

Registered number 00603028

Johnson & Johnson Consumer Services EAME Limited  
Annual report and financial statements  
for the year ended 2 January 2011



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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**

V Dawkins  
C R Thorne

### **Company secretary**

C R Thorne

### **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

### **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 <sup>2</sup>**

## **Directors' report for the year ended 2 January 2011**

The directors present their annual report and the audited financial statements of the company for the year ended 2 January 2011

### **Business review and principal activities**

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

### **Future outlook**

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

### **Principal risks and uncertainties**

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

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

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

The directors of Johnson & Johnson Consumer 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.

# **Johnson & Johnson Consumer Services EAME Limited <sup>3</sup>**

## **Directors' report for the year ended 2 January 2011 (continued)**

### **Results and dividends**

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

The company's profit for the year is €3,918,000 (2009 €4,704,000) The aggregate dividends on the ordinary shares recognised during the year amounts to €nil (2009 €nil) There are no proposed dividends awaiting approval at the balance sheet date (2009 €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**

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

C R Thorne  
V Dawkins

### **Research and development**

Johnson & Johnson 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

### **Employee involvement**

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

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

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

### **Disabled persons**

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

### **Policy and practice on payment of creditors**

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

# Johnson & Johnson Consumer Services EAME Limited <sup>4</sup>

## Directors' report for the year ended 2 January 2011 (continued)

### Charitable contributions

Charitable contributions paid during the year amounted to €nil (2009: €nil)

### 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 elected to prepare 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.

On behalf of the board



V Dawkins  
Director

Date: 16 May 2011

## **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 2 January 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

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

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 2 January 2011 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 <sup>6</sup>

### 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 (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

Date 16 May 2011

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

### Profit and loss account for the year ended 2 January 2011

	Note	2010 €'000	2009 €'000
Turnover	2	114,634	137,876
Operating expenses		(107,955)	(130,046)
<b>Operating profit</b>	3	<b>6,679</b>	<b>7,830</b>
Interest payable and similar charges	6	(1,221)	(1,252)
<b>Profit on ordinary activities before taxation</b>		<b>5,458</b>	<b>6,578</b>
Tax on profit on ordinary activities	7	(1,540)	(1,874)
<b>Profit for the financial year</b>	16	<b>3,918</b>	<b>4,704</b>

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial 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 2 January 2011

	Note	2010 €'000	2009 €'000
<b>Fixed assets</b>			
Tangible assets	8	80,798	82,846
<b>Current assets</b>			
Debtors	9	24,227	39,507
Cash at bank and in hand		442	-
		24,669	39,507
<b>Creditors: Amounts falling due within one year</b>	10	(71,573)	(92,495)
<b>Net current liabilities</b>		(46,904)	(52,988)
<b>Total assets less current liabilities</b>		33,894	29,858
<b>Provisions for liabilities</b>	11	(3,472)	(4,508)
<b>Net assets</b>		30,422	25,350
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	18,811	14,893
Other reserves	15	11,611	10,457
<b>Total shareholders' funds</b>	16	30,422	25,350

The financial statements on pages 7 to 24 were approved by the board of directors on  
and were signed on its behalf by

16 May 2011



V Dawkins

Director

Johnson & Johnson Consumer Services EAME Ltd

Registered number: 00603028

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

## **Notes to the financial statements for the year ended 2 January 2011**

### **1 Principal accounting policies**

#### **Accounting year**

The accounting year ended 2 January 2011 consists of 52 weeks. For the purposes of these financial statements the year is referred to 2010. The accounting period ended 3 January 2010 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 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 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 year ended 2  
January 2011 (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 years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

**Pension arrangements**

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

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

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

**Notes to the financial statements for the year ended 2  
January 2011 (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 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.

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.

# **Johnson & Johnson Consumer Services EAME Limited <sup>12</sup>**

## **Notes to the financial statements for the year ended 2 January 2011 (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 year ended 2 January 2011 (continued)

### 3 Operating profit

	2010 €'000	2009 €'000
<b>Operating profit is stated after charging/(crediting).</b>		
Wages and salaries	25,812	25,247
Social security costs	3,716	2,629
Share based payment - fair value of employee services (note 17)	222	684
Share based payment – movement in potential recharge to ultimate parent in respect of options not being fair valued (note 17)	(234)	564
Pension costs (note 13)	4,431	10,720
<b>Staff costs</b>	<b>33,947</b>	<b>39,844</b>
Operating lease charges		
Plant and machinery	524	560
Other	729	800
Depreciation of owned tangible fixed assets (note 8)	20,856	16,103
Foreign exchange gain	2,378	7,031
Research and development costs	3,394	8,058

