

McNeil Products Limited

Annual report and financial statements

For the year ended 1 January 2012



McNeil Products Limited

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McNeil Products Limited

Company Information

Directors	M Robinson (appointed 10 January 2011) J Pearson (resigned 21 January 2011) J Gonzalez
Company secretary	M Robinson
Registered number	02906848
Registered office	Foundation Park Roxborough Way Maidenhead Berkshire SL6 3UG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 9 Greyfriars Road Reading Berkshire RG1 1JG
Bankers	The Royal Bank of Scotland Plc Corporate Banking Office PO Box 450 5-10 Great Tower Street London EC3P 3HX
Solicitors	Linklaters LLP One Silk Street London EC2Y 8HQ

McNeil Products Limited

Directors' report
For the year ended 1 January 2012

The directors present their annual report and the audited financial statements of the company for the year ended 1 January 2012

Business review and principal activities

The principal activity of the company remains that of an intermediary group holding company

Future outlook

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

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to foreign exchange risk, interest rate cash flow risk and liquidity risk.

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 within 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.

Results and dividends

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

The company's loss for the financial year is £532,000 (2010 profit of £18,175,000).

The company paid a dividend of £nil for the financial year (2010 £nil).

Qualifying third party indemnity provisions

At the time the report is approved there are no qualifying third party indemnity provisions in place for the benefit of one or more of the directors.

McNeil Products Limited

Directors' report For the year ended 1 January 2012

Directors

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

M Robinson	(appointed 10 January 2011)
J Pearson	(resigned 21 January 2011)
J Gonzalez	

Policy and practice on payment of creditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

All directors in office at the time the report is approved confirm

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

McNeil Products Limited

Directors' report
For the year ended 1 January 2012

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

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



M Robinson
Director

Date

23/5/12

McNeil Products Limited

Independent auditors' report to the members of McNeil Products Limited

We have audited the financial statements of McNeil Products Limited for the year ended 1 January 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

McNeil Products Limited

Independent auditors' report to the members of McNeil Products Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Gavin Crawford (Senior statutory auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

9 Greyfriars Road

Reading

Berkshire

RG1 1JG

Date

14 June 2012

McNeil Products Limited

Profit and loss account
For the year ended 1 January 2012

		Year ended 1 January 2012 £000	Year ended 2 January 2011 £000
	Note		
Other operating expenses		(51)	(58)
Operating loss		(51)	(58)
Foreign exchange loss		-	(176)
Income from shares in group undertakings	5	-	39,262
Loss on disposal of shares in subsidiary undertaking		-	(18,778)
Interest receivable and similar income		24	40
Interest payable and similar charges	6	(87)	(1,407)
(Loss)/profit on ordinary activities before taxation		(114)	18,883
Tax on (loss)/profit on ordinary activities	7	(418)	(708)
(Loss)/profit for the financial year	13	(532)	18,175

There is no material difference between the (loss) / profit on ordinary activities before taxation and the (loss) / profit for the financial years stated above, and their historical cost equivalents

All results are derived from continuing operations

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
As at 1 January 2012

	Note	£000	1 January 2012 £000	£000	2 January 2011 £000
Fixed assets					
Investments			47,549		47,549
Current assets					
Debtors	9	2,401		13,119	
Cash at bank and in hand		7		7	
		<u>2,408</u>		<u>13,126</u>	
Creditors amounts falling due within one year	10	<u>(1,938)</u>		<u>(12,124)</u>	
Net current assets			470		1,002
Total assets less current liabilities			<u>48,019</u>		<u>48,551</u>
Creditors amounts falling due after more than one year	11		<u>(100)</u>		<u>(100)</u>
Net assets			<u>47,919</u>		<u>48,451</u>
Capital and reserves					
Called up share capital	12		9		9
Profit and loss account	13		<u>47,910</u>		<u>48,442</u>
Total shareholders' funds	14		<u>47,919</u>		<u>48,451</u>

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



M Robinson
Director

Date 23/5/12

The notes on pages 9 to 14 form part of these financial statements

Notes to the financial statements
For the year ended 1 January 2012

1. Principal accounting policies

Accounting period

The accounting year ended 1 January 2012 consists of 52 weeks. For the purposes of these financial statements the year is referred to as 2011. The accounting year ended 2 January 2011 is referred to as 2010.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been consistently applied throughout the year are set out below.

Consolidated financial statements

The company and its subsidiary undertakings are included in the full consolidation of the financial statements of its ultimate parent, Johnson & Johnson Inc. In accordance with the provisions of S401 of the Companies Act 2006, group financial statements have not been prepared.

Fixed asset investments

Fixed asset investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

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.

Cash flow statement

The company is a wholly owned subsidiary of Johnson & Johnson Inc and the cash flows of the company are included in the consolidated financial statements of Johnson & Johnson Inc which are publicly available. Consequently the company is exempt under the terms of FRS 1 (revised 1996) from preparing a cash flow statement.

Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Johnson & Johnson Inc, whose accounts are publicly available.

