

AMO United Kingdom Limited

Annual report and financial statements

For the period ended 2 January 2022
Registered number 04359842

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**Annual report and financial statements
for period ended 2 January 2022**

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AMO United Kingdom Limited

Directors and other information

Directors	Samantha Whiting Jakob Sveen Syed Rashid
Secretary	Syed Rashid
Registered Number of Incorporation	04359842
Registration Office	Pinewood Campus Nine Mile Ride, Wokingham Berkshire RG40 3EW United Kingdom
Auditors	PricewaterhouseCoopers One Spence Dock North Wall Quay Dublin 1 Ireland
Solicitors	Kennedys Law 25 Fenchurch Avenue London EC3M 5AD United Kingdom
Bankers	Bank of America NA King Edward Street London EC1A 1HQ United Kingdom

Strategic report for period ended 2 January 2022

The directors present their report for the period ended 2 January 2022. This is in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activities

AMO United Kingdom Limited is part of a global company, Johnson & Johnson. The company supports AMO Ireland in offering its customers ophthalmic surgical, laser vision correction and contact lens care products for the eye within the UK.

Review of business and future developments

On 1 of January 2020 AMO United Kingdom Limited converted from a commissionaire operating business model to a Limited Risk Distributor 'LRD' operating model. Turnover is one of our key indicators on which we measure performance. Turnover for the financial year was Stg £24 million (2020: Stg:£16 million). The increase in turnover is driven by the easing of the COVID-19 pandemic restrictions imposed by the local government. The market is expected to perform in line with the 2022 business plan. The statement of comprehensive income for the period ended 2 January 2022 and the statement of financial position as at 2 January 2022 are set out on pages 12 and 13. Profit on ordinary activities before taxation amounted to Stg £1,228k compared with a profit on activities before taxation of Stg £843k for the previous year.

The key financial and other performance indicators during the year were as follows:

	2021	2020	Change
	Stg £000	Stg £000	%
Gross profit	8,438	7,812	8%
Operating profit	1,237	850	46%
Profit after tax	1,044	646	62%
Equity shareholders' funds	5,398	4,853	11%
Current assets as % of current liabilities	313%	250%	25%
Number of employees	44	48	

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 be a competitive market subject to significant technological change, employee retention and product availability. The company seeks to manage these risks at a company level and through the implementation of policies and strategy at a group level.

Brexit

On the 31 January 2020 the UK formally left the European Union (EU) and entered into an eleven-month transition period as agreed within the withdrawal agreement with the EU. During this period an EU-UK trade deal was negotiated. On the 31 December 2020 the transition period ended, and the UK left the EU single market and customs Union. As a result of the extensive Brexit planning by the company there has not been any significant impact in the overall operations of the company.

**Strategic report (continued)
for period ended 2 January 2022**

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, foreign exchange and interest rate risk. The management of these financial risks is performed both by AMO Ireland (a group company) and Johnson & Johnson, with the goal of maintaining an appropriate level of liquidity and financial capacity for the company. Failure to accurately forecast or maintain sufficient liquidity and credit could impact the company's ability to operate and result in a financial loss.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by AMO Ireland, a group company. The company does not use derivative financial instruments and as such no hedge accounting is applied.

Price risk:

Pricing risk is managed by AMO Ireland, a group company, through its pricing policies and the setting of price levels; AMO United Kingdom Limited applies these policies.

Credit risk:

Credit risk is the risk that a customer will fail to pay amounts due causing financial loss to a company and arises from credit exposures to customers relating to outstanding receivables. The company has implemented policies that ensure appropriate credit checks are completed.

Foreign exchange and interest rate risk:

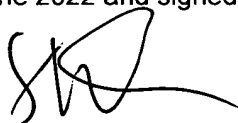
Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's financial assets and liabilities give rise to transactional currency exposures. Such exposures arise from transactions in a currency other than the company's functional currency. The management of such risks is performed by Johnson & Johnson (the Group) via the Group's treasury department. The main underlying economic currency of the group's cash flows is the US dollar. The group's foreign currency exchange management policy is to limit economic and material transactional exposures arising from currency movements against the US dollar.

Liquidity risk:

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. This risk is managed by the AMO Ireland on the company's behalf and as such the company has access to the resources of AMO Ireland, where necessary.

This report was approved by 16th June 2022 and signed on its behalf by

Director: Samantha Whiting
Date: 16th June 2022



Registration number **04359842**

Directors' report for period ended 2 January 2022

The directors present their report and the audited financial statement of the company for the period ended 2 January 2022.

