

**ABBOTT (UK) HOLDINGS LIMITED**

## **Report & Accounts**

**30 November 2000**



Registered Number 373674 England

**DIRECTORS' REPORT**

**For the year ended 30 November 2000**

The directors present their annual report on the affairs of the company and group, together with the accounts and auditors' report, for the year ended 30 November 2000.

**BOARD OF DIRECTORS:**

The following were directors of the company during the year :

M.Haywood (Chairman)  
G.P.Coughlan (Resigned 31/03/2001)  
J. Schueler (Resigned 16/01/01)  
K. Branigan (Appointed 16/01/01)  
T. Freyman (Appointed 02/04/01)

None of the above have any interests in the shares or debentures of group companies required to be disclosed under Schedule 7 of the Companies Act 1985.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW:**

The company's principal activity is that of a holding company.  
The subsidiary undertakings held by the company are listed in note 12 in the accounts.  
On 6 April 2000 the company acquired the share capital of GAC No 226 Limited and changed the company name to Abbott UK Finance Limited. This new company being set up to administer group financing.  
Details of significant events since the balance sheet date are contained in note 25.

**RESULTS:**

The audited accounts for the year ended 30 November 2000 are set out on pages 4 to 15 .  
The profit after tax for the year was £19,476,000 (1999 : £23,977,000 ).  
Interim dividends of £10,000,000 (1999: £21,000,000 ) were paid during the year.  
The directors recommend that no further dividend be paid.

**FUTURE DEVELOPMENTS:**

The broad direction of the company's business will continue for 2001 .

**DIRECTORS' RESPONSIBILITIES:**

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to :

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They 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.

EMPLOYEE CONSULTATION:

The company places considerable value on the involvement of its employees and has continued to keep them informed on the matters affecting them as employees and the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine . Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests . The employee share scheme has been running successfully since its inception in 1986 .

DISABLED EMPLOYEES:

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes 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 that appropriate training is arranged . It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees .

FIXED ASSETS:

Information relating to tangible fixed assets is given in notes 1 d) and 11 to the accounts. In the opinion of the directors there is no material difference between the book value and current market value of interests in land and buildings.

CHARITABLE DONATIONS:

Charitable donations amounted to £25,000 (1999 £17,000).

AUDITORS:

The company's auditors, Arthur Andersen, have indicated their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next Annual General Meeting in accordance with s.385 of the Companies Act 1985.

Date: 19.9.01

Queenborough,  
Kent, ME11 5EL

BY ORDER OF THE BOARD,  
P.G.C.BEATTIE  
Company Secretary.



**AUDITORS' REPORT**

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**To the Shareholder of Abbott (UK) Holdings Limited:**

We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8 .

**Respective responsibilities of directors and auditors**

As described on pages 1 and 2, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards . Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance .

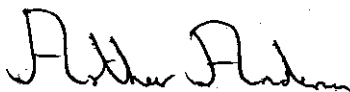
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group, at 30 November 2000 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ARTHUR ANDERSEN  
Chartered Accountants and Registered Auditors

1 SURREY STREET

LONDON WC2R 2PS

Date: 19 September 2001

**Consolidated Profit and Loss Account for the year ended 30 November 2000**

|   | Notes | <u>2000</u>   |                 | <u>1999</u>    |                 |
|---|-------|---------------|-----------------|----------------|-----------------|
|   |       | <u>£000's</u> | <u>£000's</u>   | <u>£000's</u>  | <u>£000's</u>   |
| Turnover                                      | (2)   |               | 500,482         |                | 378,497         |
| Cost of Sales                                 |       |               | (417,107)       |                | (287,837)       |
| Distribution                                  |       | (9,946)       |                 | (7,374)        |                 |
| Sales and Administration                      |       | (41,608)      |                 | (42,537)       |                 |
| Research and Development                      |       | (3,188)       |                 | (2,971)        |                 |
| Other income                                  |       | 8,358         |                 | 7,788          |                 |
| Other expenses                                |       | <u>(10)</u>   |                 | <u>(1,052)</u> |                 |
|   |       |               | <u>(46,394)</u> |                | <u>(46,146)</u> |
| Operating profit                              |       |               | 36,981          |                | 44,514          |
| Interest receivable and similar income        | (3)   |               | 313             |                | 365             |
| Interest payable and similar charges          | (4)   |               | <u>(9,035)</u>  |                | <u>(8,753)</u>  |
| Profit on ordinary activities before taxation | (5)   |               | 28,259          |                | 36,126          |
| Tax on profit on ordinary activities          | (8)   |               | <u>(8,783)</u>  |                | <u>(12,149)</u> |
| Profit on ordinary activities after taxation  | (19)  |               | 19,476          |                | 23,977          |
| Dividends paid                                | (9)   |               | <u>(10,000)</u> |                | <u>(21,000)</u> |
| Retained profit for the financial year        |       |               | <u>9,476</u>    |                | <u>2,977</u>    |

