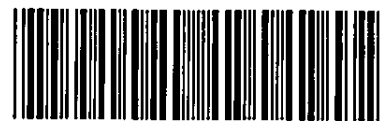


Registered no 00603028

**Johnson & Johnson Consumer Services EAME Limited**  
**Annual report and financial statements**  
**for the period ended 3 January 2010**

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# **Johnson & Johnson Consumer Services EAME Limited**

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# **Johnson & Johnson Consumer Services EAME Limited** <sup>1</sup>

## **Directors and advisers**

### **Directors**

Mrs V Dawkins  
Mr C R Thorne

### **Company Secretary**

Mr C R Thorne

### **Registered office**

Foundation Park  
Roxborough Way  
Maidenhead  
Berkshire SL6 3UG

### **Independent auditors**

PricewaterhouseCoopers LLP  
9 Greyfriars Road  
Reading  
Berkshire RG1 1JG

### **Solicitors**

Linklaters LLP  
One Silk Street  
London EC2Y 8HQ

### **Bankers**

Royal Bank of Scotland Plc  
Corporate Banking Office  
P O Box 450  
5-10 Great Tower Street  
London EC3P 3HX

# **Johnson & Johnson Consumer Services EAME Limited** 2

## **Directors' report for the period ended 3 January 2010**

The directors present their report and the audited financial statements of the company for the period ended 3 January 2010

### **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 period end financial position remain satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

### **Key performance indicators ("KPIs")**

The directors of Johnson & Johnson Consumer EAME Limited manage the company's operations on a divisional basis. The business is managed using a set of financial and non-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 and interest rate 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.

### **Results and dividends**

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

The company's profit for the period is €4,704,000 (2008: €5,628,000). An interim dividend of €nil (2008: €138,510) per ordinary share amounting to €nil (2008: €13,851,000) was paid during the period. The aggregate dividends on the ordinary shares recognised during the period amounts to €nil (2008: €13,851,000). There are no proposed dividends awaiting approval at the balance sheet date (2008: £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.

**Directors' report for the period ended 3 January 2010  
(continued)**

**Directors**

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

Mr C R Thorne  
Mrs V Dawkins

**Research and development**

Johnson & Johnson is heavily committed to research and development activities in order to bring new or improved products on to the personal healthcare market so as to maintain its position within the market. It is the company's policy to write off all such expenditure as incurred. All expenditure incurred within Johnson & Johnson Consumer Services EAME Limited is for Regulatory Affairs. Hence, amounts written off to the profit and loss account in the period amount to €8,058,000 (2008 €8,367,000).

**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.

**Charitable contributions**

Charitable contributions paid during the period amounted to €nil (2008 €nil).

**Directors' report for the period ended 3 January 2010  
(continued)**

**Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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.

**Auditors and 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 (that is, information needed by the company's auditors in connection with preparing their report) 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.

On behalf of the board



Mrs V Dawkins  
Director

18 May 2010.

**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 period ended 3 January 2010 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 Directors' Responsibilities Statement 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 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.

**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 3 January 2010 and of its profit for the period 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 6

### Independent auditors' report to the members of Johnson & Johnson Consumer Services EAME Limited (continued)

#### 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



Terri Coughlan  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

18 May 2010



## Johnson & Johnson Consumer Services EAME Limited <sup>7</sup>

### Profit and loss account for the period ended 3 January 2010

	Notes	2009 €'000	2008 €'000
Turnover	2	137,876	126,568
Operating expenses		(130,046)	(114,614)
Operating profit	3	7,830	11,954
Interest payable and similar charges	6	(1,252)	(4,257)
Profit on ordinary activities before taxation		6,578	7,697
Tax on profit on ordinary activities	7	(1,874)	(2,069)
Profit for the financial period	17	4,704	5,628

There is no material difference between the profit on ordinary activities before taxation and the profit for the periods 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

# Johnson & Johnson Consumer Services EAME Limited <sup>8</sup>

## Balance sheet as at 3 January 2010

	Notes	2009 €'000	2008 €'000
<b>Fixed assets</b>			
Tangible assets	9	82,846	73,906
<b>Current assets</b>			
Debtors	10	39,507	46,354
		39,507	46,354
Creditors: Amounts falling due within one year	11	(92,495)	(97,926)
<b>Net current liabilities</b>		<b>(52,988)</b>	<b>(51,572)</b>
<b>Total assets less current liabilities</b>		<b>29,858</b>	<b>22,334</b>
Provisions for liabilities and charges	12	(4,508)	(4,092)
<b>Net assets</b>		<b>25,350</b>	<b>18,242</b>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account	17	14,893	10,189
Other reserves	17	10,457	8,053
<b>Total shareholders' funds</b>	18	<b>23,350</b>	<b>18,242</b>

The financial statements on pages 7 to 23 were approved by the board of directors on 18 May 2010 and were signed on its behalf by



Mrs V Dawkins  
Director  
Johnson & Johnson Consumer Services EAME Ltd  
Registered no: 00603028

# Johnson & Johnson Consumer Services EAME Limited <sup>9</sup>

## Notes to the financial statements for the period ended 3 January 2010

### 1 Principal accounting policies

#### Accounting period

The accounting period ended 3 January 2010 consists of 53 weeks. For the purposes of these financial statements this period is referred to as 2009.

