### **Business Impact in Relation to Brexit**

The United Kingdom (UK) withdrew from the European Union (EU) on 31 January 2020. The transition period lasted until 31 December 2020. During this period, the UK remained both within the EU customs union and single market.

During the transition period, negotiations were completed and a trade agreement between the two parties was reached. There is no tangible impact on the company's activities as a result of this agreement.

### **Results and dividends**

The income statement for the financial year is set out on page 14.

The loss for the financial year amounted to £2,037,000 (2019 profit: £7,211,000). The aggregate dividends on the ordinary shares recognized during the year amounts to £Nil (2019 - £Nil). There are no proposed dividends awaiting approval at 3 January 2021.

### **Events since the year end**

On 12th November 2021, Johnson & Johnson announced its intention to separate the Consumer Health business to create a new publicly traded company, with a new name. The New Consumer Health Company should be better positioned to deliver for patients and consumers, pursue more targeted business strategies and accelerate growth as an independent company. The separation process is expected to be completed in 18-24 months, subject to legal requirements, regulatory approvals and other customary conditions and approvals. In the meantime, Johnson & Johnson Ltd continues to operate as part of the global Johnson & Johnson.

### **Going concern**

Management have considered the impact of the COVID-19 pandemic on the company's ability to continue as a going concern and are satisfied with that basis having reviewed forecasts and future cashflows.

### Directors

The directors who served during the financial year and up to the date of signing the financial statements, unless otherwise stated, are given below:

G Rice

C England (appointed on 3 August 2021)

C.M Lawson (resigned on 18 January 2021)

### Employee involvement

The company is committed to the continued development of employee involvement by an effective communications and consultative framework. Consultative committees covering broad business areas, pensions, health and safety, quality and employee services are well established and meet regularly in order to take on the views of the employees in decision making. Team briefings, which complement other forms of management communication, ensure that all levels in the organisation are kept up-to-date on the performance of the company, thereby increasing employee engagement. In addition, surveys such as the annual Credo Survey are conducted to provide opportunities for employees to feed back to senior management on the health of the business and general working environment.

The current emphasis is on facilitating cross-functional relationships to increase awareness and to build effective teamwork.

The company is committed to the principle of employee share participation and accordingly during the year have continued the Johnson & Johnson Employee Share Incentive Plan. This scheme provides employees with the opportunity to acquire shares in the US parent company of the Johnson & Johnson group on an advantageous basis and it is operated with tax benefits under HM Revenue & Customs approved share scheme arrangements.

The company's policies and practices are regularly reviewed and feedback is received from all staff levels.

### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

### Modern slavery statement

The company, as a member of the Johnson & Johnson family of companies, is committed to ensuring that it conducts its business worldwide with respect for human rights and in compliance with all applicable laws and fair labour practices. The company has prepared a statement in accordance with the requirements of The Modern Slavery Act 2015, a copy of which is available on request or on certain of the company's website.

### Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place in accordance with s487 of the Companies Act 2006 for them to be deemed reappointed as auditors in the absence of an annual general meeting.

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

G Rice  
Director

Date: DATE 22-12-2021

# Independent auditors' report to the members of Johnson & Johnson Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Johnson & Johnson Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 3 January 2021 and of its loss for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 3 January 2021; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements

does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

### **Strategic report and the Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' Report for the period ended 3 January 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK taxation legislation and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through posting of fraudulent

journals as well as adjustments between the trial balance and the financial statements. Audit procedures performed by the engagement team included:

- Obtaining an understanding of the legal and regulatory framework applicable to the company and how the company is complying with that framework.
- Enquiry of management and directors around known or suspected instances of non-compliance with laws and regulations and fraud.
- Review of minutes of meetings with the Board of Directors.
- Identifying and testing journal entries, in particular any journal entries posted by unusual users, or with unusual account combinations that represent a material misstatement due to fraud or are posted outside of the trial balance for financial statement purposes only.
- Assessing reasonableness of accounting estimates, and incorporating elements of unpredictability to the nature of extent of audit procedures performed by us.
- Auditing material financial statement line items relating to laws and regulations that have direct impact on the accounts.

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

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

### Use of this report

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Miles Saunders (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
22 December 2021

# JOHNSON & JOHNSON LIMITED

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

	Note	Financial year ended 3 January 2021 £000	Financial year ended 29 December 2019 £000
Revenue	4	40,275	44,813
<b>Gross profit</b>		<b>40,275</b>	<b>44,813</b>
Administrative expenses		(46,445)	(43,086)
Other operating income	5	6,571	6,761
<b>Operating profit</b>	6	<b>401</b>	<b>8,488</b>
Finance income	10	502	771
<b>Profit before income tax</b>		<b>903</b>	<b>9,259</b>
Income tax expense	11	(2,940)	(2,048)
<b>(Loss)/profit for the financial year</b>		<b>(2,037)</b>	<b>7,211</b>

The notes on pages 18 to 43 form part of these financial statements.

All amounts relate to continuing operations.