The accompanying notes are an integral part of this profit and loss account.

Note 21 shows the movement of reserves during the year.

Turnover and operating profit are derived from continuing operations.

**Statement of Total Recognised Gains and Losses**

There were no recognised gains or losses in either 2000 or 1999 other than the profit for the financial year .

Consolidated Balance Sheet as at 30 November 2000

|   | Notes | <u>2000</u>      | <u>1999</u>      |
|---|-------|------------------|------------------|
|   |       | <u>£000's</u>    | <u>£000's</u>    |
| <b>FIXED ASSETS</b>                                     |       |                  |                  |
| Intangible  | (10)  | -                | 14               |
| Tangible  | (11)  | <u>113,819</u>   | <u>103,428</u>   |
|   |       | 113,819          | 103,442          |
| <b>CURRENT ASSETS</b>                                   |       |                  |                  |
| Stocks  | (13)  | 52,539           | 50,431           |
| Debtors   | (14)  | 106,151          | 58,947           |
| Cash at bank and in hand                                |       | <u>15,209</u>    | <u>15,153</u>    |
|   |       | 173,899          | 124,531          |
| CREDITORS: Amounts falling due within one year          | (15)  | <u>(121,641)</u> | <u>(113,517)</u> |
| NET CURRENT ASSETS                                      |       | 52,258           | 11,014           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |       |                  |                  |
|   |       | 166,077          | 114,456          |
| CREDITORS: Amounts falling due after more than one year | (16)  | (131,453)        | (90,701)         |
| PROVISIONS FOR LIABILITIES AND CHARGES                  | (17)  | (8,522)          | (7,129)          |
| NET ASSETS  |       | <u>26,102</u>    | <u>16,626</u>    |
| <b>CAPITAL AND RESERVES</b>                             |       |                  |                  |
| Called-up share capital                                 | (20)  | -                | -                |
| Other Capital reserves                                  | (21)  | 3,577            | 3,577            |
| Profit and loss account                                 | (21)  | 22,525           | 13,049           |
| EQUITY SHAREHOLDERS' FUNDS                              | (19)  | <u>26,102</u>    | <u>16,626</u>    |

The accounts on pages 4 to 15 were approved by the board of directors on ...19.9.01..... and signed on its behalf by:

M.Haywood

Chairman

The accompanying notes are an integral part of this balance sheet.

Company Balance Sheet as at 30 November 2000

|   | Notes | <u>2000</u>    | <u>1999</u>   |
|---|-------|----------------|---------------|
|   |       | <u>£000's</u>  | <u>£000's</u> |
| FIXED ASSETS  |       |                |               |
| Investments   | (12)  | <u>108,000</u> | <u>-</u>      |
| CREDITORS: Amounts falling due within one year          | (15)  | <u>(3,558)</u> | <u>-</u>      |
| NET CURRENT ASSETS                                      |       | <u>(3,558)</u> | <u>-</u>      |
| TOTAL ASSETS LESS CURRENT LIABILITIES                   |       | 104,442        | -             |
| CREDITORS: Amounts falling due after more than one year | (16)  | (108,000)      | -             |
| NET ASSETS  |       | <u>(3,558)</u> | <u>-</u>      |
| CAPITAL AND RESERVES                                    |       |                |               |
| Called-up share capital                                 | (20)  | -              | -             |
| Profit and loss account                                 | (7)   | (3,558)        | -             |
| EQUITY SHAREHOLDERS' FUNDS                              | (16)  | <u>(3,558)</u> | <u>-</u>      |

The accounts on pages 4 to 15 were approved by the board of directors on ..... and signed on its behalf by:

M.Haywood

Chairman

NOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

A summary of the principle accounting policies, all of which have been applied consistently throughout the period and the preceding period is as follows:-

**a) Basis of Accounting**

The accounts have been prepared on the historical cost basis and have been prepared in accordance with applicable accounting standards.