Company Structure

AMO United Kingdom Limited is part of a global company, Johnson & Johnson. Johnson & Johnson is the ultimate parent undertaking and controlling party of the group and its relationship with AMO United Kingdom Limited is detailed in note 16 to the financial statements.

Results for the year and state of affairs for the period ended 2 January 2022

The Statement of Comprehensive Income for the period ended 2 January 2022 and the Statement of Changes in Equity for the year are set out on pages 12 to 14. The profit on ordinary activities for the year before taxation amounted to Stg 1,228,000 (2020: Stg £843,000). After taxation charge of Stg £184,000 (2020: Stg £197,000) a profit of Stg £1,044,000 (2020: Stg £646,000) is taken to reserves.

Dividends

The directors do not recommend the payment of any dividend during the year (2020: nil).

Research and development

There was no expenditure in research and development in 2021.

Political Donations

During the year, the company made no political donations.

Future Developments

The long-term business outlook for the future remains positive. The ophthalmic surgical business will be supported by the UK's aging demographics. While impacted by the current economic climate, the laser vision correction business is also expected to build in the longer term. The contact lens care business will continue to develop its multi-purpose solution and rewetter franchises.

Share options

The company's employees were members of stock-based compensation plans operated by the ultimate parent company, Johnson & Johnson. Under these plans options can be granted over shares in the ultimate parent company, Johnson & Johnson to employees of the Group.

Going concern

The company's business activities, together with the factors likely to affect its future development, its performance and financial position are set out in the review of the business which forms part of the Strategic Report on pages 3 to 4. The financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to price, credit, liquidity and foreign exchange risk are described in the strategic report.

The company has considerable financial resources at its disposal. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' report (continued) for period ended 2 January 2022

Directors and their interests

The directors who served during the year and up to date of signing were:

Syed Rashid
Samantha Whiting
Jakob Sveen

Secretary

The Secretary is listed on Page 1.

Post Balance Sheet Events

At the date of signing, the Board have considered the war in Ukraine and whether this has a significant impact on the company. AMO United Kingdom Limited does not have any manufacturing facilities in Russia or the Ukraine, and there are no sales to these countries, the Board have concluded that there is no significant impact at this time.

Financial instruments

Details of the financial risk management objectives and policies and the exposure of the company to price risk, credit risk, liquidity is provided under principal risks and uncertainties on page 3 and 4.

Employees

Information concerning employees and their remuneration is disclosed in Note 6. It is company policy to ensure continued employment, where possible, to employees who become temporarily or permanently disabled and to provide training and career development and promotion to disabled employees wherever appropriate. To satisfy that need, consultative procedures enable management and other employees to discuss matters of mutual interest, including health and safety. Through these procedures, departmental changes and the publication of financial and economic information, employees are kept informed of company affairs. In order to safeguard its employees, the company pursues a policy designed to provide secure working environments and training standards at its location. The company also recognizes the need to provide information on matters of concern to employees.

Directors' liabilities

The company maintains liability insurance for its directors and officers. Following shareholder approval in August 2006, the company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

AMO United Kingdom Limited

**Directors' report (continued)
for period ended 2 January 2022**

Independent Auditors

PricewaterhouseCoopers, the auditors, has been appointed as auditors and has indicated its willingness to continue in office.

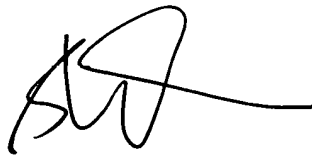
This report was approved by the Board on date 16th June 2022 and signed on its behalf by

Director: Samantha Whiting

Date 16th June 2022

Registration number

04359842

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Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

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 Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 these financial statements, the directors are required to:

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

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

Director; Samantha Whiting

Date 16th June 2022

Registration number

04359842





Independent auditors' report to the members of AMO United Kingdom Limited

Report on the audit of the financial statements

Opinion

In our opinion, AMO United Kingdom Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements, which comprise:

- the statement of financial position as at 2 January 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the notes to the financial statements.

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 and financial statements 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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 2 January 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 the timely submissions of the Value Added Tax (VAT), payroll tax including National Insurance and Corporate tax returns, 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 the use of unusual journals to manipulate the timing of revenue recognition upon which AMO United Kingdom Limited, as a Legal Rights Distributor, earns a margin. Audit procedures included discussions with management and company staff in relation to fraud and known instances of non-compliance to laws and regulations; reading of internal minutes, including those of the board of directors and testing appropriate journal entries based on our fraud risk criteria, specifically revenue journals for unusual combinations.



