

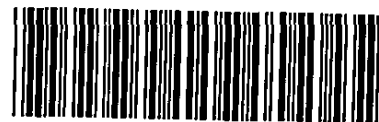
Registered number 00603028

Johnson & Johnson Consumer Services EAME Limited

Annual report and financial statements

For the year ended 1 January 2012

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Johnson & Johnson Consumer Services EAME Limited

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Johnson & Johnson Consumer Services EAME Limited

Company Information

Directors	C R Thorne V Dawkins
Company secretary	C R Thorne
Registered number	00603028
Registered office	Foundation Park Roxborough Way Maidenhead Berkshire SL6 3UG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 9 Greyfriars Road Reading Berkshire RG1 1JG
Bankers	Royal Bank of Scotland plc Corporate Banking Office PO Box 450 5-10 Great Tower Street London EC3P 3HX
Solicitors	Linklaters LLP One Silk Street London EC2Y 8HQ

Johnson & Johnson Consumer Services EAME Limited

Directors' report For the year ended 1 January 2012

The directors present their annual report and the audited financial statements of the company for the year ended 1 January 2012

Business review and principal activities

The principal activity of the company is to act as a service provider to other Johnson & Johnson group companies

Future outlook

Both the level of business and the year end financial position remain satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

Principal risks and uncertainties

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

The key business risks and uncertainties affecting the company are considered to relate to general industry conditions and competition, economic conditions, technological advances, challenges inherent in new product development, and product efficacy or safety concerns resulting in product recalls or regulatory action.

Key performance indicators ('KPIs')

The directors of Johnson & Johnson Consumer Services EAME Limited manage the company's operations on a divisional basis. The business is managed using a set of financial performance measures. These measures are reviewed routinely and used in making tactical and strategic decisions affecting the short and long term results of the business.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, interest rate cash flow risk and foreign exchange risk.

Liquidity risk

The company is funded within the Johnson & Johnson group of companies. The group's funding requirements are reviewed regularly by both the board of directors and the treasury department of Johnson & Johnson Inc to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets earn interest at a variable rate.

Foreign exchange risk

The company makes sales and purchases in foreign currencies. The company manages its foreign exchange risk by hedging its significant exposures through a group hedging scheme.

Results and dividends

The profit and loss account for the financial year is set out on page 7.

The company's profit for the financial year is €4,613,000 (2010: €3,918,000). The aggregate dividends on the ordinary shares recognised during the financial year amounts to €nil (2010: €nil). There are no proposed dividends awaiting approval at the balance sheet date (2010: €nil).

Qualifying third party indemnity provisions

At the time the report is approved there are no qualifying third party indemnity provisions in place for the benefit of one or more of the directors.

Johnson & Johnson Consumer Services EAME Limited

Directors' report **For the year ended 1 January 2012**

Directors

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

C R Thorne
V Dawkins

Research and development

Johnson & Johnson Inc is heavily committed to research and development activities in order to bring new or improved products onto the healthcare market so as to maintain its position within that market. It is the company's policy to write off all such expenditure as incurred.

Charitable contributions

Charitable contributions paid during the year amounted to €nil (2010: €nil).

Employee involvement

The company is committed to the continued development of employee involvement by an effective communications and consultative framework. Consultative committees covering broad business areas, pensions, health and safety, quality and employee services are well established and meet regularly. Briefing meetings for all staff are held regularly.

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

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

Disabled persons

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

Policy and practice on payment of creditors

The company's policy in respect of its creditors is to settle the terms of payment with those creditors when agreeing the terms of each transaction.

Johnson & Johnson Consumer Services EAME Limited

Directors' report
For the year ended 1 January 2012

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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.