The company has taken advantage of the exemption from the requirement of FRS1(revised) to present a cashflow statement because it is a wholly owned subsidiary of Abbott Laboratories which prepares consolidated accounts that are publicly available (see note 24) .

**b) Basis of Consolidation**

The group accounts consolidate the accounts of Abbott (UK) Holdings Limited and its subsidiary undertakings drawn up to 30 November each year . The results of subsidiaries acquired are consolidated for the periods from which control passed.

**c) Intangible Assets**

Intangible assets represent amounts paid, less amortisation, for trademarks and licence agreements . The cost of the assets are amortised, on a straight line basis, over their useful economic lives.

**d) Tangible Fixed Assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment . Depreciation is provided over the assets' estimated economic lives on a straight-line basis at the following annual rates:

|                                  |           |
|----------------------------------|-----------|
| Freehold Buildings               | 2% - 4%   |
| Leasehold improvements           | 6% - 10%  |
| Plant and Equipment              | 8% - 50%  |
| Motor Vehicles                   | 20% - 33% |
| Freehold land is not depreciated |           |

**e) Fixed Asset Investments**

Fixed asset investments are shown at cost less provision for impairment.

**f) Stocks and Work-In-Progress**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

Cost includes materials, direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity . Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for slow moving and defective items where appropriate.

**g) Taxation**

Corporation tax payable is provided on taxable profits at the current rate. Deferred tax (which arises from differences in timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.



NOTES TO THE ACCOUNTS (continued)

## h) Foreign Currency

Foreign currency transactions are translated into sterling at the rates ruling at the transaction date. Amounts payable or receivable in foreign currency are translated into sterling at the rate ruling at the balance sheet date, or where appropriate, at the rate of exchange in a related forward exchange contract. Any gains or losses are reported as exchange differences in the profit and loss account.

## i) Turnover

Turnover represents the invoiced value of goods supplied (excluding value added tax) after making an allowance for discounts and returns.

## j) Pension Costs

The group operates a defined benefit pension scheme for all permanent employees under which contributions by employees and the company are held by a separately administered trustee company. Actuarial valuations are carried out at two year intervals (note 23). The amount charged to the profit and loss account in respect of pension costs is based on the most recent actuarial valuation.

## k) Operating Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

## 2.SEGMENT INFORMATION:

The total turnover of £ 500,482,000 relates to the group's range of health care products. This turnover represents the aggregate of home and export sales which are divided as follows:

|                | <u>2000</u>    | <u>1999</u>    |
|----------------|----------------|----------------|
|                | <u>£000's</u>  | <u>£000's</u>  |
| United Kingdom | 238,016        | 162,877        |
| Europe         | 202,484        | 105,679        |
| North America  | 22,643         | 78,075         |
| Rest of World  | 37,339         | 31,866         |
|                | <u>500,482</u> | <u>378,497</u> |

## 3.INTEREST RECEIVABLE AND SIMILAR INCOME:

|               | <u>2000</u>   | <u>1999</u>   |
|---------------|---------------|---------------|
|               | <u>£000's</u> | <u>£000's</u> |
| Bank interest | 313           | 365           |

## 4.INTEREST PAYABLE AND SIMILAR CHARGES:

|  | <u>2000</u>   | <u>1999</u>   |
|--|---------------|---------------|
|  | <u>£000's</u> | <u>£000's</u> |
| Bank loans & overdrafts                  | 236           | 65            |
| Loans from other affiliated undertakings | 8,799         | 8,688         |
|  | <u>9,035</u>  | <u>8,753</u>  |

**ABBOTT (UK) HOLDINGS LIMITED**

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**NOTES TO THE ACCOUNTS (continued)**