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

During the year the company obtained the following services from the company's auditor as detailed below

	2010 €'000	2009 €'000
<b>Payable to PricewaterhouseCoopers LLP and network firms:</b>		
<b>Audit services:</b> fees payable for the statutory audit of the company	<b>31</b>	<b>33</b>

### 4 Directors' emoluments

	2010 €'000	2009 €'000
<b>Aggregate emoluments</b>	<b>267</b>	<b>216</b>

Retirement benefits are accruing to two directors (2009 two directors) under the company's defined benefit scheme and to no directors (2009 none) under the money purchase scheme

One director (2009 no directors) exercised share options in the ultimate parent company during the period Mr C R Thorne 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 year ended 2 January 2011 (continued)

### 4 Directors' emoluments (continued)

	2010 €'000	2009 €'000
<b>Highest paid director</b>		
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	267	216
Defined benefit pension scheme		
Accrued pension at end of year	57	50

The highest paid director exercised share options during the period (2009. exercised)

### 5 Employee information

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

	2010 Number	2009 Number
<b>By activity</b>		
Production and distribution	26	27
Selling and marketing	81	79
Administration	163	186
	270	292

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

	2010 €'000	2009 €'000
Interest paid to group undertakings	1,221	1,252

**Notes to the financial statements for the year ended 2 January 2011 (continued)**

**7 Tax on profit on ordinary activities**

	2010 €'000	2009 €'000
<b>Current tax:</b>		
UK corporation tax on profits of the year	3,526	1,797
Adjustments in respect of previous years	-	3
<b>Total current tax</b>	<b>3,526</b>	<b>1,800</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,986)	74
<b>Total deferred tax (note 12)</b>	<b>(1,986)</b>	<b>74</b>
<b>Tax on profit on ordinary activities</b>	<b>1,540</b>	<b>1,874</b>

The tax assessed for the year is higher (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	2010 €'000	2009 €'000
<b>Profit on ordinary activities before tax</b>	<b>5,458</b>	<b>6,578</b>
Profit on ordinary activities multiplied by standard rate in the UK 28% (2009 28%)	1,528	1,842
Effects of		
Expenses not deductible for tax purposes	85	84
Accelerated capital allowances and other timing differences	1,913	(73)
Deduction for stock option exercises	-	(56)
Adjustments in respect of previous years	-	3
<b>Current tax charge for the year</b>	<b>3,526</b>	<b>1,800</b>

**Factors that may affect future tax charges:**

During the year, as a result of the change in the UK main corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured

In addition a number of further changes to the UK main corporation tax rate were announced in the March 2011 Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by an additional 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, the additional changes have not been reflected in these financial statements. The effect of the proposed additional changes is not material.

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

## Notes to the financial statements for the year ended 2 January 2011 (continued)

### 8 Tangible assets

	Fixtures, fittings and equipment €'000	Capital assets under construction €'000	Total €'000
<b>Cost</b>			
At 4 January 2010	97,534	25,043	122,577
Additions	-	18,808	18,808
Transfers	25,043	(25,043)	-
Disposals	(151)	-	(151)
<b>At 2 January 2011</b>	<b>122,426</b>	<b>18,808</b>	<b>141,234</b>
<b>Accumulated depreciation</b>			
At 4 January 2010	39,731	-	39,731
Charge for year	20,856	-	20,856
Disposals	(151)	-	(151)
<b>At 2 January 2011</b>	<b>60,436</b>	<b>-</b>	<b>60,436</b>
<b>Net book amount</b>			
<b>At 2 January 2011</b>	<b>61,990</b>	<b>18,808</b>	<b>80,798</b>
At 3 January 2010	57,803	25,043	82,846

### 9 Debtors

	2010 €'000	2009 €'000
<b>Amounts falling due within one year.</b>		
Amounts owed by group undertakings	23,851	36,177
Prepayments	376	3,330
	<b>24,227</b>	<b>39,507</b>

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

# Johnson & Johnson Consumer Services EAME Limited <sup>17</sup>

## Notes to the financial statements for the year ended 2 January 2011 (continued)

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

	2010 €'000	2009 €'000
Bank overdraft	-	4,641
Trade creditors	9,024	8,740
Amounts owed to group undertakings	45,043	60,191
Corporation tax	1,909	1,602
Accruals	15,597	17,321
	<b>71,573</b>	<b>92,495</b>

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

### 11 Provisions for liabilities

	Deferred tax €'000	Share options €'000	Total €'000
At 4 January 2010	3,965	543	4,508
Charged to the profit and loss account	(1,986)	1,200	(786)
Utilised during the year	-	(250)	(250)
<b>At 2 January 2011</b>	<b>1,979</b>	<b>1,493</b>	<b>3,472</b>

#### Share options

The provision represents Employer's National Insurance on unexercised share options (see note 17). This is expected to be utilised within the next 10 years.