Disclosure of information to auditors

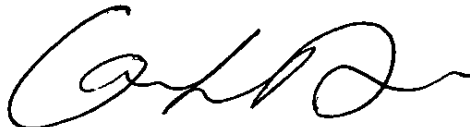
All directors in office at the time the report is approved confirm

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

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



V Dawkins
Director

Date 21 May 2012

Independent auditors' report to the members of Johnson & Johnson Consumer Services EAME Limited

We have audited the financial statements of Johnson & Johnson Consumer Services EAME Limited for the year ended 1 January 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Johnson & Johnson Consumer Services EAME Limited

Independent auditors' report to the members of Johnson & Johnson Consumer Services EAME Limited

Matters on which we are required to report by exception

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

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

Gavin Crawford (Senior statutory auditor)

for and on behalf of
PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Date

21 May 2012

Johnson & Johnson Consumer Services EAME Limited

Profit and loss account
For the year ended 1 January 2012

	Note	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Turnover	2	131,910	114,634
Operating expenses		<u>(124,416)</u>	<u>(107,955)</u>
Operating profit	3	7,494	6,679
Interest payable and similar charges	7	<u>(1,213)</u>	<u>(1,221)</u>
Profit on ordinary activities before taxation		6,281	5,458
Tax on profit on ordinary activities	8	<u>(1,668)</u>	<u>(1,540)</u>
Profit for the financial year	16	<u><u>4,613</u></u>	<u><u>3,918</u></u>

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents

All results are derived from continuing operations

The company has no recognised gains or losses other than the results above and therefore no separate statement of total recognised gains and losses has been prepared

Balance sheet
As at 1 January 2012

	Note	€000	1 January 2012 €000	€000	2 January 2011 €000
Fixed assets					
Tangible assets	9		69,285		80,798
Current assets					
Debtors	10	18,754		24,227	
Cash at bank and in hand		129		442	
		<u>18,883</u>		<u>24,669</u>	
Creditors amounts falling due within one year	11	<u>(52,144)</u>		<u>(71,573)</u>	
Net current liabilities			<u>(33,261)</u>		<u>(46,904)</u>
Total assets less current liabilities			<u>36,024</u>		<u>33,894</u>
Provisions for liabilities					
Deferred tax	12	-		(1,979)	
Other provisions	13	<u>(1,557)</u>		<u>(1,493)</u>	
			<u>(1,557)</u>		<u>(3,472)</u>
Net assets			<u>34,467</u>		<u>30,422</u>
Capital and reserves					
Called up share capital	15		-		-
Other reserves	16		11,043		11,611
Profit and loss account	16		<u>23,424</u>		<u>18,811</u>
Total shareholders' funds	17		<u>34,467</u>		<u>30,422</u>

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

V Dawkins
Director



Date 21 May 2012

The notes on pages 9 to 23 form part of these financial statements

Notes to the financial statements
For the year ended 1 January 2012

1. Principal accounting policies

Accounting period

The accounting year ended 1 January 2012 consists of 52 weeks. For the purposes of these financial statements the year is referred to as 2011. The accounting year ended 2 January 2011 is referred to as 2010.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

Functional currency

The directors consider Euros to be the functional currency of the company and have therefore selected Euros as the presentational currency for the financial statements.

Tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition, and they are stated in the balance sheet at cost less accumulated depreciation. The assets are reassessed periodically.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation is not charged on capital assets under construction until the asset is completed for its intended use and transferred to the appropriate fixed asset classification.

The principal annual rates used for this purpose are:

Fixtures, fittings and equipment - 20.00 - 33.33%

Foreign currencies

Trading transactions denominated in foreign currencies are translated into Euros at the exchange rate ruling when the company entered into the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Research and development

Research and development expenditure is written off as it is incurred.

Turnover

Turnover, which excludes value added tax, represents income received in respect of amounts charged to fellow group companies for services provided and expenses incurred by the company.

Notes to the financial statements
For the year ended 1 January 2012

1. Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the years 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 a non-discounted basis

Pension arrangements

The company participates in the Johnson & Johnson UK Group Retirement Plan. The UK Group operates a funded defined benefit pension scheme and defined contribution scheme for all UK employees. New entrants aged 35 or over are eligible to join the funded defined benefit scheme, and new entrants aged under 35 are eligible to join the defined contribution scheme.