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:**

Profit on ordinary activities before taxation is stated after charging/(crediting):

|   | <u>2000</u>   | <u>1999</u>   |
|---|---------------|---------------|
|   | <u>£000's</u> | <u>£000's</u> |
| Rental income                                 | (120)         | (18)          |
| Operating lease rentals - Plant and machinery | 381           | 144           |
| - Other                                       | 1,746         | 1,710         |
| Depreciation                                  | 15,432        | 15,955        |
| Auditors' remuneration - audit fees           | 168           | 106           |
| - other services                              | 221           | 123           |

**6. STAFF COSTS:**

- a) The average monthly number of persons employed by the group during the year (including directors) was as follows:

|                             | <u>2000</u>  | <u>1999</u>  |
|-----------------------------|--------------|--------------|
| Production and Distribution | 1,816        | 1,667        |
| Administration              | 708          | 686          |
|                             | <u>2,524</u> | <u>2,353</u> |

- b) Employee costs during the period amounted to:

|                             | <u>2000</u>   | <u>1999</u>   |
|-----------------------------|---------------|---------------|
|                             | <u>£000's</u> | <u>£000's</u> |
| Wages and Salaries          | 68,555        | 60,186        |
| Social Security costs       | 5,695         | 4,670         |
| Pension costs (see note 23) | 6,583         | 5,192         |
|                             | <u>80,833</u> | <u>70,048</u> |

- c) The services of the directors are provided by Abbott Laboratories Limited, and Abbott Laboratories, and no part of their remuneration is specifically attributed to their services to Abbott UK Holdings Limited.

**7. PROFIT ATTRIBUTABLE TO ABBOTT (UK) HOLDINGS LIMITED.**

The profit on ordinary activities after tax of Abbott (UK) Holdings Limited was £6,442,000 (1999: £nil).

During the year the company paid an interim dividend of £10,000,000 (1999: £nil).

As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

NOTES TO THE ACCOUNTS (continued)

## 8.TAX ON PROFIT ON ORDINARY ACTIVITIES:

|   | <u>2000</u>   | <u>1999</u>   |
|---|---------------|---------------|
|   | <u>£000's</u> | <u>£000's</u> |
| The tax charge is based on the profit for the year and comprises: |               |               |
| Corporation tax at 30% (1999 : 31%)                               | 7,560         | 12,778        |
| Deferred tax (see note 17b)                                       | 1,223         | (629)         |
|   | <u>8,783</u>  | <u>12,149</u> |

## 9.DIVIDENDS PAID:

|                                  | <u>2000</u>   | <u>1999</u>   |
|----------------------------------|---------------|---------------|
|                                  | <u>£000's</u> | <u>£000's</u> |
| Dividends paid to parent company | <u>10,000</u> | <u>21,000</u> |

## 10.INTANGIBLE FIXED ASSETS:

|                                    | <u>Trademark</u><br><u>£000's</u> | <u>Licences</u><br><u>£000's</u> | <u>Total</u><br><u>£000's</u> |
|------------------------------------|-----------------------------------|----------------------------------|-------------------------------|
| Cost -                             |                                   |                                  |                               |
| Beginning of period                | 22                                | 163                              | 185                           |
| End of period                      | <u>22</u>                         | <u>163</u>                       | <u>185</u>                    |
| Amortisation -                     |                                   |                                  |                               |
| Beginning of period                | 20                                | 151                              | 171                           |
| Charge                             | 2                                 | 12                               | 14                            |
| End of period                      | <u>22</u>                         | <u>163</u>                       | <u>185</u>                    |
| Net book value at 30 November 2000 | <u>-</u>                          | <u>-</u>                         | <u>-</u>                      |
| Net book value at 30 November 1999 | <u>2</u>                          | <u>12</u>                        | <u>14</u>                     |

NOTES TO THE ACCOUNTS (continued)

