

Johnson & Johnson Consumer Services EAME Limited

Annual report and financial statements

For the year ended 30 December 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 (resigned 20 December 2012) C D Dempsey (appointed 20 December 2012)
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 30 December 2012

The directors present their annual report and the audited financial statements of the company for the year ended 30 December 2012

Principal activities

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

Business review

The directors are satisfied with the performance of the company during the year

The key financial and other performance measures were as follows

	30 December 2012 €000	1 January 2012 €000	Change
Turnover	110,661	131,910	(16)%
Profit on ordinary activities before taxation	5,269	6,281	(16)%
Total shareholders' funds	37,261	34,467	8 %
Average number of employees	236	256	(8)%

The results and dividend section below and the profit and loss account on page 8 show the results for the financial year

Turnover has decreased by 16% in 2012 due to continued cost reduction measures driven by the current economic climate and the subsequent impact on service cost recharges to fellow Johnson & Johnson group companies

Profit on ordinary activities before taxation has therefore decreased by 16% in line with management expectations

The balance sheet on page 10 of the financial statements shows the company's financial position at the end of the year

The average number of employees fell by 8% as a result of continued reforms and cost containment measures aimed at maintaining the competitiveness of the business

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

Johnson & Johnson Consumer Services EAME Limited

Directors' report For the year ended 30 December 2012

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 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 8.

The company's profit for the financial year is €3,805,000 (2011: €4,613,000). The aggregate dividends on the ordinary shares recognised during the financial year amounts to €nil (2011: €nil). There are no proposed dividends awaiting approval at the balance sheet date (2011: €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 30 December 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	(resigned 20 December 2012)
C D Dempsey	(appointed 20 December 2012)

Research and development

Johnson & Johnson 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 and political contributions

Charitable contributions paid during the year amounted to €nil (2011: €nil).

No donations were made during the year to political organisations (2011: €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. Team briefings, which complement other forms of management communication, ensure that all levels in the organisation are kept up-to-date on the performance of the company, thereby increasing employee engagement.

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

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

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

Disabled persons

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

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 30 December 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 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 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


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C R Thorne
Director

Date 10/9/13

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 30 December 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 30 December 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 12 September 2013

Johnson & Johnson Consumer Services EAME Limited

Profit and loss account
For the year ended 30 December 2012

		Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
	Note		
Turnover	2	110,661	131,910
Administrative expenses		(105,088)	(124,416)
Operating profit	3	5,573	7,494
Interest payable and similar charges	7	(304)	(1,213)
Profit on ordinary activities before taxation		5,269	6,281
Tax on profit on ordinary activities	8	(1,464)	(1,668)
Profit for the financial year	16	3,805	4,613

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

Johnson & Johnson Consumer Services EAME Limited

Statement of total recognised gains and losses
For the year ended 30 December 2012

	Note	Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
Profit for the financial year		3,805	4,613
Actuarial loss on pension scheme	14	(43)	-
Movement on deferred tax relating to actuarial loss on pension scheme	12	10	-
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		3,772	4,613
		<hr/>	<hr/>

The notes on pages 11 to 26 form part of these financial statements

Balance sheet
As at 30 December 2012

	Note	30 December 2012 €000	1 January 2012 €000
Fixed assets			
Tangible assets	9	63,140	69,285
Current assets			
Debtors	10	11,492	18,754
Cash at bank and in hand		137	129
		<u>11,629</u>	<u>18,883</u>
Creditors amounts falling due within one year	11	<u>(35,306)</u>	<u>(52,144)</u>
Net current liabilities		<u>(23,677)</u>	<u>(33,261)</u>
Total assets less current liabilities		<u>39,463</u>	<u>36,024</u>
Provisions for liabilities			
Other provisions	13	<u>(1,705)</u>	<u>(1,557)</u>
Net assets excluding pension scheme liabilities		<u>37,758</u>	<u>34,467</u>
Defined benefit pension scheme liability	14	<u>(497)</u>	<u>-</u>
Net assets including pension scheme liabilities		<u><u>37,261</u></u>	<u><u>34,467</u></u>
Capital and reserves			
Called up share capital	15	-	-
Other reserves	16	10,065	11,043
Profit and loss account	16	<u>27,196</u>	<u>23,424</u>
Total shareholders' funds	17	<u><u>37,261</u></u>	<u><u>34,467</u></u>

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



C R Thorne
Director

Date 10/9/13

The notes on pages 11 to 26 form part of these financial statements

Notes to the financial statements
For the year ended 30 December 2012

1 Principal accounting policies

Accounting period

The accounting year ended 30 December 2012 consists of 52 weeks. For the purposes of these financial statements the year is referred to as 2012. The accounting year ended 1 January 2012 is referred to as 2011.

