

Registered number: 02906848

## **McNeil Products Limited**

**Annual report and financial statements**

**For the year ended 1 January 2017**

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<b>McNeil Products Limited</b>
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**Company Information**

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<b>Directors</b>	M J Robinson (resigned 10 May 2016) P Smallcombe (resigned 1 June 2017) A Crossley (appointed 11 August 2016) L Huys (appointed 1 June 2017)
<b>Registered number</b>	02906848
<b>Registered office</b>	Foundation Park Roxborough Way Maidenhead Berkshire SL6 3UG
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH
<b>Bankers</b>	The Royal Bank of Scotland Plc Corporate Banking Office PO Box 450 5-10 Great Tower Street London EC3P 3HX
<b>Solicitors</b>	Linklaters LLP One Silk Street London EC2Y 8HQ

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**McNeil Products Limited**

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**Strategic report  
For the year ended 1 January 2017**

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The directors present their Strategic report for the year ended 1 January 2017.

**Principal activities**

The principal activity of the company remains that of an intermediate group holding company.

**Transition to FRS 101**

During the year, the company transitioned from UK GAAP to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and has taken advantage of the disclosure exemptions allowed under this standard. The prior year comparatives are also under the new standards. There were no material recognition and measurement differences arising on the adoption of FRS 101 (see note 19).

**Business review**

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

The results and dividend section on page 3 and the income statement on page 8 show the results for the financial year, and the statement of financial position on page 9 of the financial statements shows the company's financial position at the end of the year.

During the financial year ended 1 January 2017, the company acquired 100% of the shares in OGX Beauty Limited for £3,198,206.

**Future outlook**

The directors expect that the company will continue as a holding company for the foreseeable future.

**Principal risks and uncertainties**

The key business risks and uncertainties affecting the company are considered to relate to foreign exchange risk, interest rate cash flow risk and liquidity risk. The risks and uncertainties are managed at regular board meetings, and where applicable, actions are taken to mitigate the risks.

This report was approved by the board and signed on its behalf.



A Crossley  
Director

Date: 21<sup>st</sup> September 2017

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**McNeil Products Limited**

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**Directors' report  
For the Year Ended 1 January 2017**

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The directors present their report and the audited financial statements for the year ended 1 January 2017.

**Results and dividends**

The income statement for the financial year is set out on page 8.

The profit for the financial year, amounted to £866,000 (2015 - £14,852,000).

The company paid a dividend of £nil for the financial year (2015: £nil). There are no proposed dividends awaiting approval at the balance sheet date (2015: £nil).

**Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk and interest rate cash flow risk.

**Liquidity risk**

The company is funded with the Johnson & Johnson group of companies. Its 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 manages its foreign exchange risk by hedging its significant exposures through a group hedging scheme.

**Future outlook**

The directors' expectations for the future of the business are set out in the Strategic report included within the annual report and financial statements.

**Subsequent events**

There have been no events affecting the company since the end of the financial year.

**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 served during the year and up to the date of signing the financial statements, unless otherwise stated, are given below:

M J Robinson (resigned 10 May 2016)  
P Smallcombe (resigned 1 June 2017)  
A Crossley (appointed 11 August 2016)  
L Huys (appointed 1 June 2017)

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<b>McNeil Products Limited</b>
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**Directors' report (continued)**  
**For the Year Ended 1 January 2017**

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**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited 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 audited financial statements comply with the Companies Act 2006.

The directors 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.

In the case of each director at the date the Directors' Report is approved:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent Auditors**

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place in accordance with s487 of the Companies Act 2006 for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

**McNeil Products Limited**

**Directors' report (continued)  
For the Year Ended 1 January 2017**

This report was approved by the board and signed on its behalf.



A Crossley  
Director

Date: 21<sup>st</sup> September 2017.

# ***Independent auditors' report to the members of McNeil Products Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, McNeil Products Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 1 January 2017 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.
- 

### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 1 January 2017;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinions on other matters prescribed by the Companies Act 2006**

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In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

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) ("ISAs (UK & 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.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sarah Quinn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
21 September 2017

**McNeil Products Limited**

**Income statement  
For the year ended 1 January 2017**

		Year ended 1 January 2017 £000	Year ended 3 January 2016 £000
	Note		
Other operating charges		(44)	(47)
<b>Operating loss</b>	4	(44)	(47)
Foreign exchange gain		1,068	146
Income from investments in subsidiaries	8	48	-
Profit on disposal of investments in group undertakings		-	14,795
Interest receivable and similar income	9	21	-
Interest payable and similar expenses	10	(11)	(25)
<b>Profit before taxation</b>		1,082	14,869
Income tax expense	11	(216)	(17)
<b>Profit for the financial year</b>		866	14,852

The company has no other comprehensive income for 2016 or 2015 other than the results above and therefore no separate statement of comprehensive income has been prepared.