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**JOHNSON & JOHNSON LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

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		<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
	<b>Note(s)</b>		
(Loss)/profit for the financial year		<u>(2,037)</u>	<u>7,211</u>
<b>Other comprehensive income/(expenses)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gain/(loss) on defined benefit schemes	17,18	<b>3,187</b>	<i>(714)</i>
Movement of deferred tax relating to defined benefit pension	15	<b>(1,022)</b>	<i>49</i>
<b>Total other comprehensive income/(expenses)</b>		<u><b>2,165</b></u>	<u><i>(665)</i></u>
<b>Total comprehensive income for the financial year</b>		<u><b>128</b></u>	<u><i>6,546</i></u>

The notes on pages 18 to 43 form part of these financial statements.

**JOHNSON & JOHNSON LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 3 JANUARY 2021**

	Note(s)	3 January 2021 £000	3 January 2021 £000	29 December 2019 £000	29 December 2019 £000
<b>Non current assets</b>					
Property, plant and equipment	12		12		238
Defined benefit pension scheme asset	17,18		11,637		17,521
			<u>11,649</u>		<u>17,759</u>
<b>Current assets</b>					
Trade and other receivables	13	169,400		102,692	
Cash and cash equivalents		<u>15,600</u>		<u>10,331</u>	
		185,000		113,023	
Trade and other payables: amount falling within one year	14	<u>(145,302)</u>		<u>(78,209)</u>	
<b>Net current assets</b>			<u>39,698</u>		<u>34,814</u>
<b>Provisions for liabilities</b>					
Deferred tax	15	(1,077)		(1,563)	
Other provisions	16	<u>(407)</u>		<u>(749)</u>	
			<u>(1,484)</u>		<u>(2,312)</u>
<b>Net assets</b>			<u>49,863</u>		<u>50,261</u>
<b>Capital and reserves</b>					
Called up share capital	20		11,565		11,565
Retained earnings			<u>38,298</u>		<u>38,696</u>
<b>Total equity</b>			<u>49,863</u>		<u>50,261</u>

The notes on pages 18 to 43 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

G Rice  
Director

Date: DATE 22.12.2021

**JOHNSON & JOHNSON LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 3 JANUARY 2021**

	Called up share capital £000	Retained earnings £000	Total equity £000
<b>At 30 December 2018</b>	<b>11,565</b>	<b>32,888</b>	<b>44,453</b>
Profit for the financial year	—	7,211	7,211
Actuarial loss on defined benefit pension scheme (note 17 & 18)	—	(714)	(714)
Deferred tax on actuarial pension loss (note 15)	—	49	49
<b>Other comprehensive expenses for the financial year</b>	<b>—</b>	<b>(665)</b>	<b>(665)</b>
<b>Total comprehensive income for the financial year</b>	<b>—</b>	<b>6,546</b>	<b>6,546</b>
Credit relating to equity-settled share-based payments	—	807	807
Charge from parent for equity-settled-share-based-payments	—	(1,490)	(1,490)
Deferred tax booked on share-based payments in excess of fair value at grant (note 15)	—	(86)	(86)
Excess current tax credit on share-based payments	—	31	31
<b>Total transactions with owners</b>	<b>—</b>	<b>(738)</b>	<b>(738)</b>
<b>At 29 December 2019</b>	<b>11,565</b>	<b>38,696</b>	<b>50,261</b>
Loss for the financial year	—	(2,037)	(2,037)
Actuarial gain on defined benefit pension scheme (note 17 & 18)	—	3,187	3,187
Deferred tax on actuarial pension gain (note 15)	—	(1,022)	(1,022)
<b>Other comprehensive income for the financial year</b>	<b>—</b>	<b>2,165</b>	<b>2,165</b>
<b>Total comprehensive income for the financial year</b>	<b>—</b>	<b>128</b>	<b>128</b>
Credit relating to equity-settled share-based payments	—	748	748
Charge from parent for equity-settled-share-based-payments	—	(968)	(968)
Deferred tax booked on share-based payments in excess of fair value at grant (note 15)	—	(244)	(244)
Excess current tax credit on share-based payments	—	(62)	(62)
<b>Total transactions with owners</b>	<b>—</b>	<b>(526)</b>	<b>(526)</b>
<b>At 3 January 2021</b>	<b>11,565</b>	<b>38,298</b>	<b>49,863</b>

The notes on pages 18 to 43 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**1. General Information**

Johnson & Johnson Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 50-100 Holmers Farm Way, High Wycombe, Buckinghamshire, HP12 4EG. The company acts as a sales agent for fellow group companies, receiving commission in respect of sales made.

Johnson & Johnson Management Limited, a company incorporated in the United Kingdom, is the company's immediate parent company.

Johnson & Johnson, incorporated in the United States of America, is the company's ultimate parent undertaking.

Johnson & Johnson prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which Johnson & Johnson Limited is a member. Copies of the consolidated financial statements may be obtained from the Secretary, Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, United States of America.

