

Alcon Laboratories (UK) Limited

**Directors' report and financial
statements**

Registered number 968373

31 December 2009

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the company is the distribution of ophthalmic healthcare products, including surgical and contact lens care products

Business review

During the year, the company's business continued to expand to meet the needs of the National Health Service and other customers

The company continues to adapt its organisation to meet the needs of its customers and is confident it can meet these ever-increasing demands successfully

On 7th April 2009, Nestlé SA, the company's ultimate controlling party announced an agreement for Nestlé SA to sell approximately 74 million of its shares in Alcon, Inc to Novartis AG. As a result of this transaction, Novartis AG owns a minority stake of 25% in Alcon, Inc and Nestlé SA retains a controlling stake of 52% and remains the ultimate controlling party of Alcon Laboratories (UK) Limited. This transaction was finalised in July 2009. At the same time, Nestlé SA and Novartis AG announced a second phase of this agreement which would allow Novartis to purchase the remaining Nestlé SA shares and thus obtain a controlling stake in Alcon, Inc. On 4th January 2010, Novartis announced that it had exercised its option to purchase the remaining shares owned by Nestlé. Upon consummation of the purchase, Novartis would own an approximate 77% interest in Alcon.

Dividend and results

An interim dividend was paid in the year of £2,000,020 (2008 £1,749,950). No final dividend in respect of 2009 has been proposed (2008 £nil). The results for the year are set out in the Profit and Loss Account on page 6.

Principal risks and uncertainties

In the current market environment with pressures on government expenditure, any reduction in healthcare expenditure or reduction in expenditure in ophthalmology would be a potential risk to the business. In addition competitive pressures in the UK are a continuing risk to the company. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with customers.

The company's operations expose it to certain financial risks such as currency fluctuation, credit risk and interest rate risk. Firstly the risk of currency fluctuation is minimised by the majority of the company's transactions being carried out in sterling. Secondly the company has procedures that provide guidelines to reduce credit risk. Thirdly interest rate risk is reduced by maintaining strong control over the company's borrowings.

Directors

The directors who held office during the year were as follows

NWJ Smith
MA Cowton (resigned 9th July 2009)
SP Carder
CC Arber (appointed 9th July 2009)

Directors' report *(continued)*

Political and charitable contributions

The company made no political or charitable contributions during the year (2008 £nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



CC Arber
Secretary

Pentagon Park
Boundary Way
Hemel Hempstead
Hertfordshire
HP2 7UD

Statement of directors' responsibilities in respect of the Directors' 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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Aquis Court
31 Fishpool Street
St Albans
Hertfordshire AL3 4RF

Independent auditors' report to the members of Alcon Laboratories (UK) Limited

We have audited the financial statements of Alcon Laboratories (UK) Limited for the year ended 31 December 2009, set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

Independent auditors' report to the members of Alcon Laboratories (UK) 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

Mike Woodward (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Aquis Court
31 Fishpool Street
St Albans
Hertfordshire
AL3 4RF

9 JULY 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover	<i>1,2</i>	70,556	64,942
Change in stocks of finished goods		(30)	(5)
Raw materials and consumables		(53,294)	(48,197)
Other external charges		(1,138)	(1,181)
Staff costs	<i>5</i>	(7,904)	(7,464)
Depreciation and other amounts written off tangible fixed assets		(361)	(323)
Other operating charges		(5,826)	(6,017)
Operating profit		2,003	1,755
Interest payable and similar charges	<i>7</i>	(89)	(354)
Profit on disposal of fixed assets		-	1
Profit on ordinary activities before taxation	<i>3</i>	1,914	1,402
Tax on profit on ordinary activities	<i>8</i>	(595)	(501)
Profit for the financial year	<i>17</i>	1,319	901

There is no difference between the profit and loss for the current and preceding year and the historical cost profit and loss for those years

There were no other recognised gains or losses in the current or preceding period other than those presented above in the profit and loss

All profits and losses are derived from continuing operations

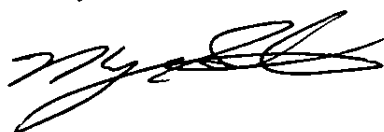
The notes on pages 8 to 20 form part of these financial statements

Balance sheet
at 31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	10	7,591	7,890
Investments	11	-	-
		<u>7,591</u>	<u>7,890</u>
Current assets			
Stocks	12	11,642	11,612
Debtors	13	11,616	9,449
		<u>23,258</u>	<u>21,061</u>
Creditors amounts falling due within one year	14	(20,652)	(18,191)
Net current assets		<u>2,606</u>	<u>2,870</u>
Total assets less current liabilities		<u>10,197</u>	<u>10,760</u>
Provisions for liabilities	15	(427)	(456)
Net assets		<u>9,770</u>	<u>10,304</u>
Capital and reserves			
Called up share capital	16	3,100	3,100
Profit and loss account	17	6,228	6,909
Capital contribution reserve	17	442	295
Shareholders' funds	20	<u>9,770</u>	<u>10,304</u>