More than one employer participates in the Johnson & Johnson UK Group Retirement Plan and because the assets attributable to each individual company cannot be identified on a consistent and reasonable basis, each company's share of the deficit cannot be identified. Under FRS 17, the company is therefore accounting for its contributions to the scheme as if it were a defined contribution scheme. Accordingly the cost to the company in respect of the scheme is equal to the contributions payable to the scheme during the year, and this cost has been recognised within operating profit in the profit and loss account.

There is also an unfunded, unapproved pension arrangement for a small number of employees who are affected by the Inland Revenue Earnings Cap. The obligation of this defined benefit pension scheme is measured at discounted present value. The operating and finance costs of this plan are recognised separately in the profit and loss account, service costs are spread systematically over the working lives of the employees concerned and financing costs are recognised in the years in which they arise. Actuarial gains and losses arising from either experience differing from previous actuarial assumptions or changes to those assumptions are recognised immediately in the statement of total recognised gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation.

Share-based payments

The ultimate parent company, Johnson & Johnson Inc, operates equity-settled, share-based compensation plans. Certain employees of the company are awarded options over the shares in the ultimate parent. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, with a corresponding increase in Other Reserves (representing a capital contribution by the ultimate parent). The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to Other Reserves.

In accordance with FRS 20 (share based payment), fair value calculations have only been made in respect of share options awarded after 7 November 2002 that remain unvested at 1 January 2006. For all other options awarded prior to 7 November 2002, the company recognises within other reserves the potential recharge from the ultimate parent company for the cost of options outstanding at the year end (based upon the difference between the option exercise prices and the market value at the year end). It has been agreed that the company will no longer be recharged on the exercise of options granted before 1 January 2000. Movements in the underlying potential recharge are reflected in the profit and loss account for the year.

Notes to the financial statements
For the year ended 1 January 2012

1. Principal accounting policies (continued)

Share-based payments (continued)

Upon exercise, Johnson & Johnson Inc makes a recharge to the company in respect of share options granted to the company's employees. When incurred, these intercompany charges are offset in other reserves against the relevant capital contribution. If the amount of the intercompany charge exceeds the original capital contribution, that excess is treated as a distribution from the company to its parent.

Employer's National Insurance on share options

Under unapproved share option schemes, the company is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The company becomes unconditionally liable to pay the National Insurance upon exercise of the options. The company therefore calculates the provision by applying the latest enacted National Insurance rate to the difference between the market value of the underlying options at the balance sheet date and the option exercise prices. A full provision is made upon grant of the option as there is no underlying performance year. The amount of the National Insurance actually payable will depend on the number of employees who remain with the company and exercise their options, the market price of the ultimate parent company's shares at the time of exercise and the prevailing National Insurance rates at the time.

Cash-based payment

In addition, the company's employees may be eligible to receive Certificates of Extra Compensation (CEC's).

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

Cash flow statement

The company is a wholly owned subsidiary of Johnson & Johnson Inc, and the cash flows of the company are included in the consolidated financial statements of Johnson & Johnson Inc, which are publicly available. Consequently the company is exempt under the terms of FRS 1 (revised 1996) from preparing a cash flow statement.

Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Johnson & Johnson Inc, whose accounts are publicly available.

2. Turnover

Turnover represents income received in respect of amounts charged to fellow group companies for services provided and expenses incurred by the company.

All turnover arose within the United Kingdom.