As the company is a wholly owned subsidiary of Johnson & Johnson, the group financial statements of which are publicly available, advantage is also taken of the exemption from disclosing transactions with group companies and from presenting a cash flow statement.

These financial statements are the company's separate financial statements for the financial year beginning 30 December 2019 and ending 3 January 2021.

The company's reporting period ends on the Sunday closest to 31 December, being 3 January 2021 for the current year (53 weeks) and 29 December 2019 for the prior year (52 weeks).

**2. Accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared on the going concern basis in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the historical cost convention, unless otherwise stated within the financial statements and in accordance with the Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Management have considered the impact of the COVID-19 pandemic on the company's ability to continue as a going concern and are satisfied with that basis having reviewed forecasts and future cashflows.

As permitted by the Companies Act 2006, the directors have adapted the prescribed format of the income statement in a manner appropriate to the nature of the company's business.

The preparation of financial statements in conformity with FRS 101 requires the use of certain accounting estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**2. Accounting policies**

**2.1 Basis of preparation (continued)**

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 (critical accounting estimates and judgements).

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Details of the company's parent and from where its consolidated financial statements prepared in accordance with a Generally Accepted Accounting Practice considered to be an equivalent to IFRS may be obtained are set out in note 1 to the financial statements.

The company has taken advantage of the following disclosure exemption, where applicable, under FRS 101:

- Paragraphs 45(b) and 46-52 of IFRS 2, 'Share based payment'
- IFRS 7, "Financial Instruments : Disclosures"
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement'
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' to present comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1;
  - Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- IAS 7, 'Statement of Cash Flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, changes in accounting estimates and errors'
- Paragraph 17 of IAS 24, 'Related party disclosures'
- the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group,
- 8 A qualifying entity may take advantage of the following disclosure exemption, from when the relevant standard is applied:
  - The requirement of the second sentence of paragraph 110 and paragraph 113(a), 114, 115, 118, 119(a), 120 to 127 of IFRS 15, 'Revenue from Contracts with Customers'.

The remaining exemptions available under the framework are not applicable to the company at this time.

**2.2 New standards, amendments and IFRIC interpretations**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 3 January 2021 that have had a material impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**2. Accounting policies (continued)**

**2.3 Foreign currencies**

*(a) Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Pounds Sterling (£), which is also the company's functional currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**2.4 Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Fixtures, fittings and equipment -	10.00 - 33.33%
Leasehold improvements -	shorter of lease term and 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

**2.5 Financial instruments**

The company classifies its financial assets in the following categories: at amortised cost; and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**2. Accounting policies (continued)**

**2.5 Financial instruments (continued)**

*a) Financial assets at amortised cost*

The company classifies its financial assets as at amortised cost if the recognition criteria is met. Subsequent to initial recognition these are measured at amortised cost using the effective interest method.

*b) Financial assets at fair value through profit or loss*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss.

The following financial assets are classified at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost
- Equity investments that are held for trading, and

*c) Financial liabilities at amortised cost*

Financial liabilities are measured at amortised cost.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

**2.6 Impairment of financial assets**

*Assets carried at amortised cost*

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**2. Accounting policies (continued)**

**2.7 Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**2.8 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

**2.9 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

Accruals and deferred income comprise expenses relating to the current year, which will not be invoiced until after the date of the statement of financial position, and income received in advance relating to the following year.

**2.10 Leases**

**The Company as a lessee**

The Company leases various buildings and vehicles. Rental contracts are typically made for fixed periods of 9 years for buildings and 3 years for vehicles.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**2. Accounting policies (continued)**

**2.10 Leases (continued)**

Under IFRS 16, at lease commencement, the lease payments (which determine the lease liability) consist of all of the following payments relating to the use of the underlying asset during the lease term:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate (such as the Consumer price Index or a market interest rate), initially measured using the index or rate at the commencement rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option, if the lessee is reasonably certain to exercise the option;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance sheet.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs
- The amount of the initial measurement of lease liability

The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The right-of-use asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

Right-of-use assets are included in the heading "Tangible Fixed Assets" and the lease liabilities in the headings "Creditors amounts falling due within one year" and "Creditors amounts falling due after more than one year".

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

**2.11 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**2. Accounting policies (continued)**

**2.11 Current and deferred taxation (continued)**

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.12 Pension obligations**

The company participates in the Johnson & Johnson UK Group Retirement Plan. The UK Group operates a funded defined benefit pension scheme and defined contribution scheme for all UK employees. New entrants are eligible to join the defined contribution scheme. The funded defined benefit scheme is closed to new entrants. There is also an unfunded, unapproved defined benefit pension scheme arrangement for a small number of employees who are affected by the Inland Revenue Earnings Cap.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company has for Plan 16 taken the approach of using a defined benefit pension for Johnson & Johnson Limited for the year ending 3 January 2021 and 29 December 2019. Prior years the Company took the approach of defined contribution for Plan 16 based on materiality grounds.

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past service cost are recognised immediately in the income statement.