#### Basis of accounting

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 period, 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 assets classification.

The principal annual rates used for this purpose are

	%
Fixtures, fittings and equipment	20 - 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.

**Notes to the financial statements for the period ended 3 January 2010 (continued)**

**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 periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on 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 period, 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 periods 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.

**Notes to the financial statements for the period ended 3 January 2010 (continued)**

**1 Principal accounting policies (continued)**

**Share-based payment**

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 period end (based upon the difference between the option exercise prices and the market value at the period 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 period.

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 period. 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.

**Notes to the financial statements for the period ended 3 January 2010 (continued)**

**1 Principal accounting policies (continued)**

**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 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, 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 available under FRS 8 not to disclose related party transactions with companies of which 100% of the voting rights are controlled within the group

**2 Turnover**

Turnover represents income received in respect of amounts charged to fellow group companies for services provided and expenses incurred by the company and is generated wholly in the United Kingdom and is wholly intercompany

# Johnson & Johnson Consumer Services EAME Limited <sup>13</sup>

## Notes to the financial statements for the period ended 3 January 2010 (continued)

### 3 Operating profit

	2009 €'000	2008 €'000
<b>Operating profit is stated after charging/(crediting):</b>		
Wages and salaries	25,247	26,189
Social security costs	2,629	2,994
Share based payment - fair value of employee services (note 16)	684	1,027
Share based payment – movement in potential recharge to ultimate parent in respect of options not being fair valued (note 16)	564	898
Pension costs (note 14)	10,720	7,942
<b>Staff costs</b>	<b>39,844</b>	<b>39,050</b>
Depreciation charge for the period		
Tangible owned fixed assets (note 9)	16,103	10,575
Research and development expenditure	8,058	8,367
Foreign exchange gain	7,031	(31,198)
Operating lease charges		
Plant and machinery	560	562
Other	800	753

### Services provided by the company's auditor and network firms

During the period the company obtained the following services from the company's auditor at costs as detailed below

	2009 €'000	2008 €'000
<b>Payable to PricewaterhouseCoopers LLP and network firms:</b>		
<b>Audit services:</b> fees payable for the audit of the company	33	40
<b>Non-audit services:</b>		
Services relating to taxation	-	29
All other services	-	1
	-	30
<b>Total services</b>	<b>33</b>	<b>70</b>

### 4 Directors' emoluments

All directors' emoluments are paid through Johnson & Johnson Limited and are disclosed in the financial statements of that company, other than Mr C R Thorne who did not receive any emoluments for his services to the company

# Johnson & Johnson Consumer Services EAME Limited <sup>14</sup>

## Notes to the financial statements for the period ended 3 January 2010 (continued)

### 5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was

	2009 Number	2008 Number
<b>By activity</b>		
Production and distribution	27	22
Selling and marketing	79	95
Administration	186	184
	<b>292</b>	<b>301</b>

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

### 6 Interest payable and similar charges

	2009 €'000	2008 €'000
Interest paid to group undertakings	1,252	4,257

### 7 Tax on profit on ordinary activities

	2009 €'000	2008 €'000
<b>Current tax:</b>		
UK corporation tax on profits of the period	1,797	637
Adjustments in respect of previous periods	3	-
<b>Total current tax</b>	<b>1,800</b>	<b>637</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	74	1,432
<b>Total deferred tax (see note 13)</b>	<b>74</b>	<b>1,432</b>
<b>Tax on profit on ordinary activities</b>	<b>1,874</b>	<b>2,069</b>



**Notes to the financial statements for the period ended 3 January 2010 (continued)**

**7 Tax on profit on ordinary activities (continued)**

The tax assessed for the period is lower (2008 lower) than the standard rate of corporation tax in the UK 28% (2008 28.5%). The differences are explained below

	2009	2008
	€'000	€'000
Profit on ordinary activities before tax	6,578	7,697
Profit on ordinary activities multiplied by standard rate in the UK 28% (2008 28.5%)	1,842	2,193
Effects of		
Expenses not deductible	84	87
Accelerated capital allowances and other timing differences	(73)	(1,457)
Deduction for stock option exercises	(56)	(186)
Adjustments in respect of previous periods	3	-
Current tax charge for the period	1,800	637