### 12 Deferred tax

Deferred taxation recognised in the financial statements is as follows

	Amount recognised/(amount provided)	
	2010 €'000	2009 €'000
Accelerated capital allowances	(5,776)	(7,231)
Short term timing differences	3,797	3,266
<b>Total deferred tax liability</b>	<b>(1,979)</b>	<b>(3,965)</b>

The company had no unrecognised deferred tax at the year end

## Johnson & Johnson Consumer Services EAME Limited <sup>18</sup>

### Notes to the financial statements for the year ended 2 January 2011 (continued)

#### 12 Deferred tax (continued)

	2010 €'000	2009 €'000
At start of year	(3,965)	(3,891)
Deferred tax movement in profit and loss account	1,986	(74)
<b>At end of year</b>	<b>(1,979)</b>	<b>(3,965)</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

#### 13 Pension arrangements

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

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

##### Johnson & Johnson UK Group Retirement Plan 35 and Plan 16

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

Contributions paid to the Johnson & Johnson UK Group Retirement Plan 35 by the Company in the year 1 January 2010 to 31 December 2010 amounted to €3,942,415.

Contributions paid by the Company to Plan 16 in the year 1 January 2010 to 31 December 2010 amounted to €488,575.

At the end of 2010, no contributions were outstanding.

For comparison, during 2009 the Company paid contributions of €11,729,422 into Plan 35 and €308,817 into Plan 16.

The best estimate of the Company contributions expected in the period 1 January 2011 to 31 December 2011 to be paid to Johnson & Johnson UK Group Retirement Plan 35 is €3,920,000.

The best estimate of the Company contributions expected in the period 1 January 2011 to 31 December 2011 to be paid to Johnson & Johnson UK Group Retirement Plan 16 is €459,000.

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 <sup>19</sup>

## Notes to the financial statements for the year ended 2 January 2011 (continued)

### 13 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 2010 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms)

	2010	2009	2008	2007	2006
Rate of increase in salaries	4.25%	3.00%*	4.00%	4.00%	3.75%
Rate of increase in pensions in payment (where 5% LPI applies)	3.00%	3.00%	2.75%	2.75%	2.50%
Discount rate	5.50%	5.75%	6.75%	5.75%	5.00%
Inflation assumption (RPI)	3.25%	3.25%	3.00%	3.00%	2.75%
Inflation assumption (CPI)	2.50%	-	-	-	-
Deferred revaluation assumption	2.50%	-	-	-	-

In addition to the major financial assumptions above, it is assumed that male members currently aged 45 will live for 23.1 years from age 65 and those currently aged 65 will live for 22.1 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 both Plan 35 and Plan 16 at market value gives an aggregate pension scheme deficit at 31 December 2010, for the whole UK Johnson & Johnson Group, of £1,577,000. There was no deficit in Plan 16 at 31 December 2010. 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 2010 were

	€'000
Johnson & Johnson UK Approved Life Assurance Plan	34

### 14 Called up share capital

	2010	2009
	€'000	€'000
Allotted and fully paid		
100 ordinary shares of £1 each	-	-

## Johnson & Johnson Consumer Services EAME Limited <sup>20</sup>

### Notes to the financial statements for the year ended 2 January 2011 (continued)

#### 15 Reserves

	Other reserve €'000	Profit and loss account €'000
At 4 January 2010	10,457	14,893
Profit for the financial year	-	3,918
Share based payments services provided	2,586	-
Share based payments recharge to ultimate parent	(1,962)	-
Share based payments exchange gain on revaluation	530	-
<b>At 2 January 2011</b>	<b>11,611</b>	<b>18,811</b>

#### 16 Reconciliation of movements in shareholders' funds

	2010 €'000	2009 €'000
Profit for the financial year	3,918	4,704
Dividend	-	-
	<b>3,918</b>	<b>4,704</b>
Share based payments services provided	2,586	3,199
Share based payments recharge to ultimate parent	(1,962)	(1,210)
Share based payments exchange gain on revaluation	530	415
Net addition/(reduction) to shareholders' funds	<b>5,072</b>	<b>7,108</b>
Opening shareholders' funds	<b>25,350</b>	<b>18,242</b>
Closing shareholders' funds	<b>30,422</b>	<b>25,350</b>