Under the defined contribution plan, the company has no further payment obligations once the contributions have been paid. Contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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2. Accounting policies (continued)

2.13 Share based payments

The company operates a number of equity-settled, share-based compensation plans, under which the company receives services from employees as consideration for equity instruments (options) of the ultimate parent company, Johnson & Johnson. The awards are granted by Johnson & Johnson, and the company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense using the Black Scholes option-pricing model, with a corresponding increase in reserves (representing a capital contribution by the ultimate parent). The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save). Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the company is recharged the options' original fair value as of the grant date from Johnson & Johnson. These intercompany charges are accounted for as a deduction from equity, and they are offset in other reserves against retained earnings.

**Employer's national insurance on share options**

Under unapproved share option schemes, the company is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The company becomes unconditionally liable to pay the National Insurance upon exercise of the options.

The company therefore calculates the provision by applying the latest enacted National Insurance rate to the difference between the market value of the underlying options at the date of the statement of the financial position and the option exercise prices. The initial provision calculated upon grant of the option follows the underlying option and the charge to the income statement is therefore spread over the vesting period. At each date of the statement of financial position until the date of exercise the provision is adjusted by using the market value of the options at that date. The amount of the National Insurance actually payable will depend on the number of employees who remain with the company and exercise their options, the market price of the ultimate parent company's shares at the time of exercise and the prevailing National Insurance rates at the time.

**Employee benefits – Certificates of Extra Compensation (CEC's)**

CEC's were granted up until 31 December 2009 by the company if it wished to reward an employee for faithful service in the past and to encourage employees in their future work by permitting them to share in the growth and success of the company's enterprises by issuing to them Units of Agreements of Additional Remuneration ("AAR Units") and to that end receive as extra compensation sums based upon and measured by (a) the amount of cash dividends from time to time declared upon an equal number of shares of common stock of the ultimate parent company and (b) by the formula value of AAR Units as established in the AAR agreement, at the time of termination of employment or death while in such employment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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2. Accounting policies (continued)

2.13 Share based payments (continued)

**Employee benefits – Certificates of Long-Term Performance (CLP's)**

Since 1 January 2010 CLP's may be granted by the company if it wishes to reward an employee for faithful service in the past and to encourage employees in their future work by permitting them to share in the growth and success of the company's enterprises by issuing to them Units of Agreements of Additional Remuneration ("AAR Units") and to that end receive as extra compensation sums based upon and measured by (a) the amount of cash dividends from time to time declared upon an equal number of shares of common stock of the ultimate parent company and (b) by the formula value of AAR Units as established in the AAR agreement. This award represents a deferred compensation instrument with the vested value being paid out at the tenth anniversary of the date of the grant or upon termination or retirement, whichever occurs earlier.

2.14 Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The company recognises revenue when the amount can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when the criteria included in the sales agreements have been met.

The company sells product on a commissionaire basis and therefore recognises the commission accrued on these sales as revenue in the year to which the sale relates. All revenue is intercompany only.

The company's sales are often made with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in creditors: amounts falling due within one year) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Under IFRS 15, the Company is an agent rather than a principal in a transaction relating to distribution services provided.

2.16 Other operating income

Other operating income represents income receivable from fellow group companies for other services provided. It is recognised when the related expenses are incurred by the company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

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**2. Accounting policies (continued)**

**2.17 Dividend distributions**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

**2.18 Called up share capital**

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

**3. Critical accounting estimates and judgements**

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

**3.1. Critical accounting estimates and assumptions**

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

*(a) Defined benefit pension scheme*

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors based on actuarial valuation reports in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. (Note 18).

*(b) Rebates*

The company makes an estimate for the deduction from revenue by the amount of expected rebate payments to customers. Any unsettled rebate payments to customers are accrued for at year end. The estimate is based on historical data and future expected consumer product usage. Future events could cause the assumptions on which the accruals are based to change.

**3.2. Critical judgements in applying the entity's accounting policies**

The company's management considers that there are no significant judgements impacting the financial statements.

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**JOHNSON & JOHNSON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

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**4. Revenue**

An analysis of turnover by class of business as follows:

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Commission	<b>40,275</b>	<i>44,813</i>
	<b>40,275</b>	<i>44,813</i>

Commission receivable is due from fellow group companies in respect of sales to customers in the United Kingdom.

**5. Other operating income**

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Other operating income	<b>6,571</b>	<i>6,761</i>
	<b>6,571</b>	<i>6,761</i>

Other operating income represents income receivable from fellow group companies, including intercompany recharges for cluster charges, for services provided and expenses incurred by the company.

