

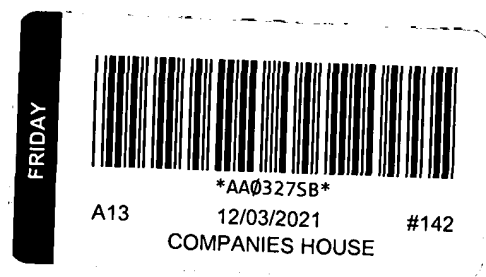
Registered number: 02906848

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**MCNEIL PRODUCTS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**



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**MCNEIL PRODUCTS LIMITED**

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**MCNEIL PRODUCTS LIMITED**

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**COMPANY INFORMATION**

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<b>Director</b>	G Rice (appointed 1 March 2019)
<b>Registered number</b>	02906848
<b>Registered office</b>	50 -100 Holmers Farm Way High Wycombe England HP12 4EG
<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 FINANCIAL YEAR ENDED 29 DECEMBER 2019**

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The director presents his Strategic report for the financial year ended 29 December 2019.

**Principal activities**

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

**Business review**

The director is satisfied with the performance of the company during the financial year.

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

**Future outlook**

The director expects that the company will continue as a holding company for the foreseeable future.

The director's consideration of Brexit and COVID is outlined within the Director's report.

**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.



G Rice  
Director

Date: 10.3.2021

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## **MCNEIL PRODUCTS LIMITED**

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### **DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**

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The director presents his report and the audited financial statements for the financial year ended 29 December 2019.

The company's reporting period ends on the Sunday closest to 31 December, being 29 December 2019 for the current year (52 weeks) and 30 December for the prior year (52 weeks).

#### **Statement of director's responsibilities in respect of financial statements**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising 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 financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

The director is 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 to enable them to ensure that the audited financial statements comply with the Companies Act 2006.

#### **Director's confirmations**

In the case of the director at the date the Director's Report is approved:

- so far as the director is 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 been 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.

#### **Future outlook**

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

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## MCNEIL PRODUCTS LIMITED

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### DIRECTOR'S REPORT (CONTINUED) FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

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#### Results and dividends

The income statement for the financial year is set out on page 9.

The company's loss for the financial year amounted to £4,202,000 (2018 - profit of £268,000).

The Company received dividends of £1,468,000 at 29 December 2019 (2018: £318,000). There are no proposed dividends awaiting approval at 29 December 2019 (2018: £nil). There are no dividends paid during the year.

#### 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 by the Johnson & Johnson group of companies. Its funding requirements are reviewed regularly by both the director 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 is exposed to foreign exchange risk from transactions and balances with other group companies. Johnson & Johnson maintains a hedging scheme to manage foreign exchange risk at a group level.

#### Business Impact in Relation to Brexit

The United Kingdom (UK) withdrew from the European Union (EU) on 31 January 2020. The transition period lasted until 31 December 2020, at which point the UK completed its withdrawal from the EU Customs Union and single market.

During the transition period, negotiations were completed and a trade agreement between the two parties was reached. There is no tangible impact on the company's activities as a result of this agreement.

#### Events since the year end

As of the financial statement issuance date, the country, region and world are continuing to be impacted by the coronavirus (COVID-19). This outbreak is classified as non-adjusting event after the reporting date. Although the situation is still evolving at the date of issue of these financial statements, there is no tangible impact on the company's activity to date, however, the impact of this situation on the company in the future cannot be predicted. Management will continue to closely monitor the potential impact of these events and will take all possible measures to mitigate possible consequences.

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

#### Going concern

Management have considered the impact of the COVID-19 pandemic on the company's ability to continue as a going concern and are satisfied with that basis having reviewed forecasts and future cashflows.

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**MCNEIL PRODUCTS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**

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**Directors**

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

Andrew Crossley (resigned 1 March 2019)

Luc Huys (resigned 30 June 2019)

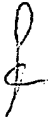
G Rice (appointed 1 March 2019)

C M Lawson (appointed 2 September 2019; resigned 18 January 2021)

**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 section 487 of the Companies Act 2006 for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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



G Rice  
Director

Date: 10.3.2021

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

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, McNeil Products Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 29 December 2019; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



### *Strategic Report and Director's Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the year ended 29 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's Report.