2. Operating loss

	Year ended 1 January 2012 £000	Year ended 2 January 2011 £000
Fees payable to PricewaterhouseCoopers LLP for the statutory audit of the company	4	4

McNeil Products Limited

Notes to the financial statements
For the year ended 1 January 2012

3. Directors' emoluments

The directors during the year were primarily employed by Johnson & Johnson Limited and their remuneration has been borne by that company (2010 £nil)

4 Employee information

The company did not have any employees during either the current or prior year

5. Income from shares in group undertakings

	Year ended 1 January 2012 £000	Year ended 2 January 2011 £000
Interim dividends received from subsidiary undertakings	-	39,262

6 Interest payable and similar charges

	Year ended 1 January 2012 £000	Year ended 2 January 2011 £000
Interest payable to current group undertakings	79	1,399
8% cumulative preference dividend	8	8
	<u>87</u>	<u>1,407</u>

7. Tax on (loss)/profit on ordinary activities

	Year ended 1 January 2012 £000	Year ended 2 January 2011 £000
Analysis of tax charge in the year		
UK corporation tax credit on (loss)/profit for the year	(28)	(446)
Adjustments in respect of prior periods	446	1,154
Tax on (loss)/profit on ordinary activities	<u>418</u>	<u>708</u>

Notes to the financial statements
For the year ended 1 January 2012

7. Tax on (loss)/profit on ordinary activities (continued)

The tax assessed for the year is higher than (2010 lower than) the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	Year ended 1 January 2012 £000	Year ended 2 January 2011 £000
(Loss)/profit on ordinary activities before taxation	(114)	18,883
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	(30)	5,287
Effects of		
Expenses not deductible for tax purposes	2	5,260
Adjustments to tax charge in respect of prior periods	446	1,154
Items not taxable for UK purposes	-	(10,993)
Total current tax charge for the year (see note above)	418	708

Deferred tax

As at 1 January 2012 the company had no deferred tax asset or liability (2010 £nil)

Factors affecting current and future tax charges

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5%.

The company has surrendered the benefit of tax losses amounting to £106,000 to a fellow subsidiary undertaking without receiving any payment.

On 5 July 2011 a change in the UK main corporation tax rate to 25% was substantively enacted to be in effect from 1 April 2012. Further reductions to the UK corporation tax rate were announced in the March 2012 and prior Budgets. The additional changes, which are expected to be enacted separately each year, propose to reduce the rate by a further 1% on 1 April 2012 to 24% and by 1% per annum thereafter to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

McNeil Products Limited

Notes to the financial statements
For the year ended 1 January 2012

8. Fixed asset investments

	£000
Cost and net book amount at 3 January 2011	47,549
Additions	-
Cost and net book amount at 1 January 2012	47,549

Investments comprise interests in group undertakings

The subsidiaries of the company at 1 January 2012 were

Name of company	Country of incorporation	Holding	Proportion held
McNeil Healthcare (UK) Limited	England & Wales	Ordinary shares of £1	99%
McNeil Iberica S L U	Spain	Ordinary shares of £1	100%
McNeil Healthcare (Ireland) Limited	Ireland	Ordinary shares of £1	99%
Uniclife Limited *	England & Wales	Ordinary Shares of £1	99%

Sub-subsidiary investments are noted by *

The principal activities of the subsidiaries are the manufacture and sale of healthcare products. All of the above companies operate principally in their country of incorporation.

The directors believe that the book value of the investments are supported by their underlying net assets and anticipated future income streams. The table below shows the profit/(loss) after tax for the year ended 1 January 2012 unless otherwise indicated and at the year end, aggregate capital and reserves based on draft unaudited (*audited) financial information. The comparative figures for 2010 are based on audited financial statements where applicable.

Name of company	Profit / (loss) after tax		Capital and reserves	
	2011 £000	2010 £000	2011 £000	2010 £000
McNeil Healthcare (UK) Limited	5,040	5,000	114,257	109,217
McNeil Iberica S L U	531	(440)	10,235	9,870
McNeil Healthcare (Ireland) Limited	794	633	3,235	2,526
Uniclife Limited	-	-	28,030	28,030

McNeil Products Limited

Notes to the financial statements
For the year ended 1 January 2012

9. Debtors

	1 January 2012 £000	2 January 2011 £000
Amounts falling due within one year		
Amounts owed by current group undertakings	2,373	12,673
Corporation tax	28	446
	<u>2,401</u>	<u>13,119</u>

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

10. Creditors amounts falling due within one year

	1 January 2012 £000	2 January 2011 £000
Amounts owed to group undertakings	1,934	12,099
Accruals	4	25
	<u>1,938</u>	<u>12,124</u>

Amounts owed to group undertakings include a rolling loan facility of £1,919,780 (2010 £117,460,000) Amounts owed to group undertakings are unsecured, interest bearing at a rate of 1.26% per annum and repayable on demand

11. Creditors amounts falling due after more than one year

	1 January 2012 £000	2 January 2011 £000
Fair value of debt element of 8% preference shares	100	100

12. Share capital

	1 January 2012 £	2 January 2011 £
Shares classified as capital		
Allotted, called up and fully paid		
578,015 Ordinary 'C' shares shares of £0.01 each	5,780	5,780
210,000 Ordinary 'D' shares shares of £0.01 each	2,100	2,100
5,878 Ordinary 'A' shares shares of £0.10 each	588	588
2,058 Ordinary 'B' shares shares of £0.10 each	206	206
	<u>8,674</u>	<u>8,674</u>

McNeil Products Limited

Notes to the financial statements For the year ended 1 January 2012

12 Share capital (continued)

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 meetings 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 are the subject of a cumulative coupon rate of 8% payable annually on 31 December and accordingly have been classified as a creditor falling due after more than one year

13 Reserves

	Profit and loss account £000
At 3 January 2011	48,442
Loss for the financial year	(532)
At 1 January 2012	47,910

14. Reconciliation of movement in shareholders' funds

	1 January 2012 £000	2 January 2011 £000
Opening shareholders' funds	48,451	30,276
(Loss)/profit for the financial year	(532)	18,175
Closing shareholders' funds	47,919	48,451

15. Ultimate parent undertaking and controlling party

The immediate parent company is Cilag Holding AG

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