## 11. TANGIBLE FIXED ASSETS:

|   | Freehold<br>land and<br>buildings<br>£000's | Leasehold<br>improve-<br>ments<br>£000's | Plant &<br>equip-<br>ment<br>£000's | Construc-<br>tion in<br>progress<br>£000's | Total<br>£000's |
|---|---|--|-------------------------------------|--|-----------------|
| Cost -                                  |   |  |                                     |  |                 |
| Beginning of period                     | 37,507                                      | 12,588                                   | 119,105                             | 22,533                                     | 191,733         |
| Additions                               | 2,854                                       | 456                                      | 11,036                              | 13,844                                     | 28,190          |
| Transfers from construction in progress | 13,303                                      | -  | 8,888                               | (22,191)                                   | -               |
| Disposals                               | (2)   | (47)                                     | (7,333)                             | -  | (7,382)         |
| End of period                           | 53,662                                      | 12,997                                   | 131,696                             | 14,186                                     | 212,541         |
| Depreciation -                          |   |  |                                     |  |                 |
| Beginning of period                     | 15,634                                      | 3,582                                    | 69,089                              | -  | 88,305          |
| Charge                                  | 2,018                                       | 958                                      | 12,456                              | -  | 15,432          |
| Disposals                               | (2)   | (29)                                     | (4,984)                             | -  | (5,015)         |
| End of period                           | 17,650                                      | 4,511                                    | 76,561                              | -  | 98,722          |
| Net book value at 30 November 2000      | 36,012                                      | 8,486                                    | 55,135                              | 14,186                                     | 113,819         |
| Net book value at 30 November 1999      | 21,872                                      | 9,006                                    | 50,017                              | 22,533                                     | 103,428         |

Freehold land of £6,942,000 (1999 : £3,685,000) included in the above is not depreciated .

## 12. FIXED ASSET INVESTMENTS:

The following are included in the company net book value of fixed asset investments :

|   | 2000<br>£000's |
|---|----------------|
| Subsidiary undertakings :               |                |
| Cost at the beginning of the period     | -              |
| Additions                               | 108,000        |
| Net book value at the end of the period | 108,000        |

The company has investments in the following subsidiaries :

|                             | Country of<br><u>Incorporation</u> | Principal<br><u>Activity</u> | <u>Holding</u> |
|-----------------------------|------------------------------------|------------------------------|----------------|
| Abbott Laboratories Limited | England                            | Healthcare                   | 100 %          |
| Medisense UK Limited        | England                            | Healthcare                   | 100 %          |
| IMTC Holdings (UK) Limited  | England                            | Healthcare                   | 100 %          |
| Abbott (UK) Finance Ltd.    | England                            | Group financing              | 100 %          |

On 6 April 2000, the company acquired the total share capital of Abbott UK Finance Limited (formerly GAC No 226 Limited), a shelf company, at nominal value of £100 . A capital contribution of £108,000,000 was paid which accounts for the increase in the fixed asset investment value.

NOTES TO THE ACCOUNTS (continued)

## 13.STOCKS:

|                                     | <u>2000</u>   | <u>1999</u>   |
|-------------------------------------|---------------|---------------|
|                                     | <u>£000's</u> | <u>£000's</u> |
| Raw materials and consumables       | 12,158        | 17,967        |
| Work-in-progress                    | 21,797        | 20,039        |
| Finished goods and goods for resale | 18,584        | 12,425        |
|                                     | <u>52,539</u> | <u>50,431</u> |

There is no material difference between the balance sheet value of stocks and their replacement cost .

## 14.DEBTORS: Amounts falling due within one year

|                                   | <u>2000</u>    | <u>1999</u>   |
|-----------------------------------|----------------|---------------|
|                                   | <u>£000's</u>  | <u>£000's</u> |
| Trade debtors                     | 24,547         | 20,927        |
| Due from other group undertakings | 58,271         | 31,924        |
| Other debtors                     | 12,266         | 4,934         |
| Prepayments and accrued income    | 11,067         | 1,162         |
|                                   | <u>106,151</u> | <u>58,947</u> |

## 15.CREDITORS: Amounts falling due within one year

|  | <u>2000</u>    |                | <u>1999</u>    |                |
|--|----------------|----------------|----------------|----------------|
|  | <u>£000's</u>  |                | <u>£000's</u>  |                |
|  | <u>Group</u>   | <u>Company</u> | <u>Group</u>   | <u>Company</u> |
| Bank Overdrafts                          | 809            | -              | -              | -              |
| Trade creditors                          | 7,409          | -              | 11,810         | -              |
| Amounts owed to other group undertakings | 86,818         | 3,558          | 78,701         | -              |
| U.K. corporation tax payable             | 5,088          | -              | 3,766          | -              |
| Social security & other taxation         | 1,721          | -              | 1,456          | -              |
| Other taxation creditors                 | 1,512          | -              | 1,272          | -              |
| Accruals and deferred income             | 18,284         | -              | 16,512         | -              |
|  | <u>121,641</u> | <u>3,558</u>   | <u>113,517</u> | <u>-</u>       |

