

Coopers
& Lybrand

Johnson & Johnson Limited
Annual report
for the year ended 3 January 1993

Registered no: 2175750

Johnson & Johnson Limited

Annual report for the year ended 3 January 1993

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Directors and advisers

Directors

Mr H Gagnum
Mr V P Pender
Mr J S F Cunningham
Dr J Hopkins
Mr I Holzman
Mr J M Wale
Mr G D Bembridge
Ms V A Thomas
Mr R Dunphy

Bankers

Barclays Bank Plc
Hamilton Road
Slough Trading Estate
Slough
Berkshire SL1 4SG

Lloyds Bank Plc
Bedford Avenue
Slough Trading Estate
Slough
Berkshire SL1 4RN

Secretary and registered office

Mr B Scoones

Foundation Park
Roxborough Way
Maidenhead
Berkshire SL6 3UG

Registered auditors

Coopers & Lybrand
9 Greyfriars Road
Reading
Berkshire RG1 1JG

Solicitors

Linklaters & Paines
Barrington House
59-67 Gresham Street
London EC2V 7JA

**Directors' report
for the year ended 3 January 1993**

The directors present their report and the audited financial statements for the year ended 3 January 1993.

Principal activities

The main activity of the company is the sale of toiletries and other personal healthcare products.

Review of business and future developments

The profit and loss account for the year is set out on page 6.

Both the level of business and the financial position at the end of the year were satisfactory.

Dividends and transfers to reserves

The directors declared and paid a dividend of £3,800,000 (1991: £1,700,000) representing £0.33 (1991: £0.15) per share, in respect of the year ended 3 January 1993.

After payment of the dividend £2,328,000 will be transferred to reserves.

Research and development

The company 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.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 10 to the financial statements.

Directors

The directors of the company at 3 January 1993 were:

Mr J M Wale	Managing Director
Mr H Gagnum (Norwegian)	
Mr V P Pender	
Mr J S F Cunningham	
Dr J Hopkins	
Mr I Holzman (American)	
Mr G P Bembridge	Appointed 1 January 1992
Mr V A Thomas	Appointed 3 August 1992
Mr R Dunphy	Appointed 1 January 1993

Mr A J Whitby was appointed a director on 1 January 1992 and resigned on 21 September 1992.

Directors' interests in shares of the company

According to the register required to be kept under Section 325 of the Companies Act 1985 no director had, at any time during the year ended 3 January 1993, any interests in shares of the company, or any other group company, which are required by Section 324 of the Act to be notified to the company.

Charitable and political contributions

No political contributions were made during the year. Charitable contributions amounted to £21,372 (1991: £5,960).

Employee involvement

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

Disabled persons

The company adopts the policy of giving full and fair consideration to the employment and training of disabled persons, having regard to their particular aptitudes and disabilities.

Taxation status

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company. There has been no change in this respect since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



B Scoones
Secretary

.....29th Sept..... 1993
Foundation Park
Roxborough Way
Maidenhead, Berks

Report of the auditors to the members of Johnson & Johnson Limited

We have audited the financial statements on pages 6 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 3 January 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Reading

29 September 1993


**Profit and loss account
for the year ended 3 January 1993**

	Notes	1992 £'000	1991 £'000
Turnover	2	<u>£7,063</u>	<u>61,915</u>
Operating profit	3	9,063	3,944
Interest receivable and similar income		1,068	393
Interest payable and similar charges	7	<u>(862)</u>	<u>(990)</u>
Profit on ordinary activities before taxation	4	9,269	3,347
Taxation	8	<u>(3,098)</u>	<u>(1,161)</u>
Profit for the financial year		6,171	2,186
Dividend paid		<u>(3,800)</u>	<u>(1,700)</u>
Retained profit for the year		<u>2,371</u>	<u>486</u>
Statement of retained profits			
At 30 December 1991		545	59
Retained profit for the year		<u>2,371</u>	<u>486</u>
At 3 January 1993		<u>2,916</u>	<u>545</u>