The notes on pages 11 to 23 form part of these financial statements.

**McNeil Products Limited**  
Registered number: 02906848

**Statement of financial position**  
**As at 1 January 2017**

	Note	1 January 2017 £000	3 January 2016 £000
<b>Fixed assets</b>			
Investments	12	50,737	47,539
		<u>50,737</u>	<u>47,539</u>
<b>Current assets</b>			
Trade and other receivables	13	10,873	15,018
Cash and cash equivalents		6	6
		<u>10,879</u>	<u>15,024</u>
Trade and other payables: amounts falling due within one year	14	(241)	(2,054)
<b>Net current assets</b>		<u>10,638</u>	<u>12,970</u>
<b>Total assets less current liabilities</b>		<u>61,375</u>	<u>60,509</u>
Trade and other payables: amounts falling due after more than one year	15	(100)	(100)
<b>Net assets</b>		<u><u>61,275</u></u>	<u><u>60,409</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	9	9
Retained earnings		61,266	60,400
<b>Total equity</b>		<u><u>61,275</u></u>	<u><u>60,409</u></u>

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

  
A Crossley  
Director

Date: 21<sup>st</sup> September 2017

The notes on pages 11 to 23 form part of these financial statements.

McNeil Products Limited
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**Statement of changes in equity**  
**For the financial year ended 1 January 2017**

	Called up share capital £000	Retained earnings £000	Total equity £000
<b>At 29 December 2014</b>	<b>9</b>	<b>45,548</b>	<b>45,557</b>
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	14,852	14,852
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>14,852</b>	<b>14,852</b>
<b>At 3 January and 4 January 2016</b>	<b>9</b>	<b>60,400</b>	<b>60,409</b>
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	866	866
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>866</b>	<b>866</b>
<b>At 1 January 2017</b>	<b>9</b>	<b>61,266</b>	<b>61,275</b>

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<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**1. General information**

McNeil Products Limited ('the company') is a private company limited by shares and is incorporated in the United Kingdom. Its registered address can be found in the 'Company Information' section on page 1. The company is an intermediate group holding company.

**2. Accounting policies**

**2.1 Accounting period**

The accounting period ended 1 January 2017 consists of 52 weeks. For the purposes of these financial statements the period is referred to as 2016. The year ended 3 January 2016 is referred to as 2015.

**2.2 Basis of preparation**

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006. The principal accounting policies which have been consistently applied throughout the year are set out below.

As permitted by the Companies Act 2006, the directors have adapted the prescribed format of the income statement in a manner appropriate to the nature of the company's business.

The preparation of financial statements in conformity with FRS 101 requires the use of certain accounting estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Details of the company's parent and from where its consolidated financial statements prepared in accordance with a Generally Accepted Accounting Practice considered to be an equivalent to IFRS may be obtained are set out in note 17 to the financial statements.

These are the first financial statements of the company prepared in accordance with FRS 101. The company's date of transition to FRS 101 is 29 December 2014.

The company previously prepared its financial statements in accordance with UK GAAP. FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act. These amendments to the company's previously adopted accounting policies in accordance with UK GAAP had an impact on the total equity as at the date of transition and as at 3 January 2016 as shown in Note 19.

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<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**2. Accounting policies (continued)**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10 (d) (statement of cash flows):
    - 38A (requirement for minimum of two primary statements, including cash flow statements)
    - 111 (cash flow statement information)
    - 134-136 (capital management disclosures)
  - IAS 7, 'Statement of cash flows'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

**New standards, amendments and IFRIC interpretations**

No new accounting standards or amendments to accounting standards, or IFRIC interpretation that are effective for the year ended 1 January 2017, have had a material impact on the company.

**Changes in accounting policies and disclosures**

The following standards have been adopted by the company for the first time for the financial year ended 1 January 2017 and have a material impact on the company:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for the company to classify items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard also introduces new disclosure requirements, though FRS 101 allows for exemptions from the disclosure requirements that are listed above.