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements
For the year ended 1 January 2012

3 Operating profit

The operating profit is stated after charging

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Depreciation of tangible fixed assets		
- owned by the company	23,256	20,856
Operating lease charges		
- plant and machinery	518	524
- other	1,103	729
Loss on foreign exchange	1,707	2,378
Research and development expenditure	4,506	3,394
	<u> </u>	<u> </u>

4. Auditors' remuneration

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Fees payable to PricewaterhouseCoopers LLP for the statutory audit of the company	37	31
	<u> </u>	<u> </u>

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements
For the year ended 1 January 2012

5. Directors' emoluments

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Aggregate emoluments	195	267

Retirement benefits are accruing to two directors (2010: two directors) under the company's defined benefit pension scheme and to no directors (2010: none) under the money purchase scheme

One director (2010: one directors) exercised share options in the ultimate parent company during the year. Mr C R Thorne did not receive any emoluments for his services to the company

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Highest paid director		
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	195	267
Defined benefit scheme		
Accrued pension at year end	54	57

The highest paid director exercised share options during the year (2010: exercised)

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements
For the year ended 1 January 2012

6. Staff costs

Staff costs were as follows

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Wages and salaries	22,723	25,812
Social security costs	2,674	3,716
Pension costs (note 14)	4,388	4,431
Share-based payments (note 18)	145	(12)
	<u>29,930</u>	<u>33,947</u>

The average monthly number of persons, including the executive directors, employed by the company during the year was as follows

	Year ended 1 January 2012 No	Year ended 2 January 2011 No
Production and distribution	34	26
Selling and marketing	70	81
Administration	152	163
	<u>256</u>	<u>270</u>

'Share-based payments' include €9,000 (2010 €222,000) charged in respect of the fair value of employee services provided and a charge (2010 credit) of €136,000 (2010 €234,000) for the movement in potential recharge to ultimate parent in respect of options not being fair valued

The average number of employees includes graduate trainees, part time employees and those on maternity leave

The total costs associated with these employees were recharged to an affiliate

7. Interest payable and similar charges

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Interest paid to group undertakings	<u>1,213</u>	<u>1,221</u>

Notes to the financial statements
For the year ended 1 January 2012

8 Tax on profit on ordinary activities

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	3,986	3,526
Deferred tax (see note 12)		
Origination and reversal of timing differences	(2,318)	(1,986)
Tax on profit on ordinary activities	1,668	1,540

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 higher than) the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	Year ended 1 January 2012 €000	Year ended 2 January 2011 €000
Profit on ordinary activities before taxation	6,281	5,458
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	1,664	1,528
Effects of		
Expenses not deductible for tax purposes	22	85
Accelerated capital allowances and other timing differences	2,300	1,913
Total current tax charge for the year (see note above)	3,986	3,526

Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5%.

During the year, as a result of the change in the UK main corporation tax rate to 25% that was substantively enacted on 5 July 2011, the relevant deferred tax balances have been re-measured.

Further reductions to the UK corporation tax rate were announced in the March 2012 and prior Budgets. The additional changes, which are expected to be enacted separately each year, propose to reduce the rate by a further 1% on 1 April 2012 to 24% and by 1% per annum thereafter to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Notes to the financial statements
For the year ended 1 January 2012

9. Tangible fixed assets

	Fixtures, fittings and equipment €000	Capital assets under construction €000	Total €000
Cost			
At 3 January 2011	122,426	18,808	141,234
Additions	-	11,743	11,743
Transfer between classes	18,808	(18,808)	-
At 1 January 2012	141,234	11,743	152,977
Accumulated depreciation			
At 3 January 2011	60,436	-	60,436
Charge for the year	23,256	-	23,256
At 1 January 2012	83,692	-	83,692
Net book amount			
At 1 January 2012	57,542	11,743	69,285
At 2 January 2011	61,990	18,808	80,798

10. Debtors

	1 January 2012 €000	2 January 2011 €000
Amounts falling due within one year		
Amounts owed by group undertakings	16,958	23,851
Prepayments	1,457	376
Deferred tax asset (see note 12)	339	-
	18,754	24,227