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 30 December 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 are eligible to join the funded defined benefit scheme, and the defined contribution scheme is closed to new entrants.

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, 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 30 December 2012

1 Principal accounting policies (continued)

Share-based payments (continued)

Upon exercise, Johnson & Johnson 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) or Certificates of Long Term Performance (CLP's).

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

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

Cash flow statement

The company is a wholly owned subsidiary of Johnson & Johnson, and the cash flows of the company are included in the consolidated financial statements of Johnson & Johnson, 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, whose financial statements are publicly available.

Johnson & Johnson Consumer Services EAME Limited

Notes to the financial statements For the year ended 30 December 2012

2. Turnover

Turnover represents income received in respect of amounts charged to fellow group companies for services provided and expenses incurred by the company. In the opinion of the directors this represents the only class of business.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging/(crediting)

	Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
Depreciation of tangible fixed assets		
- owned by the company	22,616	23,256
Operating lease charges		
- plant and machinery	397	518
- other	1,129	1,103
(Profit)/loss on foreign exchange	(448)	1,707
Research and development expenditure	3,641	4,506

4. Auditors' remuneration

	Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
Fees payable to PricewaterhouseCoopers LLP for the statutory audit of the company	43	37

Notes to the financial statements
For the year ended 30 December 2012

5. Directors' emoluments

	Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
Aggregate emoluments	<u>244</u>	<u>195</u>

Retirement benefits are accruing to one directors (2011 two directors) under the company's defined benefit pension scheme and to no directors (2011 none) under the money purchase scheme

One director (2011 one director) 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 30 December 2012 €000	Year ended 1 January 2012 €000
Highest paid director		
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	244	195
Defined benefit scheme		
Accrued pension at year end	<u>71</u>	<u>54</u>

The highest paid director exercised share options during the year (2011 exercised)

Notes to the financial statements
For the year ended 30 December 2012

6. Staff costs

Staff costs were as follows

	Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
Wages and salaries	22,772	22,723
Social security costs	2,813	2,674
Pension costs (see note 14)	5,593	4,388
Share-based payments (see note 18)	26	145
	<u>31,204</u>	<u>29,930</u>

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

	Year ended 30 December 2012 No.	Year ended 1 January 2012 No.
Production and distribution	37	34
Selling and marketing	59	70
Administration	140	152
	<u>236</u>	<u>256</u>

'Share-based payments' include €30,000 (2011: €9,000) charged in respect of the fair value of employee services provided and a credit (2011: charge) of €4,000 (2011: €136,000) 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 30 December 2012 €000	Year ended 1 January 2012 €000
Interest paid to group undertakings	<u>304</u>	<u>1,213</u>

Notes to the financial statements
For the year ended 30 December 2012

8. Tax on profit on ordinary activities

	Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	3,554	3,986
Deferred tax		
Origination and reversal of timing differences	(2,090)	(2,318)
Tax on profit on ordinary activities	1,464	1,668

Factors affecting tax charge for the year

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	Year ended 30 December 2012 €000	Year ended 1 January 2012 €000
Profit on ordinary activities before taxation	5,269	6,281
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	1,291	1,664
Effects of		
Expenses not deductible for tax purposes	-	22
Accelerated capital allowances and other timing differences	2,263	2,300
Total current tax charge for the year (see note above)	3,554	3,986

Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24.5%.

On 3 July 2012 a change in the UK main corporation tax rate to 23% was substantively enacted to be in effect from 1 April 2013, as a result the relevant deferred tax balances have been re-measured.