**8 Dividends**

	2009	2008
	€'000	€'000
Equity – ordinary		
Interim paid €nil (2008 €138,510) per ordinary £1 share	-	13,851

## Johnson & Johnson Consumer Services EAME Limited <sup>16</sup>

### Notes to the financial statements for the period ended 3 January 2010 (continued)

#### 9 Tangible fixed assets

	Fixtures, fittings and equipment €'000	Capital assets under construction €'000	Total €'000
<b>Cost</b>			
At 29 December 2008	72,814	24,720	97,534
Additions	-	25,043	25,043
Transfers	24,720	(24,720)	-
<b>At 3 January 2010</b>	<b>97,534</b>	<b>25,043</b>	<b>122,577</b>
<b>Accumulated depreciation</b>			
At 29 December 2008	23,628	-	23,628
Charge for period	16,103	-	16,103
<b>At 3 January 2010</b>	<b>39,731</b>	<b>-</b>	<b>39,731</b>
<b>Net book amount</b>			
<b>At 3 January 2010</b>	<b>57,803</b>	<b>25,043</b>	<b>82,846</b>
<b>Net book amount</b>			
At 28 December 2008	49,186	24,720	73,906

#### 10 Debtors

	2009 €'000	2008 €'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	36,177	38,448
Prepayments and accrued income	3,330	7,666
Corporation tax	-	240
	<b>39,507</b>	<b>46,354</b>

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

# Johnson & Johnson Consumer Services EAME Limited 17

## Notes to the financial statements for the period ended 3 January 2010 (continued)

### 11 Creditors: Amounts falling due within one year

	2009	2008
	€'000	€'000
Bank overdraft	4,641	2,074
Trade creditors	8,740	3,324
Amounts owed to group undertakings	60,191	68,187
Corporation tax	1,602	-
Accruals and deferred income	17,321	24,341
	92,495	97,926

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

### 12 Provisions for liabilities and charges

	Deferred Tax €'000	Share Options €'000	Total €'000
At 29 December 2008	3,891	201	4,092
Charged to the profit and loss account	74	435	509
Utilised during the year	-	(93)	(93)
At 3 January 2010	3,965	543	4,508

The provision represents Employer's National Insurance on unexercised share options (see note 16)  
This is expected to be utilised within the next 10 years

### 13 Deferred tax

Deferred tax liability recognised in the financial statements is as follows

	Amount recognised/(amount provided)	
	2009	2008
	€'000	€'000
Accelerated capital allowances	(7,231)	(6,287)
Short term timing differences	3,266	2,396
<b>Total deferred tax liability</b>	<b>(3,965)</b>	<b>(3,891)</b>

The company had no unrecognised deferred tax at the period end

**Notes to the financial statements for the period ended 3 January 2010 (continued)****13 Deferred tax (continued)**

	2009	2008
	€'000	€'000
At start of period	(3,891)	(2,459)
Charged to profit and loss account	(74)	(1,432)
<b>At end of period</b>	<b>(3,965)</b>	<b>(3,891)</b>

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

**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 period 1 January 2009 to 31 December 2009 amounted to €11,729,422. This total also included special one-off deficit reduction lump sum payments totalling €8,409,922.

Contributions paid by the Company to Plan 16 in the period 1 January 2009 to 31 December 2009 amounted to €308,817 (2008: €224,992). At the end of 2009, no contributions were outstanding.

For comparison, during 2008 the Company paid contributions of €7,941,712 into the combined Plan.

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

# Johnson & Johnson Consumer Services EAME Limited 19

## Notes to the financial statements for the period ended 3 January 2010 (continued)

### 14 Pension arrangements (continued)

#### Composition of the Plan

A full actuarial valuation was carried out as at 31 March 2008 (before the demerger of the Group Plan) and updated to 31 December 2009 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms)

	2009	2008	2007	2006	2005
Rate of increase in salaries	3.00%*	4.00%	4.00%	3.75%	3.75%
Rate of increase in pensions in payment (where 5% LPI applies)	3.00%	2.75%	2.75%	2.50%	2.50%
Discount rate	5.75%	6.75%	5.75%	5.00%	4.80%
Inflation assumption	3.25%	3.00%	3.00%	2.75%	2.75%

\*Rate of increase in salaries assumed to be 3.00% for 2010, 4.25% thereafter

In addition to the major financial assumptions above, it is assumed that male members currently aged 45 will live for 23 years from age 65. It is also assumed that all members commute 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 at market value gives an aggregate pension scheme deficit at 31 December 2009, for the whole UK Johnson & Johnson Group, of €90,048,718.