Balance sheet at 3 January 1993

	Notes	1992 £'000	1991 £'000
Fixed assets			
Tangible assets	10	<u>7,799</u>	<u>8,879</u>
Current assets			
Stocks	11	4,293	7,165
Debtors	12	8,683	8,507
Cash at bank and in hand		<u>14,782</u>	<u>7,468</u>
		<u>27,758</u>	<u>23,140</u>
Creditors: amounts falling due within one year	13	<u>18,917</u>	<u>18,248</u>
Net current assets		<u>8,841</u>	<u>4,892</u>
Total assets less current liabilities		<u>16,640</u>	<u>13,771</u>
Creditors: amounts falling due after more than one year	14	702	742
Provisions for liabilities and charges	15	<u>1,457</u>	<u>919</u>
		<u>2,159</u>	<u>1,661</u>
Net assets		<u>14,481</u>	<u>12,110</u>
Capital and reserves			
Called-up share capital	17	11,565	11,565
Profit and loss account		<u>2,916</u>	<u>545</u>
		<u>14,481</u>	<u>12,110</u>

The financial statements on pages 6 to 19 were approved by the board of directors on29th Sept..... 1993 and were signed on its behalf by:



J S F Cunningham
Director

**Notes to the financial statements
for the year ended 3 January 1993****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Research and development

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

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoice value of goods and services supplied.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. The cost of raw materials is ascertained on a first in first out basis. The cost of work in progress and finished goods comprises the cost of direct raw materials and labour, together with the relevant proportion of overheads calculated according to the stage of production reached, based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolescent, slow moving and defective stocks.

Foreign currencies

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

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned from the time those assets are placed in use. The principal annual rates used for this purpose are:

	%
Computer equipment	20 - 33
Fixtures, fittings and equipment	10

Leasehold land and buildings are amortised over 30 years or, if shorter, the period of the lease.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the operating profit.

Finance leases

Assets which are financed by leasing agreements that transfer to the company substantially all the risks and rewards of ownership are capitalised in accordance with standard accounting practice and included in fixed assets. The amount capitalised represents the present value of the minimum lease payments. The corresponding leasing commitments are shown as obligations under finance leases within creditors. The lease rentals are treated as consisting of capital and interest element. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the estimated useful lives of the assets.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

Pension arrangements

The company participates in the Johnson & Johnson Group Pension Arrangements. The Group operates a funded defined benefit pension scheme for UK employees, and a small supplementary scheme for executives. The cost of providing future benefits is estimated by independent, qualified actuaries and spread over the expected service lives of current employees. Variations in pension cost are spread over the expected service lives of current employees.

Advertising

Advertising and sales promotion expenditure is written off as it is incurred.

Cash flow statement

The company is a wholly owned subsidiary of Johnson and Johnson Management Limited and the cash flows of the company are included in the consolidated group cash flow statement of Johnson and Johnson Management Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2 Turnover

The company's turnover is derived solely from the sale of toiletries and other personal healthcare products. The geographical analysis of turnover is as follows:

	1992 £'000	1991 £'000
Geographical segment		
United Kingdom	55,676	50,524
Rest of Europe	2,259	2,645
Rest of world	9,128	8,746
	<u>67,063</u>	<u>61,915</u>

3 Operating profit

	1992 £'000	1991 £'000
Turnover	67,063	61,915
Change in stocks of finished goods and work in progress	(2,537)	321
Raw materials and consumables	(23,201)	(24,922)
Other external charges	(407)	(384)
Staff costs (see note 6)	(8,257)	(7,327)
Depreciation of tangible fixed assets	(2,176)	(1,956)
Other operating charges	(21,422)	(23,703)
Operating profit	<u>9,063</u>	<u>3,944</u>

4 Profit on ordinary activities before taxation

	1992 £'000	1991 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation charge for the year:		
Tangible owned fixed assets	1,888	1,721
Tangible fixed assets held under finance leases	288	235
Research and development expenditure	935	644
Auditors' remuneration for audit services	36	40
Hire of motor vehicles and office equipment	90	270
Lease of land and buildings	1,156	804
Directors' emoluments (see note 5)	532	371
Loss on disposal of fixed assets	89	70
Exceptional items:		
Disposal of dental product business	(£14)	-

The remuneration of the auditors for non audit services was £27,000.