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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'A. Hayden'.

Alisa Hayden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
17 June 2022

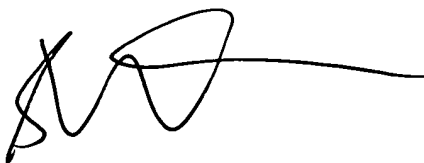
**Statement of Comprehensive Income
for period ended 2 January 2022**

	Note	2021 Stg £000	2020 Stg £000
Turnover	2	24,142	16,503
Cost of sales		(15,704)	(8,691)
Gross Profit		8,438	7,812
Distribution costs		(7,173)	(6,915)
Administrative expensive		(28)	(47)
Operating profit	3	1,237	850
Interest receivable and similar income	4	-	3
Interest expense and similar expenses		(9)	(10)
Profit on ordinary activities before taxation		1,228	843
Tax on profit on ordinary activities	7	(184)	(197)
Profit on ordinary activities after taxation and profit for the financial year		1,044	646
Other comprehensive result		-	-
Total comprehensive income for the year		1,044	646

Director: Samantha Whiting

Date 16th June 2022

Registration number 04359842



**Statement of Financial Position
as at 2 January 2022**

	Note	as at 2 January 2022		as at 3 January 2021	
		Stg £000	Stg £000	Stg £000	Stg £000
Fixed assets					
Tangible assets	8		776		863
Current assets					
Debtors	9	6,550		6,599	
Cash at bank and in hand		245		57	
		6,795		6,656	
Creditors: amounts falling due within one year	10	(2,173)		(2,666)	
Net current assets			4,622		3,990
Total assets less current liabilities			5,398		4,853
Provision for liabilities	11		-		-
Net assets			5,398		4,853
Capital and Reserves					
Called up share capital	14		-*		-*
Share premium account	15		2,251		2,251
Capital contribution	15		273		273
Profit and loss account	15		2,874		2,329
Total shareholders' funds			5,398		4,853

*less than Stg £1,000

The financial statements of AMO United Kingdom Limited (registered number 04359842) were approved by the board of directors and authorized for issue on 16th June 2022.

**Statement of Changes in Equity
for the period ended 2 January 2022**

	Notes	Called up Share Capital	Share Premium account	Capital Contribution	Profit and Loss account	Total
		Stg £000	Stg £000	Stg £000	Stg £000	Stg £000
At 30 December 2019	14, 15	-	2,251	273	1,683	4,207
Dividends Paid		-	-	-	-	-
Profit for the year		-	-	-	646	646
At 3 January 2021	14, 15	-	2,251	273	2,329	4,853
Profit for the year		-	-	-	1,044	1,044
Dividends Paid		-	-	-	(499)	(499)
Balance at 2 January 2022	14, 15	-	2,251	273	2,874	5,398

* less than Stg £1,000

Notes to the financial statements for the period ended 2 January 2022

1 Accounting Policies

General Information

AMO United Kingdom Limited ("AMO UK Ltd"; the "company") is part of a global company, Johnson & Johnson. The registered office is Pinewood Campus, Nine Mile, Wokingham, Berkshire, RG40 3EW United Kingdom.

The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. (FRS102 and the Companies Act 2006) The financial statements have been prepared in compliance with FRS 102 for the period ended 2 January 2022.

The following accounting policies have been applied consistently throughout the year in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis and under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The financial statements are expressed in sterling (Stg £), which is the functional currency of the company, and rounded to the nearest Stg £'000. AMO UK Ltd meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it in respect of its financial statements. AMO UK Ltd is consolidated in the financial statements of its ultimate parent, Johnson & Johnson, copies of which are available at Johnson & Johnson, One & Johnson Plaza, New Brunswick, New Jersey, 08933, USA.

Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over the level of demand for the company's products. However, this is a timing issue and management do not believe there will be a long term impact on the business. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, these entity financial statements have been prepared on a going concern basis.