A further 2% reduction in the UK main corporation tax rate to 21% was announced in the Autumn Statement. This is to be effective from 1 April 2014. The further reduction had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

Notes to the financial statements
For the year ended 30 December 2012

9. Tangible fixed assets

	Fixtures, fittings and equipment €000	Capital assets under construction €000	Total €000
Cost			
At 2 January 2012	141,234	11,743	152,977
Additions	-	16,471	16,471
Transfer between classes	11,467	(11,467)	-
At 30 December 2012	152,701	16,747	169,448
Accumulated depreciation			
At 2 January 2012	83,692	-	83,692
Charge for the year	22,616	-	22,616
At 30 December 2012	106,308	-	106,308
Net book amount			
At 30 December 2012	46,393	16,747	63,140
At 1 January 2012	57,542	11,743	69,285

10 Debtors

	30 December 2012 €000	1 January 2012 €000
Amounts falling due within one year		
Amounts owed by group undertakings	8,523	16,958
Prepayments	678	1,457
Deferred tax asset (note 12)	2,291	339
	11,492	18,754

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

11. Creditors amounts falling due within one year

	30 December 2012 €000	1 January 2012 €000
Trade creditors	7,644	11,667
Amounts owed to group undertakings	16,761	28,228
Corporation tax	1,573	1,898
Other taxation and social security	850	762
Accruals	8,478	9,589
	35,306	52,144

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

Notes to the financial statements
For the year ended 30 December 2012

12. Deferred tax

Deferred taxation recognised in the financial statements is as follows

	Amount recognised / (amount provided)	
	30 December 2012 €000	1 January 2012 €000
Accelerated capital allowances	(764)	(3,091)
Short term timing differences	3,055	3,430
Deferred tax asset excluding that relating to the pension liability	2,291	339
Deferred tax asset on pension liability	148	-
Total deferred tax asset	2,439	339

	30 December 2012 €000	1 January 2012 €000
At start of year	339	(1,979)
Deferred tax movement in profit and loss account	2,090	2,318
Deferred tax movement in statement of total recognised gains and losses	10	-
At end of year	2,439	339

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 the asset will crystallise in the future

13 Provision for liabilities

	Share options €000
At 2 January 2012	1,557
Charged to profit and loss account	612
Utilised during the year	(464)
At 30 December 2012	1,705

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 30 December 2012

14 Pension commitments

Johnson & Johnson Consumer Services EAME Limited participates in three pension arrangements in conjunction with other companies in the Johnson & Johnson Group. These are:

- A funded, defined benefit plan called the "Johnson & Johnson UK Group Retirement Plan",
- A defined contribution plan with some underlying guarantees for employees called the "Johnson & Johnson UK Group Retirement Plan 16", and
- An unfunded, unapproved defined benefit arrangement

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

Johnson & Johnson UK Group Retirement Plan 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 by the company in the year 2 January 2012 to 30 December 2012 amounted to €4,837,000.

Contributions paid by the company to Plan 16 in the year 2 January 2012 to 30 December 2012 amounted to €154,000.

At the end of 2012, no contributions were outstanding.

For comparison, during 2011 the company paid contributions of €3,986,000 into the Plan and €259,000 into Plan 16.

The best estimate of the company contributions expected in the period 31 December 2012 to 29 December 2013 to be paid to Johnson & Johnson UK Group Retirement Plan is €4,619,000.

The best estimate of the company contributions expected in the period 31 December 2012 to 29 December 2013 to be paid to Johnson & Johnson UK Group Retirement Plan 16 is €42,000.

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

Composition of the UK Group Retirement Plan

The statutory actuarial funding valuation of the Plan as at 31 March 2011 has been completed. The valuation results at this date have been updated to 30 December 2012 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2012	2011	2010	2009	2008
Rate of increases in salaries	4.25%	4.25%	4.25%	3.00%	4.00%
Rate of increase in pensions in payment (where 5% LPI applies)	3.00%	3.00%	3.00%	3.00%	2.75%
Discount rate	4.60%	5.00%	5.50%	5.75%	6.75%
Inflation assumption (RPI)	3.25%	3.25%	3.25%	3.25%	3.00%

Notes to the financial statements
For the year ended 30 December 2012

14. Pension commitments (continued)

In addition to the major financial assumptions above, it is assumed that male members currently aged 45 will live for 23.7 years from age 65 and those currently aged 65 will live for a further 22.4 years. 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 the Plan and Plan 16 at market value gives an aggregate pension scheme deficit at 30 December 2012, for the whole UK Johnson & Johnson Group, of £141,601,000. This includes a small deficit in Plan 16 at 30 December 2012 of £4,143,000.

Where a deficit exists in any of the plans, 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.

Neither the Johnson & Johnson UK Group Retirement Plan or Plan 16 has any self investments.