The notes on pages 8 to 20 form part of these financial statements

These financial statements were approved by the board of directors on 7 July 2010 and were signed on its behalf by



NWJ Smith
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by Alcon Inc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Alcon, Inc, within which this company is included, can be obtained from the address given in note 22.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	40 years
Plant and machinery	-	3 to 12 years
Office equipment	-	10 years
Computers and laboratory test equipment	-	3 years

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post-retirement benefits

The company participates in the Nestlé UK group wide pension scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Share based payments

The share option programme allows employees to acquire shares of the Company. The fair value of options granted after 7 November 2002 and those not yet vested as at the effective date of FRS 20 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Health registration costs

Expenditure on health registration is written off as incurred.

Stocks

Stocks are stated at the lower of cost (including duty and handling costs where appropriate) and net realisable value.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. Turnover is recognised on delivery and installation where applicable.

2 Analysis of turnover

	2009 £000	2008 £000
<i>By geographical market</i>		
UK	65,877	60,988
Rest of world	4,679	3,954
	<u>70,556</u>	<u>64,942</u>

Notes (continued)

3 Profit on ordinary activities before taxation

	2009 £000	2008 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration		
Audit of these financial statements	44	43
Other services relating to taxation	20	2
Depreciation and other amounts written off tangible fixed assets (see note 10)	361	323
Hire of plant and machinery – rentals payable under operating leases	465	449
Exchange loss/ (gain)	157	(207)
Profit on sale of fixed assets	-	1
	<u> </u>	<u> </u>

4 Remuneration of directors

	2009 £000	2008 £000
Directors' emoluments	406	342
	<u> </u>	<u> </u>

The total of emoluments of the highest paid director was £224,000 (2008 £209,000). He is a member of the group defined benefit scheme. His accrued pension at the end of the year amounted to £57,247 (2008 £51,952).

	Number of directors	
	2009	2008
Retirement benefits are accruing to the following number of directors under		
Defined benefit schemes	3	3
	<u> </u>	<u> </u>

	Number of directors	
The following number of directors (including the highest paid director) exercised share options during the year	2	1
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2009	2008
Sales	73	67
Warehouse	17	22
General management	21	22
Support	12	13
	<u>123</u>	<u>124</u>

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	5,255	5,106
Share based payments (see note 6)	147	105
Social security costs	541	531
Other pension costs (see note 21)	1,961	1,722
	<u>7,904</u>	<u>7,464</u>

6 Share based payments

- A) Stock Options - Under the 2002 Alcon Incentive Plan, the board of directors of the company's parent company may grant to eligible employees stock options. The compensation committee recommend to the board of directors for approval the number and type of stock options to grant, as well as the exercise price, applicable vesting schedule, option term and any applicable performance criteria. Unless otherwise decided by the board of directors, stock options vest in full on the third anniversary of the date of grant, or on an option holder's death, permanent disability or retirement (as defined in the 2005 Alcon Incentive Plan). Beginning with awards granted in 2007, vesting of stock option awards is not accelerated upon the option holder's retirement, but vests according to the regular vesting schedule. Upon the involuntary termination of an option holder's employment with us, all vested options are exercisable for 30 days, provided, however, that where the termination of employment is due to (i) retirement or (ii) death or disability, they may be exercisable for their remaining term, or for 60 months not to exceed the remaining term, respectively. All unexercisable options will be forfeited. The grant price for any stock option will be not less than the fair market value of the common shares on the grant date. Unless the board of directors provides for a different period, stock options have a term of ten years.

Notes (continued)

6 Share based payments (continued)

- B) Restricted Shares - The company's parent may grant restricted shares, which are common shares granted to a participant subject to restrictions determined by the parent's board of directors. A restricted share will vest and become transferable upon satisfaction of the conditions set forth in the restricted share award agreement. Restricted share awards will be forfeited if a recipient's employment terminates prior to vesting of the award. The compensation committee will recommend to the board of directors for approval the number of restricted share awards to grant, as well as the exercise price, applicable vesting schedule, term and any applicable performance criteria. Unless otherwise specified in the restricted share award agreement, restricted share awards will vest upon a holder's death or permanent disability or retirement at age or after age 62. Vesting of restricted share awards upon a holder's retirement after age 55 with 10 years of service and prior to age 62 will have accelerated vesting of 33% for each full year of service after the date of award with the remaining shares being forfeited. Holders of restricted shares will have voting rights and receive dividend equivalents prior to vesting.