AMO UK Ltd has taken advantage of the following disclosure exemptions under FRS 102:

- i. The requirements of Section 7 "Statement of Cashflows" paragraph 3.17 (d)
- ii. The requirements of Section 26 "Share-based payment" paragraphs 26.18 (b), 26.19 to 26.21 and 26.23
- iii. The requirements of Section 33 "Related Part Decision", paragraph 33.7
- iv. The requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A provided disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated

Notes to the financial statements for the period ended 2 January 2022 (continued)

1 Accounting Policies (continued)

Related party transactions

As the company is a wholly owned subsidiary of Johnson & Johnson, the company has taken advantage of the exemption contained in chapter 33, (paragraph 3) FRS 102 "Related party transactions" for wholly owned subsidiaries within the group, from the requirement to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties. The consolidated financial statements of Johnson & Johnson, within which this company is included, can be obtained from the address given in note 16.

Tangible assets and depreciation

The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition. Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided at rates designed to write off the cost of tangible assets on a straight-line basis over their estimated useful economic lives as follows:

Short leasehold & improvements	Over lease term
Furniture & fixtures	7 years
Office equipment	5 years
Computer equipment	4 years
Machinery & equipment	3 – 5 years
Demonstration equipment	3 – 5 years

Taxation

Current tax, including UK Corporation tax and foreign tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date will result in an obligation to pay more tax in the future or a right to pay less tax in the future, with the exception that deferred tax assets are recognized only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Temporary timing differences are differences between profit as computed for taxation purposes and taxation as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Notes to the financial statements for the period ended 2 January 2022 (continued)

1 Accounting Policies (continued)

Share based payments

For equity-settled share-based payment transactions (i.e. the issuance of share options), the Company measures the services received and the corresponding increase in equity at fair value at the grant date using the Black-Scholes option pricing model. Fair value is determined on the basis that the services to be rendered by employees as consideration for the granting of share options will be received over the vesting period, which is assessed as at the grant date. The share options granted by the Parent Company (Johnson & Johnson.) are not subject to market-based vesting conditions as defined in FRS 20 Share-based Payment.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense/credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cumulative charge to the Profit and Loss Account is reversed only where the performance condition is not met or where an employee in receipt of share options leaves service prior to completion of the expected vesting period and those options lapse in consequence.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a non-vesting condition which is treated as vesting irrespective of whether or not it is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the company or the employee are not met. All cancellations of equity-settled transaction awards are treated equally.

The financial effect of awards by the parent company of options over its equity shares to the employees of subsidiary undertakings are recognized by the parent company in its individual financial statements.

Cash-settled transactions

The cost of cash-settled transactions is measured at fair value using an appropriate option model pricing model. Fair value is established initially at the grant date and each balance sheet date thereafter until the awards are settled. During the vesting period, a liability is recognized representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognized in the profit and loss for the period.

Notes to the financial statements for the period ended 2 January 2022 (continued)

1 Accounting Policies (continued)

Post-retirement benefits

Johnson & Johnson UK group operates a defined benefit scheme which is a multi-employer scheme. A defined contribution scheme was also introduced effective 1 January 2021. There are several participating employers in the Johnson & Johnson U.K. Group Retirement Plan (UK CARE Plan) of which AMO United Kingdom Limited is one, and currently there is no differential employer rate that applies. The UK CARE Plan holds, manages and invests assets for the benefit of members. The pension scheme assets and liabilities relating to the employees of the company cannot be separately identified on a consistent and reasonable basis. Pension costs are therefore accounted for on a defined contribution basis (as per FRS 102). The cost of providing pensions to employees is therefore charged to the profit and loss account as incurred.

Debtors

Trade debtors are amounts due from customer for goods sold and services performed in the ordinary course of business. Trade debtors are recognized initially at the amount of consideration that is unconditional unless they contain significant financial components, when they are recognized at fair value. Trade debtors are assessed for impairment on an ongoing basis through historical data and trends.

Dividends

Equity dividends are recognized when they become legally payable. Interim equity dividends are recognized when paid. Final equity dividends are recognized when approved by the shareholders at an annual general meeting.

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated using the rate of exchange ruling at the balance sheet date. All exchange differences are included in the profit and loss account in the period in which they arise.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank.

Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Turnover

On the 1st January 2020 AMO United Kingdom Limited changed to a Limited Risk Distributor 'LRD' operating model.

Notes to the financial statements for the period ended 2 January 2022 (continued)

1 Accounting Policies (continued)

Turnover represents the amounts derived from the promotion, sale and distribution of products in the territory and the provision of services which fall within the company's ordinary activities, stated net of value added tax.