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

11. Creditors, amounts falling due within one year

	1 January 2012 €000	2 January 2011 €000
Trade creditors	11,667	8,278
Amounts owed to group undertakings	28,228	45,043
Corporation tax	1,898	1,909
Other taxation and social security	762	746
Accruals	9,589	15,597
	52,144	71,573

Amounts owed to group undertakings are unsecured, interest bearing and have no fixed repayment date

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements
For the year ended 1 January 2012

12 Deferred tax

	1 January 2012 €000	2 January 2011 €000
At beginning of year	(1,979)	(3,965)
Deferred tax movement in profit and loss account	2,318	1,986
At end of year	<u>339</u>	<u>(1,979)</u>

The deferred taxation balance recognised in the financial statements is as follows

	1 January 2012 €000	2 January 2011 €000
Accelerated capital allowances	(3,091)	(5,776)
Short term timing differences	3,430	3,797
	<u>339</u>	<u>(1,979)</u>

The company had no unrecognised deferred tax at the year end

The deferred tax asset has been recognised as the directors of the company consider that it is more likely than not that the asset will crystallise in the future

13. Provision for liabilities

	Share options €000
At 3 January 2011	1,493
Charged to profit and loss account	463
Utilised during the year	(399)
At 1 January 2012	<u>1,557</u>

Share options

The provision represents Employer's National Insurance on unexercised share options (see note 18) This is expected to be utilised within the next 10 years

Notes to the financial statements
For the year ended 1 January 2012

14 Pension arrangements

Johnson & Johnson Consumer Services EAME Limited participates in two pension arrangements in conjunction with other companies in the Johnson & Johnson Group. These are a funded, defined benefit plan called the "Johnson & Johnson UK Group Retirement Plan 35", and a defined contribution plan with some underlying guarantees for employees called the "Johnson & Johnson UK Group Retirement Plan 16".

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

Johnson & Johnson UK Group Retirement Plan 35 and Plan 16

The FRS17 disclosure requirements refer to the situation where either there is only one employer participating in a defined benefit scheme, or there is more than one employer and each employer's share of the underlying assets and liabilities can be identified. In Johnson & Johnson's funded defined benefit scheme the assets attributable to each individual company cannot be identified on a reasonable and consistent basis and so each company's share of the surplus/deficit cannot be identified. In this circumstance, the Accounting Standards Board allows the actual contributions paid by the company to be used as a substitute for 'defined benefit' FRS17 costs.

Contributions paid to the Johnson & Johnson UK Group Retirement Plan 35 by the company in the year 3 January 2011 to 1 January 2012 amounted to €3,986,000.

Contributions paid by the company to Plan 16 in the year 3 January 2011 to 1 January 2012 amounted to €402,000.

At the end of 2011, no contributions were outstanding.

For comparison, during 2010 the company paid contributions of €3,942,415 into Plan 35 and €488,575 into Plan 16.

The best estimate of the company contributions expected in the year 2 January 2012 to 30 December 2012 to be paid to Johnson & Johnson UK Group Retirement Plan 35 is €4,774,000.

The best estimate of the company contributions expected in the year 2 January 2012 to 30 December 2012 to be paid to Johnson & Johnson UK Group Retirement Plan 16 is €121,000.

The company is also required to disclose the overall funding position of the UK Group Retirement Plan (both Plan 35 and Plan 16).

Composition of the Plan

The actuarial valuation of Plan 35 as at 31 March 2011 is currently being carried out. The preliminary valuation results at this date have been updated to 1 January 2012 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2011	2010	2009	2008	2007
Rate of increases in salaries	4.25%	4.25%	3.00%	4.00%	4.00%
Rate of increase in pensions in payment (where 5% LPI applies)	3.00%	3.00%	3.00%	2.75%	2.75%
Discount rate	5.00%	5.50%	5.75%	6.75%	5.75%
Inflation assumption (RPI)	3.25%	3.25%	3.25%	3.00%	3.00%
Inflation assumption (CPI)	2.50%	2.50%	- %	- %	- %
Deferred revaluation assumption	2.50%	2.50%	- %	- %	- %

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements
For the year ended 1 January 2012

14 Pension commitments (continued)

Composition of the Plan (continued)

In addition to the major financial assumptions above, it is assumed that male members currently aged 45 will live for 23.6 years from age 65 and those currently aged 65 will live for 22.3 years from age 65. It is also assumed that all members commute 80% of the maximum permissible amount of their pension for cash in line with current commutation terms.