Unfunded, unapproved defined benefit arrangement

As mentioned above, there is a small unfunded unapproved pension arrangement for employees following the benefit changes that were implemented with effect from 1 April 2012. To mitigate the impact of the reduced Annual Allowance (and the associated tax charges) on Plan members, some employees accrue part of their benefits outside of the registered pension arrangement.

Since this arrangement is unfunded, it does not have the difficulty of determining the split of assets and so full details are provided. This includes the FRS17 liability and expense in respect of Johnson & Johnson Consumer Services EAME Limited and a reconciliation of the movement in liability over the current accounting year.

The financial assumptions underlying the calculation of the unfunded, unapproved liability are identical to those underlying the calculation of the funded liability.

	2012 €000	2011 €000	2010 €000	2009 €000	2008 €000
Net pension liability					
Deficit in scheme	(645)	-	-	-	-
Related deferred tax asset	148	-	-	-	-
Net pension liability	(497)	-	-	-	-

	2012 €000	2011 €000	2010 €000	2009 €000	2008 €000
Movement in liability during the year					
Liability in scheme at beginning of the year	-	-	-	-	-
Movement in year					
Current service costs	(602)	-	-	-	-
Past service costs	-	-	-	-	-
Other finance expense	-	-	-	-	-
Assumptions gain/(loss)	(43)	-	-	-	-
Experience gain/(loss)	-	-	-	-	-
Settlement of liability	-	-	-	-	-
Liability in scheme at end of year	(645)	-	-	-	-

Notes to the financial statements
For the year ended 30 December 2012

14. Pension commitments (continued)

Analysis of the amount charged to profit or loss	2012 €000	2011 €000	2010 €000	2009 €000	2008 €000
Current service costs	(602)	-	-	-	-
Past service costs	-	-	-	-	-
Interest on pension scheme liabilities	-	-	-	-	-
Total expense recognised in profit and loss account	(602)	-	-	-	-

Analysis of amount recognised in STRGL	2012 €000	2011 €000	2010 €000	2009 €000	2008 €000
Experience gains arising on scheme liabilities	-	-	-	-	-
Changes in assumptions underlying the present value of the scheme liabilities	(43)	-	-	-	-
Actuarial (loss)/gain recognised in STRGL	(43)	-	-	-	-

History of experience gains and losses

	2012	2011	2010	2009	2008
Experience (gains)/losses of scheme liabilities					
Amount (€000)	-	-	-	-	-
% of the present value of the scheme liabilities	- %	- %	- %	- %	- %
Total amount recognised in the STRGL					
Amount (€000)	(43)	-	-	-	-
% of the present value of the scheme liabilities	6.7%	- %	- %	- %	- %

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is €43,000

Estimated benefits to be paid directly by Johnson & Johnson Consumer Services EAME Limited during the next accounting year are €nil

Life Assurance

Johnson & Johnson Consumer Services EAME Limited participates in an approved life assurance plan. The premiums paid to these arrangements during 2012 were

	€000
Johnson & Johnson UK Approved Life Assurance Plan	54

Notes to the financial statements
For the year ended 30 December 2012

15 Called up share capital

	30 December 2012 €	1 January 2012 €
Allotted, called up and fully paid		
100 (2011 100) ordinary shares of £1 each	100	100

16. Reserves

	Other reserves €000	Profit and loss account €000
At 2 January 2012	11,043	23,424
Profit for the financial year	-	3,805
Actuarial loss on pension scheme net of deferred tax	-	(33)
Share based payment services provided	2,232	-
Share based payment recharge to ultimate parent	(3,466)	-
Share based payment exchange gain on revaluation	256	-
At 30 December 2012	10,065	27,196

17. Reconciliation of movement in shareholders' funds

	30 December 2012 €000	1 January 2012 €000
Opening shareholders' funds	34,467	30,422
Profit for the financial year	3,805	4,613
Actuarial loss on pension scheme net of deferred tax	(33)	-
Share based payment services provided	2,232	2,267
Share based payment recharge to ultimate parent	(3,466)	(3,085)
Share based payment exchange gain on revaluation	256	250
Closing shareholders' funds	37,261	34,467

Notes to the financial statements
For the year ended 30 December 2012

18 Share based payments

Share options

At 30 December 2012 the company's employees were members of 7 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, and the 2000 ISO Stock Option Plan. All of these arrangements are settled in equity.

A reconciliation of option movements over the year to 30 December 2012 is shown below.