**6. Operating profit**

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

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Depreciation of Property, plant and equipment (Note 12)	<b>226</b>	<i>590</i>
Foreign exchange differences	<b>(50)</b>	<i>(7)</i>
Share based payments	<b>748</b>	<i>807</i>
Operating lease expenses	<b>—</b>	<i>72</i>

# JOHNSON & JOHNSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021

### 7. Auditors' remuneration

Remuneration for the statutory audit and other services, carried out for the company by the company's auditors is as follows:

	Financial year ended 3 January 2021 £000	<i>Financial year ended 29 December 2019 £000</i>
Audit of entity financial statements	110	77

### 8. Employees

Staff costs were as follows:

	Financial year ended 3 January 2021 £000	<i>Financial year ended 29 December 2019 £000</i>
Wages and salaries	19,159	18,929
Social security costs	2,459	2,763
Other pensions costs (note 17, 18)	15,226	5,689
Share based payments	748	807
	<u>37,592</u>	<u>28,188</u>

The defined benefit cost for the fiscal year ending 3 January 2021 includes a past service cost due to a plan amendment of £158,123,000 (of which £9,218,000 relates to Johnson & Johnson Limited) in relation to the CARE Plan. This has arisen due to the reinstatement of the final salary link on pre 2012 benefits due to change in legal interpretation of the CARE Plan Rules.

In addition, the defined benefit cost for the fiscal year ending 3 January 2021 includes a past service cost due of £964,000 (of which £120,000 relates to Johnson & Johnson Limited) in relation to GMP equalisation for Plan 16.

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

	Financial year ended 3 January 2021 No.	<i>Financial year ended 29 December 2019 No.</i>
Management and Administration	240	217
Production	47	67
	<u>287</u>	<u>284</u>

**JOHNSON & JOHNSON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

**9. Directors' emoluments**

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Aggregate emoluments for qualifying services	<b>775</b>	488
	<b>775</b>	488

Retirement benefits are accruing to two directors (2019: two directors) under the company's defined benefit pension scheme and to no directors (2019: no director) under the money purchase scheme.

No director (2019: no director) exercised share options in the ultimate parent company during the financial year.

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
<b>Highest paid director</b>		
Total amounts of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	<b>477</b>	204
Defined benefit pension scheme:		
- Accrued pension at the end of the financial year	<b>4</b>	1
	<b>481</b>	205

The highest paid director did not exercise share options in the year (2019: options not exercised).

**10. Finance income**

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Interest receivable on UK group banking arrangements	<b>75</b>	173
Net interest income on defined benefit pension scheme (note 17 & 18)	<b>427</b>	598
	<b>502</b>	771



**JOHNSON & JOHNSON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

**11. Income tax expense**

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
<b>Tax included in the income statement</b>		
Current tax on profits for the financial year	1,745	1,493
Adjustments in respect of previous periods	2,947	270
<b>Total current tax</b>	<b>4,692</b>	<b>1,763</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,593)	201
Impact of change in tax rate	(159)	(21)
Adjustments in respect of prior periods	—	105
<b>Total deferred tax</b>	<b>(1,752)</b>	<b>285</b>
<b>Total tax on profit</b>	<b>2,940</b>	<b>2,048</b>

**Factors affecting tax charge for the year**

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

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Profit before tax	<b>903</b>	<b>8,697</b>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	172	1,652
<b>Effects of:</b>		
Expenses not deductible for tax purposes	12	13
Tax rate changes	(159)	86
Adjustments to tax charge in respect of prior periods	2,947	375
Income not taxable	(32)	(78)
<b>Total tax included in the income statement</b>	<b>2,940</b>	<b>2,048</b>

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**JOHNSON & JOHNSON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

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**11. Income tax expense (continued)****Factors that may affect future tax charges**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the current tax expense for the period by £54,180 and increase the deferred tax credit by £553,263.

**Tax (income)/expense included in other comprehensive income:**

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
<b>Deferred tax</b>		
Origination and reversal of temporary difference	1,022	(49)
<b>Total tax (credit)/charge included in other comprehensive income</b>	<b>1,022</b>	<b>(49)</b>

**Tax (income)/ expense included in equity**

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
<b>Current tax</b>		
Current tax on items in equity	62	(31)
<b>Deferred tax</b>		
Origination and reversal of temporary difference	244	86
<b>Total deferred tax included in equity</b>	<b>244</b>	<b>86</b>
<b>Total tax expense / (income) included in equity</b>	<b>306</b>	<b>55</b>

**JOHNSON & JOHNSON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

**12. Property, plant and equipment**

	Leasehold Improvements £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>			
At 30 December 2019	7,268	1,169	8,437
At 3 January 2021	7,268	1,169	8,437
<b>Accumulated depreciation</b>			
At 30 December 2019	7,077	1,122	8,199
Charge for the year on owned assets	191	35	226
At 3 January 2021	7,268	1,157	8,425
<b>Net book value</b>			
At 3 January 2021	—	12	12
At 29 December 2019	191	47	238

**13. Trade and other receivables**

	3 January 2021 £000	29 December 2019 £000
Trade debtors	64,851	92,241
Amounts owed by group undertakings	103,414	10,151
Other receivables	191	—
Prepayments and accrued income	944	300
	<u>169,400</u>	<u>102,692</u>

Trade receivables represents amounts due from third parties and collected by the company on behalf of fellow group companies under agency arrangements.