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares

Grant date/ nature of scheme	Employees entitled/ Number of instruments	Vesting conditions	Contractual life of options
Equity-settled stock option award to senior management granted by parent on 17 th February 2009	7,620	See above	16/02/2018
Equity-settled restricted share award to senior management granted by parent on 17 th February 2009	1,684	See above	16/02/2011

The number and weighted average exercise prices of share options in are as follows

	2009 Weighted average exercise price	2009 Number of options	2008 Weighted average exercise price	Number of options
Outstanding at the beginning of the period	\$102.16	16,983	\$91.37	15,501
Granted during the period	\$87.09	7,620	\$147.54	2,942
Forfeited during the period	\$87.09	(411)	\$0.00	0
Exercised during the period	\$71.21	(795)	\$79.00	(1,460)
Transferred during the period	\$0.00	0	\$0.00	0
Outstanding at the end of the period	\$98.57	23,397	\$102.16	16,983
Exercisable at the end of the period	\$89.42	9,551	\$73.78	7,347

The weighted average share price at the date of exercise of share options exercised during the period was \$115.22 (2008 \$153.84)

The options outstanding at the year end have an exercise price in the range of \$63.32 to \$147.54 and a weighted average contractual life of 7.2 years

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model

Notes (continued)

6 Share based payments (continued)

Grants occurring in the year

	2009 Options	2008 Options
Fair value at measurement date	18.88	38 39
Weighted average share price	\$87.09	\$147 54
Exercise price	\$87.098	\$147 54
Expected volatility (expressed as % used in the modelling under the Black-Scholes model)	31.5%	29 5%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	5 years (see below)	5 years (see below)
Expected dividends	3.0%	1 5%
Risk free interest rate (based on national government bonds)	1.65%	2 67%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information

There are no market conditions associated with the share option grants

Beginning in 2006, different assumptions were used to determine "fair value" for persons age 53 and above who will be eligible to retire before the three year vesting periods are complete

Restricted share units are recognised at the closing market price on the date of grant over the required service period. The status of the nonvested restricted share awards as of 31 December 2009 and the changes during the year then ended are presented below

	Restricted Stock Units			
	2009 Weighted average exercise price	2009 Number of options	2008 Weighted average exercise price	2008 Number of options
Outstanding at the beginning of the period	\$136.63	1,703	\$126 89	900
Granted during the period	\$87.09	1,684	\$147 54	803
Forfeited during the period	\$87.09	(91)	\$0 00	0
Exercised during the period	\$89.39	(614)	\$0 00	0
Transferred during the period	\$0.00	0	\$0 00	0
Outstanding at the end of the period	\$118.02	2,682	\$136 63	1,703
Exercisable at the end of the period	\$0.00	0	\$0 00	0

The options outstanding at the year end have an exercise price in the range of \$87 09 to \$147 54 and a weighted average contractual life of 1 6 years

Notes (continued)

6 Share based payments (continued)

The total expenses recognised for the period arising from share based payments are as follows

	2009 £000	2008 £000
Equity settled share based payments	147	105

7 Interest payable and similar charges

	2009 £000	2008 £000
Bank overdraft interest	7	70
Interest payable on loans from group undertakings	82	284
	89	354

Notes (continued)

8 Taxation

	2009 £000	2008 £000
Analysis of charge in year		
<i>UK corporation tax</i>		
Current tax on income for the year	655	504
Adjustments in respect of prior years	(9)	(10)
Total current tax	<u>646</u>	<u>494</u>
Deferred tax (see note 15)	(51)	7
Tax on profit on ordinary activities	<u>595</u>	<u>501</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2008 higher) than the standard rate of corporation tax in the UK (28%, 2008 28.5%) The differences are explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,914	1,402
Current tax at 28% (2008 28.5%)	536	400
<i>Effects of</i>		
Expenses not deductible for tax purposes	80	70
Statutory deduction on exercise of options	(6)	(16)
Depreciation in excess of capital allowances	33	5
Other timing differences	12	45
Adjustments in respect of prior periods	(9)	(10)
Current tax for the year	<u>646</u>	<u>494</u>

Factors that may affect future current and total tax charges

The corporation tax rate in the UK changed on 1 April 2008 from 30% to 28%. Also the rate of capital allowances was reduced to 20% and certain capital allowances are being phased out.