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

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of the Director's Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarah Quinn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
10 March 2021

**MCNEIL PRODUCTS LIMITED**

**INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**

	Note	Financial year ended 29 December 2019 £000	Financial year ended 30 December 2018 £000
Administrative expenses		-	(34)
<b>Operating loss</b>	4	-	(34)
Income from other fixed asset investments	7	1,468	318
Amounts written off investments		(5,482)	-
Interest receivable and similar income	8	49	28
Interest payable and similar expenses	9	(8)	(8)
<b>(Loss) / profit before income tax</b>		<b>(3,973)</b>	<b>304</b>
Income tax expense	10	(229)	(36)
<b>Loss / (profit) for the financial year</b>		<b>(4,202)</b>	<b>268</b>

The company has no other comprehensive income for 2019 or 2018 other than the results above and therefore no separate statement of comprehensive income has been prepared.

All amounts relate to continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

**MCNEIL PRODUCTS LIMITED**  
**REGISTERED NUMBER: 02906848**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 29 DECEMBER 2019**

	Note	29 December 2019 £000	29 December 2019 £000	30 December 2018 £000	30 December 2018 £000
<b>Non current assets</b>					
Investments	11		45,255		50,737
			<u>45,255</u>		<u>50,737</u>
<b>Current assets</b>					
Trade and other receivables	12	12,718		10,880	
Cash and cash equivalents		7		6	
		<u>12,725</u>		<u>10,886</u>	
Trade and other payables: amounts falling due within one year	13	(580)		(21)	
<b>Net current assets</b>			12,145		10,865
Trade and other payables: amounts falling due after more than one year	14		(100)		(100)
<b>Net assets</b>			<u>57,300</u>		<u>61,502</u>
<b>Capital and reserves</b>					
Called up share capital	15		9		9
Retained earnings			57,291		61,493
<b>Total equity</b>			<u>57,300</u>		<u>61,502</u>

The financial statements on pages 9 to 22 were approved and authorised for issue by the board and were signed on its behalf by:

  
G Rice  
Director

Date: 10.3.2021

The notes on pages 11 to 22 form an integral part of these financial statements.

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**MCNEIL PRODUCTS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**

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	<b>Called up share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
<b>At 1 January 2018</b>	<b>9</b>	<b>61,225</b>	<b>61,234</b>
Profit for the financial year	-	268	268
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>268</b>	<b>268</b>
<b>At 30 December 2018</b>	<b>9</b>	<b>61,493</b>	<b>61,502</b>
Loss for the financial year	-	(4,202)	(4,202)
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>(4,202)</b>	<b>(4,202)</b>
<b>At 29 December 2019</b>	<b>9</b>	<b>57,291</b>	<b>57,300</b>

The notes on pages 11 to 22 form an integral part of these financial statements.

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## MCNEIL PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

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#### 1. General information

McNeil Products Limited ('the company') is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is C/O Johnson & Johnson Limited 50-100 Holmers Farm Way, High Wycombe, England HP 12 4EG. The company is an intermediate group holding company.

Cilag Holding AG, a company incorporated in Switzerland, is the company's immediate parent company.

Johnson & Johnson, incorporated in the United States of America, is the company's ultimate parent undertaking.

Johnson & Johnson prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which the company is a member. Copies of the consolidated financial statements may be obtained from the Secretary, Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.

As the company is a wholly owned subsidiary of Cilag Holding AG and of its ultimate parent, Johnson & Johnson, it is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

As the company is a wholly owned subsidiary of Johnson & Johnson, the group financial statements of which are publicly available, advantage is also taken of the exemption from disclosing transactions with group companies and from presenting a cash flow statement.

These financial statements are the company's separate financial statements for the financial year beginning 31 December 2018 and ending 29 December 2019.

The company's reporting period ends on the Sunday closest to 31 December, being 29 December 2019 for the current year (52 weeks) and 30 December 2018 for the prior year (52 weeks).

#### 2. Accounting policies

##### 2.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the historical cost convention, unless otherwise stated within the financial statements and in accordance with the Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Management have considered the impact of the COVID-19 pandemic on the company's ability to continue as a going concern and are satisfied with that basis having reviewed forecasts and future cashflows.

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

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## MCNEIL PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.1 Basis of preparation (continued)

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 (critical accounting estimates and judgements).

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 1 to the financial statements.

The company has taken advantage of the following disclosure exemptions, where applicable, under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- 8A qualifying entity may take advantage of the following disclosure exemptions, from when the relevant standard is applied:
  - The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

The remaining exemptions available under the framework are not applicable to the company at this time.