5 Directors' emoluments

The remuneration paid to the directors of Johnson & Johnson Limited was:

	1992 £'000	1991 £'000
Fees	448	308
Other emoluments (including pension contributions and benefits in kind)	64	63
	<u>512</u>	<u>371</u>
Compensation paid for loss of office	20	-
	<u>532</u>	<u>371</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1992 £	1991 £
The chairman	<u>NIL</u>	<u>NIL</u>
The highest-paid director	<u>143,181</u>	<u>119,977</u>

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1992 Number	1991 Number
NIL to £5,000	3	2
£25,001 to £30,000	1	-
£35,001 to £40,000	1	-
£55,001 to £60,000	-	2
£60,001 to £65,000	2	1
£65,001 to £70,000	-	1
£70,001 to £75,000	1	-
£75,001 to £80,000	1	-
£115,001 to £120,000	-	1
£140,000 to £145,000	1	-

6 Employee information

The weekly average number of persons (including executive directors) employed during the year was:

	1992 Number	1991 Number
By activity:		
Production and distribution	227	240
Selling and marketing	67	67
Administration	58	61
Research and development	12	9
	<u>364</u>	<u>377</u>

Employment costs of all employees included above:

	1992 £'000	1991 £'000
Gross wages and salaries	7,138	6,359
Employer's national insurance and state pension contributions	573	499
Employer's pension contributions under the company pension scheme (see note 16)	546	469
	<u>8,257</u>	<u>7,327</u>

The total pension cost for the company is stated after amortisation of the pension fund surplus which is being spread over the remaining service lives of current employees following the adoption of SSAP 24.

7 Interest payable and similar charges

	1992 £'000	1991 £'000
On loans from group undertakings	719	854
On loans wholly repayable within 5 years, not by instalments	21	40
On finance leases	122	96
	<u>862</u>	<u>990</u>

8 Taxation

	1992 £'000	1991 £'000
Current year:		
United Kingdom corporation tax at 33% (1991: 33.25%):		
Based on profit for the year	3,106	1,684
Transfer from deferred taxation	(8)	(523)
	<u>3,098</u>	<u>1,161</u>
Adjustments in respect of prior years:		
Corporation tax	-	195
Deferred taxation	-	(195)
	<u>3,098</u>	<u>1,161</u>

9 Dividends

	1992 £'000	1991 £'000
Final dividend declared and paid of 33p per share (1991: 15p per share)	<u>3,800</u>	<u>1,700</u>

10 Tangible fixed assets

	Land and buildings	Capital assets under construction	Assets held under finance leases	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 30 December 1991	6,080	823	1,280	6,718	16,901
Additions	-	949	500	-	1,449
Transfers	20	(1,399)	-	1,379	-
Disposals	(416)	-	(366)	(2,093)	(2,875)
At 3 January 1993	5,684	373	1,414	8,004	15,475
Depreciation					
At 30 December 1991	2,801	-	291	4,930	8,022
Charge for year	538	-	288	1,350	2,176
Eliminated in respect of disposals	(414)	-	(155)	(1,953)	(2,522)
At 3 January 1993	2,925	-	424	4,327	7,676
Net book value					
At 3 January 1993	2,759	373	990	3,677	7,799
Net book value					
At 29 December 1991	3,279	823	989	3,788	8,879

All land and buildings are held under short term leases.

11 Stocks

	1992 £'000	1991 £'000
Raw materials and consumables	631	966
Work in progress	135	472
Finished goods and goods for resale	3,527	5,727
	4,293	7,165

12 Debtors

	1992 £'000	1991 £'000
Amounts falling due within one year		
Trade debtors	6,598	6,867
Amounts owed by group undertakings	1,483	1,050
Other debtors	156	160
Prepayments and accrued income	446	430
	<u>8,683</u>	<u>8,507</u>

13 Creditors: amounts falling due within one year

	1992 £'000	1991 £'000
Bank loans and overdrafts	658	544
Obligations under finance leases	288	245
Trade creditors	4,149	3,992
Amounts owed to group undertakings	7,779	8,373
Corporation tax	3,893	2,305
Other taxation and social security payable	453	2,249
Accruals and deferred income	1,697	540
	<u>18,917</u>	<u>18,248</u>

14 Creditors: amounts falling due after more than one year

	1992 £'000	1991 £'000
Obligations under finance leases	702	742
Obligations under finance leases fall due as follows:		
Under one year	416	379
In the second to fifth year inclusive	1,011	1,106
Over five years	40	-
Finance charges allocated to future periods	1,467 (477)	1,485 (498)
	990	987
Due within one year	288	245
Due after more than one year	702	742
	990	987