## 16.CREDITORS: Amounts falling due after more than one year

|  | <u>2000</u>    |                | <u>1999</u>   |                |
|--|----------------|----------------|---------------|----------------|
|  | <u>£000's</u>  |                | <u>£000's</u> |                |
|  | <u>Group</u>   | <u>Company</u> | <u>Group</u>  | <u>Company</u> |
| Amounts owed to other group undertakings | 131,371        | 108,000        | 90,607        | -              |
| Deferred income                          | 82             | -              | 94            | -              |
|  | <u>131,453</u> | <u>108,000</u> | <u>90,701</u> | <u>-</u>       |

The amounts owed to group undertakings are repayable between 2 and 5 years.

NOTES TO THE ACCOUNTS (continued)

## 17. PROVISIONS FOR LIABILITIES AND CHARGES:

a) The provision for liabilities and charges comprises:

|                                     | <u>2000</u>   | <u>1999</u>   |
|-------------------------------------|---------------|---------------|
|                                     | <u>£000's</u> | <u>£000's</u> |
| Deferred taxation                   | 5,837         | 4,614         |
| Dilapidations of Leasehold property | 2,685         | 2,515         |
|                                     | <u>8,522</u>  | <u>7,129</u>  |

b) Movement of provisions for the period:

|                                | <u>2000</u>          |                    | <u>1999</u>          |                    |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                | Deferred<br>taxation | Dilapid-<br>ations | Deferred<br>taxation | Dilapid-<br>ations |
|                                | <u>£000's</u>        | <u>£000's</u>      | <u>£000's</u>        | <u>£000's</u>      |
| Balance at beginning of period | 4,614                | 2,515              | 3,985                | 2,366              |
| Movement in period             | 1,223                | 170                | 629                  | 149                |
| Balance at end of period       | <u>5,837</u>         | <u>2,685</u>       | <u>4,614</u>         | <u>2,515</u>       |

c) The amount of potential deferred taxation is as follows:

|                                | <u>2000</u>   | <u>1999</u>   |
|--------------------------------|---------------|---------------|
|                                | <u>£000's</u> | <u>£000's</u> |
| Accelerated capital allowances | 6,434         | 5,048         |
| Other timing differences       | (597)         | (434)         |
|                                | <u>5,837</u>  | <u>4,614</u>  |

## 18. CAPITAL COMMITMENTS:

At 30 November 2000, the group had authorised and contracted for capital expenditure of £2,831,000 (1999 : £4,874,000)

Annual commitments under non-cancellable operating leases are as follows:

|                              | <u>2000</u>         |               | <u>1999</u>         |               |
|------------------------------|---------------------|---------------|---------------------|---------------|
|                              | Land &<br>Buildings | Other         | Land &<br>Buildings | Other         |
|                              | <u>£000's</u>       | <u>£000's</u> | <u>£000's</u>       | <u>£000's</u> |
| Expiry date:                 |                     |               |                     |               |
| - within one year            | -                   | 74            | -                   | 74            |
| - between two and five years | 1,181               | 191           | 306                 | 157           |
| - after five years           | 638                 | 0             | 1,472               | 5             |

**NOTES TO THE ACCOUNTS (continued)****19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS:**

|                                       | <u>2000</u>   |                | <u>1999</u>   |                |
|---------------------------------------|---------------|----------------|---------------|----------------|
|                                       | <u>£000's</u> |                | <u>£000's</u> |                |
|                                       | <u>Group</u>  | <u>Company</u> | <u>Group</u>  | <u>Company</u> |
| Profit /(Loss) for the financial year | 19,476        | 6,442          | 23,977        | -              |
| Dividends paid                        | (10,000)      | (10,000)       | (21,000)      | -              |
| Net addition to shareholders' funds   | 9,476         | (3,558)        | 2,977         | -              |
| Opening shareholders' funds           | 16,626        | -              | 13,649        | -              |
| Closing shareholders' funds           | 26,102        | (3,558)        | 16,626        | -              |