**Consolidation**

The company is a wholly owned subsidiary of its ultimate parent, Johnson & Johnson Inc., a company incorporated in the United States of America. It is included in the consolidated financial statements of Johnson & Johnson Inc. which are publicly available. Therefore, the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

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<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**2. Accounting policies (continued)**

**Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Pounds Sterling (£) which is also the company's functional currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Foreign exchange gains and losses from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**Financial instruments**

Management determines the classification of its financial assets in the following categories at initial recognition: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

**a) Financial assets at fair value through profit and loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

**b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' in the Statement of financial position.

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<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**2. Accounting policies (continued)**

**Recognition and measurement**

Regular way purchases and sales of financial assets are recognised on the trade date - the date on which the company commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within interest income or expense in the period in which they arise.

**Impairment of financial assets**

Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**Investments in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised at fair value less provisions for impairments.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.



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<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**2. Accounting policies (continued)**

**Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Accruals and deferred income comprise expenses relating to the current year, which will not be invoiced until after the date of the statement of financial position, and income received in advance relating to the following year.

**Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Dividend income**

Dividend income is recognised when the right to receive payment is established.

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**McNeil Products Limited**

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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**2. Accounting policies (continued)**

**Dividend distributions**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**3. Critical accounting estimates and judgements**

The company makes estimates and assumptions concerning the future. The resulting accounting treatment will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**a) Carrying value of financial assets**

Financial assets are carried at amortised cost. The company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss' event) and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**b) Carrying value of amount owed by group undertakings**

The directors make an assessment at the end of each financial year of whether there is objective evidence that amounts owed from group undertakings are impaired. When assessing impairment of the amounts owed from group undertakings, the directors consider factors including the credit rating of the counterparty, reviewing any significant events since the end of the financial year and the impact of any restructuring within the group. The directors make a decision on any potential impairments based on this assessment. See note 13 for carrying amount of the amounts owed from group undertakings and any impairment losses recognised in the financial year.

**4. Operating loss**

The operating loss is stated after charging:

	<b>Year ended 1 January 2017 £000</b>	<b>Year ended 3 January 2016 £000</b>
Recharge from group companies	<b>44</b>	<b>47</b>

<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**5. Auditors' remuneration**

The company paid the following amounts to its auditors in respect of the audit of the financial statements to the company:

	<b>Year ended 1 January 2017 £000</b>	<b>Year ended 3 January 2016 £000</b>
Fees payable to PricewaterhouseCoopers LLP, the company's auditor, for the statutory audit of the company	<b>4</b>	<b>4</b>
	<b>4</b>	<b>4</b>

**6. Employees**

The company did not have any employees during 2016 (2015: none).

**7. Directors' emoluments**

The directors during the year were primarily employed by Johnson & Johnson Limited and their remuneration has been borne by that company (2015: £nil).

**8. Income from investments in subsidiaries**

	<b>Year ended 1 January 2017 £000</b>	<b>Year ended 3 January 2016 £000</b>
Dividends received from investments in subsidiaries	<b>48</b>	<b>-</b>
	<b>48</b>	<b>-</b>

<b>McNeil Products Limited</b>
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**Notes to the financial statements**  
**For the Year Ended 1 January 2017**

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**9. Interest receivable and similar income**

	<b>Year ended 1 January 2017 £000</b>	<i>Year ended 3 January 2016 £000</i>
Interest receivable from group undertakings	21	-
	<u>21</u>	<u>-</u>

**10. Interest payable and similar expenses**

	<b>Year ended 1 January 2017 £000</b>	<i>Year ended 3 January 2016 £000</i>
Interest payable to group undertakings	3	17
8% cumulative preference dividend	8	8
	<u>11</u>	<u>25</u>

**11. Income tax expense**

	<b>Year ended 1 January 2017 £000</b>	<i>Year ended 3 January 2016 £000</i>
Current tax on profits for the year	216	17
	<u>216</u>	<u>17</u>

**McNeil Products Limited**

**Notes to the financial statements  
For the Year Ended 1 January 2017**

**11. Income tax expense (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is equal to *(2015: lower than)* the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	Year ended 1 January 2017 £000	Year ended 3 January 2016 £000
Profit before taxation	1,082	14,869
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	216	3,011
<b>Effects of:</b>		
Income not subject to tax	(9)	(2,996)
Expenses not deductible for tax purposes	2	2
Foreign tax at source	7	-
<b>Total tax expense included in the income statement</b>	<b>216</b>	<b>17</b>

**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the company's profits for this accounting year are taxed at a standard rate of 20.00%.

On 26 October 2015 changes in the UK main Corporation Tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 were substantively enacted. As a result the relevant deferred tax balances have been measured at 19% or 18% reflective, of the rate expected to be in force at the time the underlying differences reverse.

Further to these changes in rate it was announced by the Chancellor of the Exchequer that the main rate of Corporation Tax will be revised down further to 17% in 2020. Legislation was introduced in the Finance bill 2016 to that effect.