Turnover comprises of three components:

- net trade sales
- an agreed percentage of net trade sales in the United Kingdom market; and
- income earned from the provision of supportive services to AMO Ireland, a group company.

All turnover is derived from group under the existing intercompany agreements.

Revenue Recognition

Revenue is recognized at the fair value of the consideration receivable and represents amounts receivable for services rendered in the ordinary course of business of the Company, excluding returns, rebates, discounts, and value added tax.

The company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the company, and the specific conditions for each of the activities as detailed below are met. It is not expected to be able to evaluate the amount of income reliably until they have resolved all contingencies related to the sale.

(a) Provision of Services

Service income is received from AMO Ireland in compensation for the provision of services including, but not limited to, training and business development by AMO United Kingdom Limited.

(b) Interest income

Interest income is recognized using the method of effective interest rate.

Notes to the financial statements for the period ended 2 January 2022 (continued)

1 Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts

(i) Useful economic lives of tangible fixed assets

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assets. See note 8 for the carrying amount of the tangible fixed assets and note 1 Tangible assets and depreciation for the useful economic lives for each class of tangible fixed assets.

(ii) Impairment of debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 9 for the net carrying amount of the debtors and the impairment loss recognized in the financial year.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 13.

2 Turnover

Turnover is derived from the principal activities of the company, which have been outlined on page 3 of the financial statements. It is analyzed as follows:

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Trade Sales	23,462	16,088
Provision of services	680	415
	<hr/>	<hr/>
	24,142	16,503
	<hr/>	<hr/>

**Notes to the financial statements for the period ended 2 January 2022
(continued)**

3 Operating Profit

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
– owned	506	537
Services provided by the company's auditors:		
– payable for the audit	5	5
– services relating to taxation	7	7
Operating motor vehicle expenses	168	238
Foreign currency losses	<u>126</u>	<u>108</u>

4 Interest receivable and similar income

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
From group undertakings	<u>-</u>	<u>3</u>

5 Directors' emoluments

The emoluments of the directors who were remunerated through the company as follows:

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Aggregate emoluments	199	215
Defined benefit pension scheme:		
Accrued pension at the end of the year	<u>28</u>	<u>-</u>
	<u>227</u>	<u>215</u>

In respect of the highest paid director:

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Aggregate emoluments	199	215
Defined benefit pension scheme:		
Accrued pension at the end of the year	<u>28</u>	<u>-</u>
	<u>227</u>	<u>215</u>

Notes to the financial statements for the period ended 2 January 2022 (continued)

5 Directors' emoluments (continued)

During the year, one director (2020:one) accrued benefits under the stakeholder pension scheme.

During the year no directors exercised share options (2020: none).

6 Staff numbers and costs

The average monthly number of persons (including the executive directors) employed by the company during the year to 2 January 2022 analyzed by category, was as follows:

	Number period ended 2 January 2022	Number period ended 3 January 2021
Administration	1	2
Sales, marketing and regulatory	43	43
	<u>44</u>	<u>45</u>

The aggregate payroll costs of these persons were as follows:

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Wages and salaries	3,434	3,072
Social security costs	444	409
Other pension costs (note 12)	559	770
Cost of RSU and employee share schemes (note 17)	206	144
	<u>4,643</u>	<u>4,395</u>

**Notes to the financial statements for the period ended 2 January 2022
(continued)**

7 Tax on the profit on ordinary activities

(a) Analysis of charge in the year

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Current tax:		
UK corporation tax at 19% (53 weeks ended 3 rd January 2021: 19%) on profits of the year	214	203
Changes in enacted rates	-	-
Adjustment in respect of prior years	<u>(36)</u>	<u>7</u>
Total current tax	<u>178</u>	<u>210</u>
Deferred tax:		
Origination and reversal of timing differences	<u>6</u>	<u>(13)</u>
Total deferred tax (note 13)	6	(13)
Tax on profit on ordinary activities	<u>184</u>	<u>197</u>

(b) Factors affecting total tax charge in the year

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Profit on ordinary activities before taxation	<u>1,228</u>	<u>843</u>
Profit on ordinary activities before taxation multiplied by standard rate in the UK 19% (53 weeks ended 3 rd January 2021: 19%)	233	160
Effects of:		
Expenses not deductible for tax purposes	(13)	30
Adjustments in respect of prior years	<u>(36)</u>	<u>7</u>
Total tax expenses	<u>184</u>	<u>197</u>