#### 17 Share based payments

At 31 December 2010 the Company's employees were members of 8 stock-based compensation plans operated by the ultimate parent company. The shares outstanding are for contracts under Johnson & Johnson's 2000 and 2005 UK Approved Stock Option Plans, the 2000 and 2005 UK Unapproved Stock Option Plans, the 2000 and 2005 Non-Qualified Option Plans, the 2000 ISO Stock Option Plan and the 2000 Merck JV Plan. All of these arrangements are settled in equity.

# Johnson & Johnson Consumer Services EAME Limited <sup>21</sup>

## Notes to the financial statements for the year ended 2 January 2011 (continued)

### 17 Share based payments (continued)

A reconciliation of option movements over the year to 31 December 2010 is shown below

	2010		2009	
	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
Outstanding at start of year	998	\$60.45	897	\$60.64
Granted	91	\$62.62	166	\$58.33
Forfeited/Cancelled	(36)	\$62.62	(21)	\$60.94
Exercised	(31)	\$57.42	(39)	\$55.14
Transferred	(30)	-	(5)	-
Outstanding at end of year	992	\$60.66	998	\$60.45
Exercisable at end of year	634		533	

The weighted average fair value of options granted in the year was \$733,870 (2009 \$1,384,532)

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

Weighted average exercise price	2010 Number of shares ('000)	Weighted average remaining life		Weighted average exercise price	2009 Number of shares ('000)	Weighted average remaining life	
		Expected	Contractual			Expected	Contractual
\$52.20	75	2.1 yrs	2.1 yrs	\$52.20	81	3.1 yrs	3.1 yrs
\$53.93	101	3.1 yrs	3.1 yrs	\$53.93	105	4.1 yrs	4.1 yrs
\$58.33	146	8.1 yrs	8.1 yrs	\$58.33	161	9.1 yrs	9.1 yrs
\$58.34	138	5.1 yrs	5.1 yrs	\$58.34	169	6.1 yrs	6.1 yrs
\$61.75	124	7.1 yrs	7.1 yrs	\$61.75	140	8.1 yrs	8.1 yrs
\$62.62	91	9.1 yrs	9.1 yrs	\$65.62	164	7.1 yrs	7.1 yrs
\$65.62	149	6.1 yrs	6.1 yrs	\$66.18	178	5.1 yrs	5.1 yrs
\$66.18	168	4.1 yrs	4.1 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 €221,705 (2009 €683,924), all of which related to equity-settled share based payment transactions. After deferred tax at 27% (2009 28%), the total charge was €161,844 (2009 €492,425).

**Notes to the financial statements for the year ended 2 January 2011 (continued)**

**17 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:

	2010	2009
Share price at grant date and exercise price	\$62.62	\$58.33
Number of employees	110	114
Shares granted in the year	91,383	165,852
Vesting period (years)	3 years	3 years
Expected volatility	17.43%	19.48%
Option life (years)	10 years	10 years
Expected life (years)	6 years	6 years
Risk free rate	2.78%	2.71%
Expected dividend yield	3.30%	3.30%
Fair value per option	\$8.03	\$8.35

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 \$56.72, 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.

Restricted Stock Units	Number of shares ('000)
Shares at 1 January 2010	157
Stock granted	74
Stock forfeited	(1)
Stock issued	(33)
Stock transferred	(9)
Shares at 31 December 2010	188

**Notes to the financial statements for the year ended 2 January 2011 (continued)****17 Share based payments (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 €284,349 (2009 €421,025) for employers' national insurance has been made at the balance sheet date based on the year-end share price of \$61.85. It has been assumed that 100% of shares held by employees at the balance sheet date will be exercised.

In addition an accrual of €1,208,214 (2009 €121,859) has been made for the employers' national insurance on restricted stock units.

**18 Financial commitments**

At 2 January 2011 the company had annual commitments under non-cancellable operating leases for equipment expiring as follows:

	2010 €'000	2009 €'000
Within one year	161	348
Within two to five years	177	251
	338	599

## **Johnson & Johnson Consumer Services EAME Limited <sup>24</sup>**

### **Notes to the financial statements for the year ended 2. January 2011 (continued)**

#### **19 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.