<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

**12. Investments**

	Investments in subsidiary undertakings £000
<b>Cost or valuation</b>	
At 4 January 2016	47,539
Additions	3,198
	50,737
<b>At 1 January 2017</b>	50,737
 <b>Net book value</b>	
At 1 January 2017	50,737
 <i>At 3 January 2016</i>	47,539

Investments comprise interest in group undertakings.

During the financial year ended 1 January 2017, the company acquired 100% of the shares in OGX Beauty Limited for £3,198,206.

**Subsidiary undertakings**

The subsidiaries of the company at 1 January 2017 were:

<b>Name</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion held</b>	<b>Status</b>
McNeil Healthcare (UK) Limited	England & Wales	Ordinary shares of £1	99 %	Active
McNeil Iberica S.L.U.	Spain	Ordinary shares of £1	100 %	Active
OGX Beauty Limited	England & Wales	Ordinary shares of £1	100 %	Active

McNeil Healthcare (UK) Limited's registered office is: Foundation Park, Roxborough Way, Maidenhead, Berkshire, SL6 3UG.

McNeil Iberica S.L.U.'s registered office is: Antigua Carretera N-II, Km 32,800, Alcala de Henares, 28805, Madrid.

OGX Beauty Limited's registered office is: Foundation Park, Roxborough Way, Maidenhead, Berkshire, SL6 3UG.

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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**13. Trade and other receivables**

	1 January 2017 £000	3 January 2016 £000
Amounts owed by group undertakings	10,873	15,018
	10,873	15,018
	10,873	15,018

**14. Trade and other payables: Amounts falling due within one year**

	1 January 2017 £000	3 January 2016 £000
Amounts owed to group undertakings	12	2,029
Corporation tax	225	17
Accruals and deferred income	4	8
	241	2,054
	241	2,054

Amounts owed to group undertakings include a rolling loan facility of £nil (2015: £2,003,000). Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

**15. Trade and other payables: Amounts falling due after more than one year**

	1 January 2017 £000	3 January 2016 £000
Fair value of debt element of 8% preference shares	100	100
	100	100
	100	100

Disclosure of the terms and conditions attached to the non-equity shares is made in note 16.

# McNeil Products Limited

## Notes to the financial statements For the Year Ended 1 January 2017

### 16. Called up share capital

	1 January 2017 £	3 January 2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
578,015 (3 January 2016: 578,015) Ordinary 'C' shares of £0.01 each	5,780	5,780
210,000 (3 January 2016: 210,000) Ordinary 'D' shares of £0.01 each	2,100	2,100
5,878 (3 January 2016: 5,878) Ordinary 'A' shares of £0.10 each	588	588
2,058 (3 January 2016: 2,058) Ordinary 'B' shares of £0.10 each	206	206
	<u>8,674</u>	<u>8,674</u>

### Rights of shareholders

The holders of the 'A' and 'B' shares have the right to receive notices, attend general meetings and vote thereat.

On a return of assets on the winding up of the company firstly the holders of the preference shares shall receive any arrears of the preference dividend.

Secondly, the holders of the 'A', 'B', 'C', 'D' and the preference shares shall receive the amount paid up on such shares or, if insufficient assets are available, in proportion to the amounts paid up on such shares.

Finally the balance of such assets shall belong to and be distributed among the holders of the 'C' and 'D' shares in proportion to the amounts paid up on such shares.

The holders of the 'C' and 'D' shares have the right to receive notices, but not to attend or vote at general meeting of the company. They have the right to receive the balance of any profits to be distributed in proportion to the amounts paid up on the 'C' and 'D' shares.

The preference shares (note 15) are the subject of a cumulative coupon rate of 8% payable annually on 31 December and accordingly have been classified as Trade and other payables: falling due after more than one year. These shares have priority over the other class of shares in both distribution of profits and the distribution of assets in the winding up of the company but the shareholders have no right to attend general meeting or to vote thereat.

### 17. Controlling party

The immediate parent company is Cilag Holding AG.

The directors regard Johnson & Johnson, a company registered in the United States of America, as the ultimate parent company and ultimate controlling party. This is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements may be obtained from Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.



<b>McNeil Products Limited</b>
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**Notes to the financial statements  
For the Year Ended 1 January 2017**

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**18. Subsequent events**

There have been no events affecting the company since the end of the financial year.

**19. Reconciliation on adoption of FRS 101**

**Transition adjustments in respect of prior years**

The company has no transitional adjustments relating to the change in FRS 101 in respect of the financial years prior to 2014, and therefore no balances as at 29 December 2014 have been amended or restated.