	30 December 2012		1 January 2012	
	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
Outstanding at start of year	923	\$60.95	992	\$60.66
Granted	22	\$65.37	58	\$62.20
Forfeited/Cancelled	(18)	\$63.73	(34)	\$62.60
Exercised	(168)	\$57.55	(44)	\$54.76
Transferred	(2)	-	(49)	-
Outstanding at end of year	<u>757</u>	<u>\$61.77</u>	<u>923</u>	<u>\$60.95</u>
Exercisable at end of year	<u>614</u>		<u>655</u>	

The weighted average fair value of options granted in the year was \$141,913 (2011: \$432,082). The weighted average share price at the date of exercise for options exercised in the year was \$67.10 (2011: \$65.49).

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

30 December 2012				1 January 2012			
Weighted average exercise price	Number of shares ('000)	Weighted average remaining life		Weighted average exercise price	Number of shares ('000)	Weighted average remaining life	
		Expected	Contractual			Expected	Contractual
\$52.20	11	0.1 yrs	0.1 yrs	\$52.20	53	1.1 yrs	1.1 yrs
\$53.93	48	1.1 yrs	1.1 yrs	\$53.93	81	2.1 yrs	2.1 yrs
\$66.18	137	2.1 yrs	2.1 yrs	\$58.33	134	7.1 yrs	7.1 yrs
\$58.34	102	3.1 yrs	3.1 yrs	\$58.34	124	4.1 yrs	4.1 yrs
\$65.62	115	4.1 yrs	4.1 yrs	\$61.75	110	6.1 yrs	6.1 yrs
\$61.75	95	5.1 yrs	5.1 yrs	\$62.20	54	9.1 yrs	9.1 yrs
\$58.33	106	6.1 yrs	6.1 yrs	\$62.62	82	8.1 yrs	8.1 yrs
\$62.62	72	7.1 yrs	7.1 yrs	\$65.62	132	5.1 yrs	5.1 yrs
\$62.20	52	8.1 yrs	8.1 yrs	\$66.18	153	3.1 yrs	3.1 yrs
\$65.37	19	9.1 yrs	9.1 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 €29,504 (2011: €8,528), all of which related to equity-settled share based payment transactions. After deferred tax at 23% (2011: 25%), the total charge was €22,718 (2011: €6,396).

Notes to the financial statements
For the year ended 30 December 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:

	30 December 2012	1 January 2012
Share price at grant date and exercise price	\$65.37	\$62.20
Number of employees	22	35
Shares granted in year	22,200	57,828
Vesting period (years)	3 years	3 years
Expected volatility	18.39%	18.27%
Option life (years)	10 years	10 years
Expected life (years)	6 years	6 years
Risk free rate	1.06%	2.41%
Expected dividend yield	3.60%	3.60%
Fair value per option	\$6.39	\$7.47

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 \$58.68, 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.

	30 December 2012	1 January 2012
	Number of shares ('000)	Number of shares ('000)
Shares at start of year	158	188
Stock granted	65	60
Stock forfeited	(26)	(13)
Stock issued	(40)	(57)
Stock transferred	(1)	(20)
Shares at end of year	156	158

Certificates of Extra Compensation & Certificates of Long Term Performance

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

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

Notes to the financial statements
For the year ended 30 December 2012

18. Share based payments (continued)

Certificates of Extra Compensation & Certificates of Long Term Performance (continued)

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

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 €569,231 (2011: €454,837) for employers' national insurance has been made at the balance sheet date based on the year-end share price of \$69.48. It has been assumed that 100% of shares held by employees at the balance sheet date will be exercised.

In addition an accrual of €1,136,003 (2011: €1,102,447) has been made for the employers' national insurance on restricted stock units.

19. Commitments and contingencies

At 30 December 2012 the company had annual commitments under non-cancellable operating leases expiring as follows:

	30 December 2012		1 January 2012	
	Land and buildings €000	Other €000	Land and buildings €000	Other €000
Within one year	-	3	-	48
Within two to five years	-	226	-	198
Over five years	-	-	-	-
	<u>-</u>	<u>229</u>	<u>-</u>	<u>246</u>

20. Ultimate and immediate parent companies and controlling party

The immediate parent company is Johnson & Johnson Management Limited.

The directors regard Johnson & Johnson, a company registered in the United States of America, as the ultimate parent company and ultimate controlling party. This is the smallest and largest 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.