### 2.2 New standards, amendments and IFRIC interpretations

IFRS 16 is a new accounting standard that is effective for accounting period starting on or after 1 January 2019 and therefore not applicable during this financial year. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 29 December 2019 that have had a material impact on the company's financial statements.

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## MCNEIL PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.3 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 dates of the transactions or valuation where items are remeasured. 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.

### 2.4 Impairment of investment in subsidiaries

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

#### *Impairment*

The company assesses at the end of each financial year, whether there are any indicators that an investment is impaired. This process involves consideration of internal sources of information, including dividend distributions, foreign exchange movements, plans or events expected to take place in the near future. Where an impairment indicator is identified, an assessment is made to impair the carrying value of investment to the higher of fair value less costs to sell or its value in use. When an impairment loss is recognised, if applicable, the impairment will be recognised within the current year income statement.

### 2.5 Financial instruments

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

#### *(a) Financial assets at fair value through profit or loss*

The following financial assets are classified at fair value through profit or loss (FVTPL):

- Debt investments that do not qualify for measurement at amortised cost
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI

#### *(b) Financial liabilities at amortised cost*

Financial liabilities are measured at amortised cost.

#### *(c) Loans and payables*

Loans and payables are non derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They consist of amounts owed to fellow subsidiaries and are included in current liabilities.

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## MCNEIL PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

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#### **2. Accounting policies (continued)**

##### **2.6 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.

##### **2.7 Investments**

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

##### **2.8 Trade and other receivables**

Trade and other receivables are amounts due group undertakings as the company is an intermediate holding company. 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.

##### **2.9 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.

##### **2.10 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.

##### **2.11 Current income 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.



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## MCNEIL PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.12 Dividend income

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

##### 2.13 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.

##### 2.14 Called up share capital

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### 3.1 Critical accounting estimates and assumptions

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 investment in subsidiaries*

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 director makes 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 director considers 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 director makes a decision on any potential impairments based on this assessment.

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**MCNEIL PRODUCTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**

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**3.2 Critical judgements in applying the entity's accounting policies**

The company's management considers that there are no significant judgements impacting the financial statements.

**4. Operating loss**

The operating loss is stated after charging:

	<b>Financial year ended 29 December 2019 £000</b>	<i>Financial year ended 30 December 2018 £000</i>
Impairment of investments (note 11)	<b>5,482</b>	-
Exchange differences	<b>(21)</b>	-
	<hr/> <hr/>	<hr/> <hr/>

**5. Auditors' remuneration**

Remuneration for the statutory audit and other services carried out for the company by the company's auditors is as follows:

	<b>Financial year ended 29 December 2019 £000</b>	<i>Financial year ended 30 December 2018 £000</i>
Audit of entity financial statements	<b>5</b>	4
	<hr/> <hr/>	<hr/> <hr/>

**6. Directors' remuneration**

The directors during the financial year were primarily employed by other companies within the Johnson & Johnson group and their remuneration has been borne by those companies (2018: £nil).

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**MCNEIL PRODUCTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**

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**7. Income from other fixed asset investments**

	<b>Financial year ended 29 December 2019 £000</b>	<i>Financial year ended 30 December 2018 £000</i>
Dividends received from other fixed asset investments	1,468	318
	<u>1,468</u>	<u>318</u>

Dividend receivable relates to dividends received from McNeil HealthCare Limited in the value of £1,468,000 (2018: £318,000).

**8. Interest receivable and similar income**

	<b>Financial year ended 29 December 2019 £000</b>	<i>Financial year ended 30 December 2018 £000</i>
Interest receivable on UK group banking arrangements	49	28
	<u>49</u>	<u>28</u>

**9. Interest payable and similar expenses**

	<b>Financial year ended 29 December 2019 £000</b>	<i>Financial year ended 30 December 2018 £000</i>
8% Cumulative preference dividend	8	8
	<u>8</u>	<u>8</u>

**MCNEIL PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Income tax expense**

	<b>Financial year ended 29 December 2019 £000</b>	<b>Financial year ended 30 December 2018 £000</b>
<b>Corporation tax</b>		
Current tax	9	-
Tax on dividends received	-	36
Foreign tax suffered	220	-
<b>Total current tax</b>	<b>229</b>	<b>36</b>