**20. SHARE CAPITAL**

|                                    | <u>2000</u>   | <u>1999</u>   |
|------------------------------------|---------------|---------------|
|                                    | <u>£000's</u> | <u>£000's</u> |
| Authorised                         |               |               |
| 100,000 ordinary shares of £1 each | 100           | 100           |
| Issued and unpaid                  |               |               |
| 100 ordinary shares of £1 each     | -             | -             |

**21. RESERVES:**

|                              | <u>Group</u>                     |               |               | <u>Company</u>                   |
|------------------------------|----------------------------------|---------------|---------------|----------------------------------|
|                              | <u>Profit &amp; Loss Account</u> | <u>Other</u>  | <u>Total</u>  | <u>Profit &amp; Loss Account</u> |
|                              | <u>£000's</u>                    | <u>£000's</u> | <u>£000's</u> | <u>£000's</u>                    |
| Group:                       |                                  |               |               |                                  |
| Beginning of period          | 13,049                           | 3,577         | 16,626        | -                                |
| Profit/(Loss) for the period | 19,476                           | -             | 19,476        | 6,442                            |
| Dividends                    | (10,000)                         | -             | (10,000)      | (10,000)                         |
| End of period                | 22,525                           | 3,577         | 26,102        | (3,558)                          |

**22. COMMITMENTS AND CONTINGENCIES:**

The subsidiary Abbott Laboratories Limited in common with other pharmaceutical companies, under the terms of the Pharmaceutical Price Regulation Scheme, negotiates each year with the Department of Health in respect of past and future pricing. Results for the year reflect the estimates made by the directors as to the outcome of past and current negotiations. The directors do not believe the negotiations in respect of 2000 will give rise to liabilities which will materially affect the results disclosed in these accounts.

NOTES TO THE ACCOUNTS (continued)**23. PENSION ARRANGEMENTS:**

The group operates a pension scheme providing defined benefits based on final pensionable earnings. The assets of the scheme are held in a separate fund administered by a trustee. The level of contributions to the pension scheme is determined by a qualified actuary on the basis of biennial valuations using the projected unit method and actuarial assumptions agreed by the Trustee to be appropriate for ongoing funding policy. The most recent valuation was at 1 March 2000, which assumed an investment return of 7.5% p.a., salary increases of 6.5% p.a. and that pensions would in general increase by 2.45% in respect of benefits accrued prior to 6 April 1997 and 3.5% for benefits accrued thereafter. The valuation showed the plan to be fully funded on a current funding level basis, based on the market value of assets of £104,497,000 at that date. The actuarial value of those assets represented a surplus of 1% over the ongoing liabilities of the fund.

Employees generally contributed 4.0% of pensionable earnings to the scheme. The company contributes the required balance as calculated by the actuary.

In 2000 the group contributed £6,583,000 (1999 : £5,192,000) to the scheme being 14% (1999 : 14%) of the pensionable earnings as recommended by the actuary . The contribution of £6,583,000 in 2000 has been charged to the profit and loss account.

**24. ULTIMATE HOLDING COMPANY AND GROUP STRUCTURE:**

- a) The company is a subsidiary of Abbott Universal Limited, a company incorporated in USA . At the balance sheet date and date of approving the financial statements, the ultimate holding company and controlling entity is Abbott Laboratories ( incorporated in the State of Illinois , USA ) . the consolidated accounts of which, are available to the public and may be obtained from Abbott Laboratories, Queenborough, Kent, ME11 5EL .
- b) A material element of the company's purchases and sales is transacted with companies in the Abbott Laboratories Group. As permitted by Financial Reporting Standard 8, details of such transactions are not provided in these accounts as the company is a wholly-owned subsidiary undertaking and the consolidated accounts of the group are available to the public (see (a) above).

**25. POST BALANCE SHEET EVENTS**

On 2 March 2001, the company acquired all the share capital of Knoll Limited for £75,841,539 cash.