Notes (continued)

9 Dividends

	2009 £000	2008 £000
Equity shares Interim dividend paid of 64 52p (2008 56 45p) per share	2,000	1,750

10 Tangible fixed assets

	Freehold land £000	Freehold buildings £000	Plant and machinery £000	Office and computer equipment £000	Total £000
Cost					
At beginning of year	2,284	6,191	671	991	10,137
Additions	-	-	50	12	62
At end of year	2,284	6,191	721	1,003	10,199
Depreciation					
At beginning of year	-	1,177	276	794	2,247
Charge for year	-	191	93	77	361
At end of year	-	1,368	369	871	2,608
Net book value					
At 31 December 2009	2,284	4,823	352	132	7,591
At 31 December 2008	2,284	5,014	395	197	7,890

Notes (continued)

11 Fixed asset investments

	Shares in group undertakings 2009 £	Shares in group undertakings 2008 £
<i>Cost and NBV</i>		
At the start and end of the year	2	2

The only company in which the company's interest at the year end is more than 20% is as follows

	Country of incorporation	Principal activity	Class of shares	Percentage of shares held
<i>Subsidiary undertakings</i>				
Cusi (UK) Limited	England	Dormant	Ordinary	100%

12 Stocks

	2009 £000	2008 £000
Finished goods and goods for resale	11,642	11,612

13 Debtors

	2009 £000	2008 £000
Trade debtors	11,249	9,045
Amounts owed by group undertakings	21	96
Prepayments and accrued income	345	305
Other debtors	1	3
	11,616	9,449

Trade debtors include £548,000 (2008 £443,000) due after more than one year. This amount relates to normal commercial sales.

Notes (continued)

14 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank loans and overdrafts	1,921	512
Trade creditors	762	677
Amounts owed to group undertakings		
Unsecured loan	5,000	5,000
Other	9,514	8,954
Other taxation and social security	944	719
Corporation Tax	305	242
Accruals and deferred income	2,206	2,087
	<u>20,652</u>	<u>18,191</u>

The bank overdraft is unsecured and bears interest at a rate of Bank of England base rate plus 1%. The unsecured loan was advanced by the parent undertaking. It bears interest at a rate of base plus 1% and is repayable on demand.

15 Provisions for liabilities and charges

	Deferred taxation £000	Other provisions £000	Total £000
At beginning of year	364	92	456
(Credit)/Charge to the profit and loss for the year	(51)	22	(29)
	<u>313</u>	<u>114</u>	<u>427</u>

Other provisions relate to equipment warranties and the potential disposal of electrical equipment.

	Deferred taxation £000
Deferred tax liability at beginning of year	364
Credit to the profit and loss for the year	(51)
	<u>313</u>

The elements of deferred taxation are as follows

	2009 £000	2008 £000
Difference between accumulated depreciation and amortisation and capital allowances	(445)	(454)
Other timing differences	132	90
	<u>(313)</u>	<u>(364)</u>

Notes (continued)

16 Called up share capital

	2009 £000	2008 £000
<i>Authorised, allotted, called up and fully paid</i>		
Equity 3,100,000 ordinary shares of £1 each	3,100	3,100

17 Reserves

	Capital Contribution Reserve £000	Profit and loss account £000
At beginning of year	295	6,909
Fair value adjustment re grant of options	147	-
Profit for the year	-	1,319
Dividends	-	(2,000)
At end of year	442	6,228

18 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2009 Other £000	2008 Other £000
Operating leases which expire		
Within one year	79	47
In the second to fifth years inclusive	235	287
	314	334

The company had no capital commitments at the end of the financial year (2008 £nil)

19 Contingent liabilities

The company has an HM Revenue & Customs duty deferment guarantee of £400,000 (2008 £400,000) The outstanding amount at the year end was £62,000 (2008 £97,000)

Notes (continued)

20 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	1,319	901
Dividends	(2,000)	(1,750)
Capital contribution	147	105
	<hr/>	<hr/>
Net reduction in shareholders' fund	(534)	(744)
Opening shareholders' funds	10,304	11,048
	<hr/>	<hr/>
Closing shareholders' funds	9,770	10,304
	<hr/>	<hr/>

21 Pension scheme

The company is a member of a group pension scheme providing benefits based on final pensionable pay. The company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme. At 31 December 2009 the scheme had an excess of liabilities over assets of £261.8 million.

The latest full actuarial valuation was carried out at 5 April 2007 and was updated for FRS 17 purposes to 31 December 2008 by a qualified independent actuary. The contribution for the year was £1,961,000 (2008 £1,722,000).

22 Ultimate parent undertaking and parent undertaking

The ultimate parent undertaking and ultimate controlling party is Nestlé SA, which is incorporated in Switzerland. The smallest group in which the results of the company are consolidated is Alcon, Inc. Copies of the group accounts can be obtained from Alcon, Inc., Boesch 69, Hünenberg, ZUG, CH-331, Switzerland. The largest group in which the results of the company are consolidated is Nestlé SA. Copies of the group accounts can be obtained from Nestlé SA, CH-1800 Vevey, Switzerland.