Amounts owed by group undertakings includes an amount of £84,553 with an interest rate of 0.1097% (2019: £59,923 with an interest rate of 0%) invested with the In-House Treasury Cash Pool.

The company, together with other UK based affiliate companies, participates in one or more In-House Treasury Cash Pool arrangements administered by J.C. General Services CVBA, a company incorporated under Belgian law with registered office at Turnhoutseweg 30, 2340 Beerse, Belgium. The centralised financial management provided in relation to the In-House Treasury Cash Pool is intended to, among other things, enable the Cash Pool participants, by acting collectively, to have access to the broadest range of credit options at arm's length conditions, while optimising the use and investment of the liquidities available within the In-House Treasury Cash Pool.

All investments with J.C General Services CVBA are made on behalf of the UK group companies by Johnson & Johnson Management Limited. Transactions between Johnson & Johnson Management Limited and UK group affiliates to fund these investments are treated as separate arrangements.

All other amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

**JOHNSON & JOHNSON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

**14. Trade and other payables: amounts falling due within one year**

	<b>3 January 2021 £000</b>	<i>29 December 2019 £000</i>
Trade payables	15,818	13,855
Amounts owed to group undertakings	90,377	21,724
Corporation tax	4,208	447
Other taxation and social security	3,454	7,964
Accruals and deferred income	31,445	34,219
	<u><b>145,302</b></u>	<u><i>78,209</i></u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

**15. Deferred tax**

	<b>Accelerated/ decelerated capital allowances £000</b>	<b>Retirement benefits £000</b>	<b>Provisions for liabilities £000</b>	<b>Share-based payments £000</b>	<b>Total £000</b>
<b>At 31 December 2018</b>	147	(2,774)	169	1,217	(1,241)
(Charge)/credit to the income statement	66	(253)	(42)	(56)	(285)
Credit to other comprehensive income	—	49	—	—	49
Charge to equity	—	—	—	(86)	(86)
<b>At 29 December 2019</b>	213	(2,978)	127	1,075	(1,563)
(Charge)/credit to the income statement	39	1,789	(50)	(26)	1,752
Credit to other comprehensive income	—	(1,022)	—	—	(1,022)
Charge to equity	—	—	—	(244)	(244)
<b>At 3 January 2021</b>	<u><b>252</b></u>	<u><b>(2,211)</b></u>	<u><b>77</b></u>	<u><b>805</b></u>	<u><b>(1,077)</b></u>

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**JOHNSON & JOHNSON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

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**15. Deferred tax (continued)**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>3 January 2021 £000</b>	<b>29 December 2019 £000</b>
Deferred tax assets	<b>1,134</b>	<b>1,416</b>
Deferred tax liabilities	<b>(2,211)</b>	<b>(2,978)</b>
<b>Net deferred tax reported in the statement of financial position</b>	<b><u>(1,077)</u></b>	<b><u>(1,563)</u></b>

At 3 January 2021, the company had no unrecognised deferred tax.

**16. Other provisions**

The company had the following provisions during the year:

	<b>Employer's national insurance on share-based payments £000</b>
As at 30 December 2019	<b>749</b>
Charged to profit or loss	<b>78</b>
Utilised in financial year	<b>(420)</b>
<b>As at 3 January 2021</b>	<b><u>407</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Post-employment benefits**

The company participates in three pension arrangements in conjunction with other companies in the Johnson & Johnson Group. These are a funded, defined benefit plan called the "Johnson & Johnson UK Group Retirement Plan", a defined contribution Plan with some underlying guarantees for employees called the "Johnson & Johnson UK Group Retirement Plan 16", and an unfunded, unapproved defined benefit arrangement.

The company also participates in a life assurance arrangement called the "Johnson & Johnson UK Approved Life Assurance Plan".

**Johnson & Johnson UK Group Retirement Plan**

The risks of the plans are as follows:

*(a) Asset volatility*

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. However, the plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term but do provide increased volatility and risk in the short-term.

*(b) Changes in bond yields*

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

*(c) Life expectancy*

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

*(d) Inflation risk*

A significant proportion of the pension obligation is linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the UK Group Retirement Plan was carried out at 31 March 2020. The valuation results at this date have been updated to 3 January 2021 by a qualified independent actuary. The valuation in the financial statements has been made based on the following assumptions:

	<b>Financial year ended 3 January 2021</b>	<i>Financial year ended 29 December 2019</i>
Expected rate of salary increases	4.05 %	3.90 %
Expected rate of increase of pensions in payment (with RPI capped at 5% per annum)	2.70 %	2.80 %
Discount rate	1.50 %	2.10 %
RPI inflation assumption	2.80 %	2.90 %
CPI inflation assumption	2.20 %	2.10 %

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Post-employment benefits (continued)**

Assumptions regarding future mortality are set, based on actuarial advice, in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy for a pensioner retiring at age 65:

	Financial year ended 3 January 2021	Financial year ended 29 December 2019
Longevity at age 65 for current pensioners		
Men	22.1	22.3
Women	23.6	24.2
Longevity at age 65 for future pensioners		
Men	23.4	23.7
Women	25.4	25.9

The Johnson & Johnson UK Group Retirement Plan does not have any self-investments.