**Factors affecting tax charge for the financial year**

The tax assessed for the financial year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>Financial year ended 29 December 2019 £000</b>	<b>Financial year ended 30 December 2018 £000</b>
(Loss)/profit before tax	<b>(3,973)</b>	<b>304</b>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>(755)</b>	<b>58</b>
<b>Effects of:</b>		
Income not taxable	<b>(279)</b>	<b>(61)</b>
Withholding tax	-	36
Expenses not deductible for tax purposes	<b>1,043</b>	<b>2</b>
Group relief surrender	<b>220</b>	<b>1</b>
<b>Total tax charge for the financial year</b>	<b>229</b>	<b>36</b>

**Factors that may affect future tax charges**

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 30 December 2018	<b>50,737</b>
At 29 December 2019	<b>50,737</b>
Impairment charge for the year	<b>5,482</b>
At 29 December 2019	<b>5,482</b>
<b>Net book value</b>	
At 30 December 2018	<b>45,255</b>
At 29 December 2019	<b>50,737</b>

The fair value of investment property owned by subsidiary McNeil Iberica S.L.U located in Alcala de Henares as at 29 December 2019 is valued at EUR 6,336,683. The valuation has resulted in an impairment being recognised in the investment in subsidiary McNeil Iberica S.L.U and charged to the income statement in the amount of £5,482,000. This value is based on a valuation carried out on 31 August 2020 by an independent valuer, KPMG, who holds a recognised and relevant professional qualification and has recent experience in the location and category of investment property being valued.

<b>Name</b>	<b>Country of incorporation and registered office</b>
McNeil Healthcare (UK) Limited	England; Foundation Park, Roxborough Way, Maidenhead, Berkshire, SL6 3UG
McNeil Iberica S.L.U.	Spain; Antigua Carretera N-II, Km 32,800, Alcala de Henares, 28805, Madrid
OGX Beauty Limited	England; Foundation Park, Roxborough Way, Maidenhead, Berkshire, SL6 3UG

# MCNEIL PRODUCTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

### 11. Investments (continued)

#### Subsidiary undertakings

The subsidiaries of the company at 29 December 2019 were:

Name	Principal activity	Class of shares	Holding
McNeil Healthcare (UK) Limited	Sale and distribution of non-prescription consumer healthcare products	Ordinary shares of £1	99%
McNeil Iberica S.L.U.	Sale and manufacture of non-prescription consumer healthcare products	Ordinary shares of £1	100%
OGX Beauty Limited	Sale and distribution of beauty products	Ordinary shares of £1	100%

### 12. Trade and other receivables

	29 December 2019 £000	30 December 2018 £000
Amounts owed by group undertakings	12,718	10,880
	<b>12,718</b>	<b>10,880</b>

Amounts owed by group undertakings are unsecured, interest bearing and repayable on demand.

### 13. Trade and other payables: amounts falling due within one year

	29 December 2019 £000	30 December 2018 £000
Amounts owed to group undertakings	560	6
Corporation tax	9	-
Accruals and deferred income	11	15
	<b>580</b>	<b>21</b>

Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

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MCNEIL PRODUCTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

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14. Trade and other payables: amounts falling due after more than one year

	29 December 2019 £000	30 December 2018 £000
Fair value of debt element of 8% preference shares	100	100
	<u>100</u>	<u>100</u>

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

15. Called up share capital

	29 December 2019 £	30 December 2018 £
<b>Allotted, called up and fully paid</b>		
578,015 Ordinary 'C' shares of £0.01 each	5,780	5,780
210,000 Ordinary 'D' shares of £0.01 each	2,100	2,100
5,878 Ordinary 'A' shares of £0.10 each	588	588
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 14) are the subject of a cumulative coupon rate of 8% payable annually on 29 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019**

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**16. Events since the year end**

As of the financial statement issuance date, the country, region and world are continuing to be impacted by the coronavirus (COVID-19). This outbreak is classified as non-adjusting event after the reporting date. Although the situation is still evolving at the date of issue of these financial statements, there is no tangible impact on the Company's activity to date, however, the impact of this situation on the Company in the future cannot be predicted. Management will continue to closely monitor the potential impact of these events and will take all possible measures to mitigate possible consequences.

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

**Going concern**

Management have considered the impact of the COVID-19 pandemic on the company's ability to continue as a going concern and are satisfied with that basis having reviewed forecasts and future cashflows.