Notes to the financial statements for the period ended 2 January 2022 (continued)

7 Tax on the profit on ordinary activities (continued)

(c) Factors that may affect future tax charge

The tax rate for the current year is the same as the prior year. In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8 Tangible assets

	Machinery & Equipment	Computer Equipment	Demonstration Equipment	Total
	Stg £000	Stg £000	Stg £000	Stg £000
Cost				
At 4 January 2021	193	63	5,975	6,231
Additions	-	-	468	468
Disposal	-	-	(98)	(98)
At 2 January 2022	193	63	6,345	6,601
Accumulated depreciation				
At 4 January 2021	192	63	5,113	5,368
Charge for the year	-	-	506	506
Disposal	-	-	(49)	(49)
At 2 January 2022	192	63	5,570	5,825
Net Book Value				
At 2 January 2022	1	-	775	776
At 3 January 2021	1	-	862	863

9 Debtors

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Amounts falling due within one year:		
Amounts owed by group undertakings	3,027	3,418
Deferred tax asset (note 13)	350	356
Trade debtors and prepayments	3,173	2,782
Corporation Tax	-	43
	6,550	6,599

The amounts owed by group undertakings are unsecured and includes Stg £(237) (2020: Stg £2,219,710) that bears interest at rates ranging from 0.2% to 0.9%. These amounts have no fixed

terms of repayment.

**Notes to the financial statements for the period ended 2 January 2022
(continued)**

10 Creditors: amounts falling due within one year

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Trade creditors	28	152
Amounts owed to group undertakings	294	340
Payroll taxes and social security	251	178
VAT	487	917
Accruals and deferred income	1,103	1,079
Corporation Tax	10	-
	2,173	2,666

The amounts owed to group undertakings relate to trade, are payable within 30 days (2020: 30 days) and do not bear interest (2020: no interest). Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

11 Provision for liabilities

A number of the company's employees have been granted share options over the shares of the company's ultimate parent undertaking, Johnson & Johnson. For options granted from the period ended December 2002, the company is liable to pay national insurance, currently 13.8% (2020: 13.8%) on the difference between the option exercise price and the market value of the related share when the options are exercised. As the company is only liable to pay the insurance where the market price exceeds the option price, no provision is required for 2021 (2020: nil).

The amount of national insurance payable will depend on the number of employees who remain with the company and exercise their options, the market price of the ultimate parent undertaking's shares at the time of exercise and the prevailing national insurance rate at that time.

12 Pension Scheme

The company is one of several participating employers in the Johnson & Johnson UK Group defined benefit plan. A number of employees of AMO United Kingdom Limited are covered by this plan. The funded status of the Plan as of 2 January 2022 was a surplus/asset of Stg £367 million (2020 Stg £177 million) across all employers.

The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to Stg £558,950 (2020: Stg £769,681).

Accrued pension contributions as of 2 January 2022 are nil. (2020: £76,014).

Notes to the financial statements for the period ended 2 January 2022 (continued)

13 Deferred Taxation

Deferred taxation has been recognized in respect of the following terms:

	period ended 2 January 2022 Stg £000	period ended 3 January 2021 Stg £000
Accelerated capital allowances	298	288
Other timing differences	52	68
	<u>350</u>	<u>356</u>

Movements on the deferred tax asset are as follows:

	Stg £000	Stg £000
At 4 January 2021/ 30 December 2019	356	343
(Charge)/Credit to the profit and loss for the year (note 7)	(6)	13
At 2 January 2022/ 3 January 2021	<u>350</u>	<u>356</u>

The deferred tax asset has been recognized as the directors believe it is probable that the asset will be recovered as they expect the company to remain profitable based on the limited risk distributor structure of the company in the UK within the AMO group. There are no unrecognized deferred tax assets in either year.

14 Called up share capital

	period ended 2 January 2022 Stg £	period ended 3 January 2021 Stg £
Authorized		
Equity: 1,000 ordinary shares of Stg £1 each (3 January 2021: 1,000 ordinary shares of Stg £1 each)	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Equity: 175 ordinary shares of Stg £1 each (3 January 2021: 175 ordinary shares of Stg £1 each)	<u>175</u>	<u>175</u>

**Notes to the financial statements for the period ended 2 January 2022
(continued)**

15 Share premium and reserves

	Share premium account Stg £000	Capital contribution account Stg £000	Profit and loss account Stg £000
At 4 January 2021	2,251	273	2,329
Retained profit for the financial year	-	-	1,044
Dividends Paid	-	-	(499)
At 2 January 2022	<u>2,251</u>	<u>273</u>	<u>2,874</u>

During the period ended 31 December 2002, 175 shares were allotted at a total premium of Stg £2,251,000.