Taking the liabilities calculated on the above basis and the assets of Plan 35 and Plan 16 at market value gives an aggregate pension scheme deficit at 1 January 2012, for the whole UK Johnson & Johnson Group, of £147,212,000.

Where a deficit exists, the method of removing that deficit is determined by agreement of the Participating Employers and the Trustee. It should be noted that the basis used to calculate the deficit amount for these funding purposes does not correspond to the basis set out by FRS17.

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

Life Assurance

Johnson & Johnson Consumer Services EAME Limited participates in an approved life assurance plan. The premiums paid to these arrangements during 2011 were:

	€000
Johnson & Johnson UK Approved Life Assurance Plan	50
	<hr/> <hr/>

15 Share capital

	1 January 2012 €000	2 January 2011 €000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<hr/> - <hr/>	<hr/> - <hr/>

Notes to the financial statements
For the year ended 1 January 2012

16 Reserves

	Other reserves €000	Profit and loss account €000
At 3 January 2011	11,611	18,811
Profit for the financial year	-	4,613
Share based payment services provided	2,267	-
Share based payment recharge to ultimate parent	(3,085)	-
Share based payment exchange gain on revaluation	250	-
	<hr/>	<hr/>
At 1 January 2012	11,043	23,424

17. Reconciliation of movement in shareholders' funds

	1 January 2012 €000	2 January 2011 €000
Opening shareholders' funds	30,422	25,350
Profit for the financial year	4,613	3,918
Share based payment services provided	2,267	2,586
Share based payment recharge to ultimate parent	(3,085)	(1,962)
Share based payment exchange gain on revaluation	250	530
	<hr/>	<hr/>
Closing shareholders' funds	34,467	30,422

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements For the year ended 1 January 2012

18 Share based payments

Share options

At 1 January 2012 the company's employees were members of 8 stock-based compensation plans operated by the ultimate parent company. The shares outstanding are for contracts under Johnson & Johnson's 2000 and 2005 UK Approved Stock Option Plans, the 2000 and 2005 UK Unapproved Stock Option Plans, the 2000 and 2005 Non-Qualified Option Plans, the 2000 ISO Stock Option Plan and the Merck JV Plan. All of these arrangements are settled in equity.

A reconciliation of option movements over the year to 1 January 2012 is shown below.

	1 January 2012		2 January 2011	
	Number (^{'000})	Weighted average exercise price	Number (^{'000})	Weighted average exercise price
Outstanding at start of year	992	\$60.66	998	\$60.45
Granted	58	\$62.20	91	\$62.62
Forfeited/Cancelled	(34)	\$62.60	(36)	\$62.62
Exercised	(44)	\$54.76	(31)	\$57.42
Transferred	(49)	-	(30)	-
Outstanding at end of year	923	\$60.95	992	\$60.66
Exercisable at end of year	655		634	

The weighted average fair value of options granted in the year was \$432,082 (2010: \$733,870).