There is an unfunded unapproved pension arrangement for a small number of employees who were either affected by the old "Inland Revenue Earnings Cap" – which was abolished from 6 April 2006, or whose benefits are in excess of the Lifetime Allowance. These members' benefits are paid directly by the company. In addition, following the benefit changes that were implemented with effect from 1 April 2012 (and further benefit changes that were implemented with effect from 1 April 2014), more benefits are accrued outside of the registered pension arrangement. These benefits are also provided through this unfunded arrangement. This unfunded arrangement has been included within the Johnson & Johnson UK Group Retirement Plan in determining the total plan assets and liabilities. The financial assumptions underlying the calculation of the unfunded, unapproved liability are identical to those underlying the calculation of the funded liability.

	Fair value of plan assets £000	Defined benefit obligation £000	Total £000
At 30 December 2019	183,255	(167,049)	16,206
Benefits paid	(3,171)	3,171	—
Employer and other contributions	5,856	101	5,957
Current service cost	—	(5,888)	(5,888)
Past service cost	—	(9,218)	(9,218)
Administrative expenses paid from plan	(402)	—	(402)
Interest income/(expense)	3,872	(3,474)	398
<b>Remeasurement gains/(losses)</b>			
Effect of changes in financial assumptions	—	773	773
Effect of experience adjustments	—	(23,459)	(23,459)
Return on plan assets	9,420	16,506	25,926
At 3 January 2021	<u>198,830</u>	<u>(188,537)</u>	<u>10,293</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

**17. Post-employment benefits (continued)**

The expected contributions to the UK Group Retirement Plan in the year ended 3 January 2022 is £ 3,276,000

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	0.5 %	Decrease by 10.6%	Increase by 12.5%
Salary growth rate	0.5 %	0.0 %	0.0 %
Pension growth rate	0.5 %	Increase by 6.3%	Decrease by 5.7%
Life expectancy	1 year	Increase by 3.4%	Decrease by 3.4%

The above sensitivity analyses are based on a change in an assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The total defined benefit cost recognised as an expense in the income statement is as follows:

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Current service cost	<b>5,888</b>	5,689
Past service cost	<b>9,218</b>	—
Administrative expenses	<b>402</b>	285
Net interest income	<b>(398)</b>	(557)
	<b><u>15,110</u></b>	<u>5,417</u>

The defined benefit cost for the fiscal year ending 31 December 2020 includes a past service cost due to a plan amendment of £158,123,000 (of which £9,218,000 relates to Johnson & Johnson Limited) in relation to the CARE Plan. This has arisen due to the reinstatement of the final salary link on pre 2012 benefits due to change in legal interpretation of the CARE Plan Rules.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Post-employment benefits (continued)**

	<b>3 January 2021 £000</b>	<i>29 December 2019 £000</i>
Equity instruments	98,486	136,844
Debt instruments	98,484	43,348
Cash and cash equivalents	1,524	2,691
Other	336	372
	<u><b>198,830</b></u>	<u><i>183,255</i></u>

The return on the UK Group Retirement plan assets was:

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Interest income	3,872	4,491
Remeasurements	9,420	22,602
	<u><b>13,292</b></u>	<u><i>27,093</i></u>

**18. Post-employment benefits plan 16**

In respect of Plan 16, which is a defined contribution plan with some underlying defined benefit guarantees, for the year ending 3 January 2021 and 29 December 2019, there was a change in estimate resulting in defined benefit accounting being applied.

The total contributions paid by the company to Plan 16 and recognised as a defined contribution expense in the year were £263,000 (2019: £263,000). The best estimate of the company contributions expected in the year from 3 January 2021 to 3 January 2022 to be paid to Johnson & Johnson UK Group Retirement Plan 16 is £49,000.

The valuation in the financial statements for the UK Group Retirement Plan 16 has been made based on the following assumptions:

	<b>Financial year ended 3 January 2021</b>	<i>Financial year ended 29 December 2019</i>
Expected rate of salary increases	4.05 %	3.90 %
Expected rate of increase of pensions in payment (with RPI capped at 5% per annum)	2.70 %	2.80 %
Discount rate	1.50 %	2.10 %
RPI inflation assumption	2.80 %	2.90 %
CPI inflation assumption	2.20 %	2.10 %

**JOHNSON & JOHNSON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Post-employment benefits plan 16 (continued)**

Assumptions regarding future mortality are set, based on actuarial advice, in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy for a pensioner retiring at age 65:

	<b>Financial year ended 3 January 2021</b>	<i>Financial year ended 29 December 2019</i>
Longevity at age 65 for current pensioners		
Men	<b>22.1</b>	22.3
Women	<b>23.6</b>	24.2
Longevity at age 65 for future pensioners		
Men	<b>23.4</b>	23.7
Women	<b>25.4</b>	25.9

This unfunded arrangement has been included within the Johnson & Johnson UK Group Retirement Plan in determining the total plan assets and liabilities. The financial assumptions underlying the calculation of the unfunded, unapproved liability are identical to those underlying the calculation of the funded liability.