The capital contribution amount of Stg £273,000 relates to the total charge in respect of employee share-based payment plans, all of which relates to equity-settled share-based payment transactions.

16 Parent Undertaking, Controlling Parties and Related Party Transactions

The company is 71% owned by AMO International Holdings, an Irish private unlimited company, and 29% owned by AMO UK Holdings LLC, incorporated in the USA. Both parents are group companies, the ultimate parent company being Johnson & Johnson.

On 25 February 2009 Abbott Laboratories Inc. purchased AMO Inc. AMO Inc. became a wholly owned subsidiary of Abbott Laboratories Inc. as of that date.

On 27 February 2017 Johnson and Johnson purchased Abbott Medical Optics (AMO). AMO Inc. became a wholly owned subsidiary of Johnson & Johnson as of that date.

The smallest and largest group in which the results of the company are consolidated is that headed by the ultimate parent undertaking and controlling party, Johnson & Johnson, a company incorporated in the USA. The consolidated financial statements are available to the public and may be obtained from:

Johnson & Johnson,
One & Johnson Plaza,
New Brunswick,
New Jersey, 08933,
USA

Notes to the financial statements for the period ended 2 January 2022 (continued)

17 Share-based Payments

AMO United Kingdom Limited's ultimate parent company, Johnson & Johnson., maintains an equity settled share-based payment arrangement in the UK, under which employees are awarded grants of stock options, receive restricted stock units and participate in a Share Purchase arrangement (Share Incentive Plan).

Share Incentive Plan costs were accrued in the year of grant. From 1 December 2006, the company has applied the requirements of Financial Reporting Standard 20 Share-based payment ("FRS 20"). In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 December 2006.

Incentive Stock Options and Non-Qualified Stock Options

The company has a stock option scheme for designated employees. Options are granted with an exercise price equal to the market value of Johnson & Johnson stock at the date of grant.

The cost associated with each tranche of awards under each grant is spread over the appropriate vesting period. Stock options are forfeited if the employee leaves the company for reasons other than retirement, death or disability.

The estimated fair value of options is calculated using the Black- Scholes option pricing valuation model

Expected volatility for option grants from 2007 onwards is based on implied volatilities from traded options on Johnson & Johnson stock and historical volatility stock over the expected life of the option.

The expected life of an option is based on both historical and projected exercise and lapsing data.

There were 2,598 options outstanding at 2 January 2022 (3 January 2021: 5,756 options).

Notes to the financial statements for the period ended 2 January 2022 (continued)

17 Share-based Payments (continued)

Restricted Stock Units

Restricted stock units of Johnson & Johnson common stock may be awarded under the company's Incentive Stock plans. Share options expire 10 years from the date of grant and vest after three years. Restricted stock units are forfeited if the employee leaves the company before the awards vest.

Details of the restricted stock units outstanding during the year are as follows:

	J&J 2021		J&J 2020	
	Number of RSUs	Weighted average grant date fair value (US\$)	Number of RSUs	Weighted average grant date fair value (US\$)
Outstanding at the beginning of year	2,746	-	3,512	-
Granted during the year	980	152.72	645	140.04
Forfeited during the year	-	-	-	-
Vested during the year	1,443	171.07	1,411	157.38
Outstanding at the end of the year	2,283	-	2,746	-

The company recognized total expenses of Stg £387,000 and Stg £144,000 in relation to all restricted stock units in 2021 and 2020, respectively.

Share options

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\$)
2031	2,598	165.55

All options are granted as the current market price on a specific grant date during each calendar year.

Other share-based payment plans

The employee Share Incentive Plan is operated in the UK and is open to all the employees in the UK.

**Notes to the financial statements for the period ended 2 January 2022
(continued)**

18 Events after the reposting period

At the date of signing, the Board have considered the war in Ukraine and whether this has a significant impact on the company. AMO United Kingdom Limited does not have any manufacturing facilities in Russia or the Ukraine, and there are no sales to these countries, the Board have concluded that there is no significant impact at this time.

19 Approval of the financial statements

The directors approved the financial statements and authorized them for issue on 16th June 2022.