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 participate in an approved life assurance plan. The premiums paid to these arrangements during 2009 were

	€'000
Johnson & Johnson UK Approved Life Assurance Plan	19

### 15 Called up share capital

	2009 €'000	2008 €'000
<b>Authorised</b>		
50,000 ordinary shares of £1 each	75	75
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	-	-

# Johnson & Johnson Consumer Services EAME Limited 20

## Notes to the financial statements for the period ended 3 January 2010 (continued)

### 16 Share Options

At 31 December 2009 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 and the 2000 Merck JV Plan. All of these arrangements are settled in equity.

A reconciliation of option movements over the year to 31 December 2009 is shown below.

	2009		2008	
	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
Outstanding at start of year	897	\$60.64	831	\$60.09
Granted	166	\$58.33	159	\$61.75
Forfeited/Cancelled	(21)	\$60.94	(63)	\$62.21
Exercised	(39)	\$55.14	(60)	\$58.95
Transferred	(5)	-	30	-
Outstanding at end of year	998	\$60.45	897	\$60.64
Exercisable at end of year	533		387	

The weighted average fair value of options granted in the year was \$1,384,532 (2008 \$1,217,321).

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

Weighted average exercise price	2009 Number of shares ('000)	Weighted average remaining life:		Weighted average exercise price	2008 Number of shares ('000)	Weighted average remaining life:	
		Expected	Contractual			Expected	Contractual
\$52.20	81	3.1 yrs	3.1 yrs	\$52.20	93	4.1 yrs	4.1 yrs
\$53.93	105	4.1 yrs	4.1 yrs	\$53.93	117	5.1 yrs	5.1 yrs
\$58.33	161	9.1 yrs	9.1 yrs	\$58.34	192	7.1 yrs	7.1 yrs
\$58.34	169	6.1 yrs	6.1 yrs	\$61.75	145	9.1 yrs	9.1 yrs
\$61.75	140	8.1 yrs	8.1 yrs	\$65.62	172	8.1 yrs	8.1 yrs
\$65.62	164	7.1 yrs	7.1 yrs	\$66.18	178	6.1 yrs	6.1 yrs
\$66.18	178	5.1 yrs	5.1 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 €683,924 (2008 €1,026,674), all of which related to equity-settled share based payment transactions. After deferred tax at 28% (2008 28%), the total charge was €492,425 (2008 €739,205).

**Notes to the financial statements for the period ended 3 January 2010 (continued)**

**16 Share Options (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:

	<b>2009</b>	<b>2008</b>
Share price at grant date and exercise price	<b>\$58.33</b>	\$61.75
Number of employees	<b>114</b>	112
Shares granted in the year	<b>165,852</b>	159,023
Vesting period (years)	<b>3 years</b>	3 years
Expected volatility	<b>19.48%</b>	15.0%
Option life (years)	<b>10 years</b>	10 years
Expected life (years)	<b>6 years</b>	6 years
Risk free rate	<b>2.71%</b>	2.97%
Expected dividend yield	<b>3.30%</b>	2.90%
Fair value per option	<b>\$8.35</b>	\$7.66

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 \$52.83, 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.

<b>Restricted Stock Units</b>	<b>Number of shares ('000)</b>
Shares at 1 January 2009	121
Stock granted	58
Stock forfeited	(4)
Stock issued	(15)
Stock transferred	(3)
Shares at 31 December 2009	157

**Notes to the financial statements for the period ended 3 January 2010 (continued)****16 Share Options (continued)****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

**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 €421,025 (2008 €181,909) for employers' national insurance has been made at the balance sheet date based on the year-end share price of \$64.73. It has been assumed that 100% of shares held by employees at the balance sheet date will be exercised.

In addition an accrual of €121,859 (2008 €18,879) has been made for the employers' national insurance on restricted stock units.

**17 Reserves**

	Other reserve €'000	Profit and loss account €'000
At 29 December 2008	8,053	10,189
Profit for the financial period	-	4,704
Share based payments services provided	3,199	-
Share based payments recharge to ultimate parent	(1,210)	-
Share based payments exchange gain on revaluation	415	-
<b>At 3 January 2010</b>	<b>10,457</b>	<b>14,893</b>



**Notes to the financial statements for the period ended 3 January 2010 (continued)****18 Reconciliation of movements in shareholders' funds**

	2009 €'000	2008 €'000
Profit for the financial period	4,704	5,628
Dividend (note 8)	-	(13,851)
	4,704	(8,223)
Share based payments services provided	3,199	1,925
Share based payments recharge to ultimate parent	(1,210)	(727)
Share based payments exchange gain on revaluation	415	(2,302)
Net addition/(reduction) to shareholders' funds	7,108	(9,327)
Opening shareholders' funds	18,242	27,569
Closing shareholders' funds	25,350	18,242

**19 Financial commitments**

At 3 January 2010 the company had annual commitments under non-cancellable operating leases for equipment expiring as follows

	2009 €'000	2008 €'000
Within one year	348	327
Within two to five years	251	286
	599	613

**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 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.