For options outstanding at the end of the year, the range of exercise prices and weighted average remaining contractual life are as follows:

1 January 2012				2 January 2011			
Weighted average exercise price	Number of shares (^{'000})	Weighted average Expected	Weighted average Contractual	Weighted average exercise price	Number of shares (^{'000})	Weighted average Expected	Weighted average Contractual
\$52.20	53	1.1 yrs	1.1 yrs	\$52.20	75	2.1 yrs	2.1 yrs
\$53.93	81	2.1 yrs	2.1 yrs	\$53.93	101	3.1 yrs	3.1 yrs
\$58.33	134	7.1 yrs	7.1 yrs	\$58.33	146	8.1 yrs	8.1 yrs
\$58.34	124	4.1 yrs	4.1 yrs	\$58.34	138	5.1 yrs	5.1 yrs
\$61.75	110	6.1 yrs	6.1 yrs	\$61.75	124	7.1 yrs	7.1 yrs
\$62.20	54	9.1 yrs	9.1 yrs	\$62.62	91	9.1 yrs	9.1 yrs
\$62.62	82	8.1 yrs	8.1 yrs	\$65.62	149	6.1 yrs	6.1 yrs
\$65.62	132	5.1 yrs	5.1 yrs	\$66.18	168	4.1 yrs	4.1 yrs
\$66.18	153	3.1 yrs	3.1 yrs				

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

The total charge for the year relating to employee share based payment plans was €8,528 (2010: €221,705), all of which related to equity-settled share based payment transactions. After deferred tax at 25% (2010: 27%), the total charge was €6,396 (2010: €161,844).

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements
For the year ended 1 January 2012

18 Share based payments (continued)

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	1 January 2012	2 January 2011
Share price at grant date and exercise price	\$62.20	\$62.62
Number of employees	35	48
Shares granted in year	57,828	91,383
Vesting period (years)	3 years	3 years
Expected volatility	18.27%	17.43%
Option life (years)	10 years	10 years
Expected life (years)	6 years	6 years
Risk free rate	2.41%	2.78%
Expected dividend yield	3.60%	3.30%
Fair value per option	\$7.47	\$8.03

Starting in 2006, expected volatility represents a blended rate of 4-year daily historical average volatility rate, and a 5-week average implied volatility rate based on at-the-money traded Johnson & Johnson options with a life of 2 years. Prior to 2006, expected volatility was based on a 5-year weekly historical volatility rate. Historical data is used to determine the expected life of the option. The risk free rate was based on the US Treasury yield curve in effect at the time of grant.

Restricted Stock Units

The company also grants Restricted Stock Units (RSU's). These were first granted in 2006 and have a vesting period of 3 years. The average fair value of these units granted during the year was \$55.84, using the fair market value at the date of grant. The fair value of restricted stock units was discounted for dividends, which are not paid on the restricted stock units during the vesting period.

	Number of shares ('000)
Shares at 3 January 2011	188
Stock granted	60
Stock forfeited	(13)
Stock issued	(57)
Stock transferred	(20)
Shares at 1 January 2012	158

Certificates of Extra Compensation

In addition, the company's employees may be eligible to receive Certificates of Extra Compensation (CEC's).

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

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements
For the year ended 1 January 2012

18 Share based payments (continued)**National Insurance**

Share options granted subsequent to 5 April 1999 under unapproved schemes are subject to employers' and employees' national insurance on the gain made on exercise of such options by UK employees

An accrual of €454,837 (2010 €284,349) for employers' national insurance has been made at the balance sheet date based on the year-end share price of \$65.58. It has been assumed that 100% of shares held by employees at the balance sheet date will be exercised.

In addition an accrual of €1,102,447 (2010 €1,208,214) has been made for the employers' national insurance on restricted stock units.

19. Commitments and contingencies

At 1 January 2012 the company had annual commitments under non-cancellable operating leases expiring as follows:

	1 January 2012		2 January 2011	
	Land and buildings €000	Other €000	Land and buildings €000	Other €000
Within one year	-	48	-	161
Within two to five years	-	198	-	-
Over five years	-	-	-	177
	<u>-</u>	<u>246</u>	<u>-</u>	<u>338</u>

20. Ultimate and immediate parent companies and controlling party

The immediate parent company is Johnson & Johnson Management Limited.

The directors regard Johnson & Johnson Inc, a company registered in the United States of America, as the ultimate parent company and ultimate controlling party. This is the smallest group of which the company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements may be obtained from Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.