15 Provisions for liabilities and charges

	Pensions and similar obligations (see note 16) £'000	Deferred taxation (see below) £'000	Total £'000
At 30 December 1991	242	677	919
Transferred from/(to) profit and loss account	546	(277)	269
Exceptional item	-	269	269
At 3 January 1993	788	669	1,457

Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Amount unprovided	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Tax deferred by:				
Accelerated capital allowances	1,138	1,425	100	100
Other timing differences	(469)	(748)	-	-
	<u>669</u>	<u>677</u>	<u>100</u>	<u>100</u>

16 Pension commitments

The Johnson & Johnson Group operates a funded defined benefit pension scheme for employees and a small supplementary scheme for executives. The assets of both schemes are administered by Trustees and are held in separate funds.

The pension cost and funding arrangements relating to the UK scheme are assessed in accordance with the advice of a qualified actuary using the Projected Unit Method. The latest valuation was as at 1 April 1990. It was assumed that investment returns would be 9½% per annum, that salary increases (including promotion) would average 7½% per annum and that present and future pensions in excess of the Guaranteed Minimum Pension would increase at 5% per annum. Assets were valued by using a modified 3 year rolling average approach. At that date this value of assets was sufficient to cover 119% of the benefits that had accrued to members after allowing for expected future increases in earnings. The market value of the total assets was £109,581,000 on 1 April 1990.

The total pension cost charged for the year in these financial statements amounted to £546,000 (1991: £469,000).

There has been a change in the funding policy of the Group. In the previous actuarial valuation the funding approach was based on more conservative assumptions than the accounting policy. Accounting and funding policies are now based on the same actuarial method and assumptions. Whilst for accounting purposes the impact of any surplus or deficit is spread over the expected service lives of current employees, for funding purposes the overall surplus within the main pension scheme is being reduced through a contribution holiday.

In respect of the supplementary scheme the amount charged to the profit and loss account is the funded contributions as both the size of the fund and the number of employees in this scheme are very small in comparison with the main scheme.

The last actuarial valuation of the supplementary scheme, which was as at 1 April 1990, showed a deficit of £310,304 in respect of Johnson & Johnson Limited. However, based on professional advice, the trustees are of the opinion that this shortfall will be funded through the current level of contributions, taking account of the current profile of the membership.

No provision has been made for the possible impact of the European Court of Justice judgement in the case of Barber v GRE, dealing with the respective pension rights of male and female scheme members, in view of the uncertainty of its application. It is possible that the future pension costs could be increased depending on the interpretation of this judgement.

17 Called-up share capital

	1992 £'000	1991 £'000
Authorised		
18,000,000 ordinary shares of £1 each	18,000	18,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
11,564,613 (1991: 11,564,613) ordinary shares of £1 each	11,565	11,565
	<u> </u>	<u> </u>

18 Capital commitments

	1992 £'000	1991 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	72	59
	<u> </u>	<u> </u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for	241	269
	<u> </u>	<u> </u>

19 Contingent liabilities

	1992 £'000	1991 £'000
Indemnity bonds for temporary importation and performance	415	350

20 Financial commitments

The company leases land and buildings on short term leases. The annual rental payable under these leases amounts to £1,381,000 in 1993 (1992: £880,000). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The company pays all insurance, maintenance and repairs of these properties. The head office lease has recently been re-negotiated for a further five years.

At 3 January 1993 the company had annual commitments under non-cancellable operating leases for equipment as follows:

	1992 £'000	1991 £'000
Expiring within one year	22	6
Expiring between two and five years inclusive	30	47
Expiring in over five years	-	4
	52	57

21 Ultimate and immediate parent companies

The directors regard Johnson & Johnson Inc, a company registered in the United States of America, as the ultimate parent company. The ultimate parent's consolidated financial statements may be obtained from Johnson & Johnson Inc, One Johnson & Johnson Plaza, New Brunswick, New Jersey, 08933, USA. The immediate parent company is Johnson and Johnson Management Limited, registered in England and Wales. The parent's consolidated financial statements may be obtained from Johnson & Johnson Management Limited, Foundation Park, Roxborough Way, Maidenhead.

Johnson & Johnson LIMITED

22 October 1993

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Annual Accounts - 1992 Co. No.2175750

I enclose Annual Report for the year ended 3 January 1993.



B M Scoones
Company Secretary