	<b>Fair value of plan assets £000</b>	<b>Defined benefit obligation £000</b>	<b>Total £000</b>
At 30 December 2019	16,439	(15,124)	1,315
Benefits paid	(66)	66	—
Employer and other contributions	263	—	263
Past service cost	—	(120)	(120)
Administrative expenses paid from plan	(90)	—	(90)
Interest income/(expense)	346	(317)	29
<b>Remeasurement (losses)/gains</b>			
Effect of changes in demographic assumptions	—	128	128
Effect of changes in financial assumptions	—	(1,990)	(1,990)
Effect of experience adjustments	—	(262)	(262)
Return on plan assets	2,073	—	2,073
At 3 January 2021	<b>18,965</b>	<b>(17,619)</b>	<b>1,346</b>

**JOHNSON & JOHNSON LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

**18. Post-employment benefits plan 16 (continued)**

The total defined benefit cost recognised as an expense in the income statement is as follows:

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Administrative expenses	90	57
Past service cost	120	—
Net interest income	(29)	(41)
	<u>181</u>	<u>16</u>

The defined benefit cost for the fiscal year ending 3 January 2021 includes a past service cost due of £964,000 (of which £120,000 relates to Johnson & Johnson Limited) in relation to GMP equalisation for Plan 16.

	<b>3 January 2021 £000</b>	<i>29 December 2019 £000</i>
Equity instruments	13,275	11,507
Debt instruments	5,690	4,932
	<u>18,965</u>	<u>16,439</u>

The return on the UK Group Retirement plan 16 assets was:

	<b>Financial year ended 3 January 2021 £000</b>	<i>Financial year ended 29 December 2019 £000</i>
Interest income	346	386
Remeasurements	2,073	2,408
	<u>2,419</u>	<u>2,794</u>

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**JOHNSON & JOHNSON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

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**19. Share based payments**

Johnson & Johnson, the company's ultimate parent undertaking, operates a share option plan, a restricted stock unit plan (RSU), and a performance stock unit (PSU) plan, whereby options, RSUs and PSUs are granted to employees to acquire shares in Johnson & Johnson. The purpose of the plan is to motivate employees to contribute towards the creation of long-term shareholder value. The plan is an equity settled share based payment plan. Share options expire 10 years from the date of grant. Share options, RSUs and PSUs vest after three years. All options are granted at current market price on the date of grant. The company settles employee stock option exercises with treasury shares of the parent company.

The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution.

On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Johnson & Johnson. This amount is treated as a reduction of the capital contribution and is recognised directly in equity.

The weighted average share price at the date of exercise for options exercised in the financial year was \$95.96 (2019: \$91.43).

Share options outstanding at the end of the financial year have the following expiry dates and exercise prices:

Year of expiry	Number of options	Weighted average exercise price (US\$)
2021	—	62
2022	542	65
2023	12,000	73
2024	10,600	90
2025	6,788	100
2026	8,209	102
2027	18,827	116
2028	18,613	130
2029	18,186	132
2030	23,307	151

All options are granted at the current market price on a specific grant date during each calendar year. There is therefore no weighted average exercise price as the shares granted each year are all granted at the same price, given in the table above.

**20. Called up share capital**

	3 January 2021 £000	29 December 2019 £000
Allotted, called up and fully paid		
11,564,613 (2019 - 11,564,613) Ordinary shares of £1 each	<u>11,565</u>	<u>11,565</u>

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**JOHNSON & JOHNSON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 3 JANUARY 2021**

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**21. Commitments under operating leases**

At 3 January 2021 the company had minimum leases payments due to under non-cancellable operating leases for each of the following period:

	3 January 2021 £000	29 December 2019 £000
Not later than 1 year	1,533	740
Later than 1 year and not later than 5 years	—	740
	<u>1,533</u>	<u>1,480</u>
<b>Other operating leases</b>		
Not later than 1 year	—	72
Later than 1 year and not later than 5 years	—	119
	<u>—</u>	<u>191</u>

If the company were pull out of all the advertising commitments at the year-end there would be a penalty fee of £2,650,742 liable (2019: £2,669,000).

**22. Events since the year end**

On 12th November 2021, Johnson & Johnson announced its intention to separate the Consumer Health business to create a new publicly traded company, with a new name. The New Consumer Health Company should be better positioned to deliver for patients and consumers, pursue more targeted business strategies and accelerate growth as an independent company. The separation process is expected to be completed in 18-24 months, subject to legal requirements, regulatory approvals and other customary conditions and approvals. In the meantime, Johnson & Johnson Ltd continues to operate as part of the global Johnson & Johnson.