

Abbott Capital India Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Registration number: 04166322

Abbott Capital India Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is to hold, for capital growth and income generation, equity shareholdings in other companies within the Group. There have not been any significant changes in the Company's principal activities in the year under review.

Fair review of the business

The results of the Company for the year, as further set out on pages 9 and 10, show an operating profit on continuing operations of £28,446,000 (2019: £7,913,000). Included in operating profit is dividend income of £28,449,000 (2019: £7,919,000) received from one of the Company's subsidiary shareholdings.

The net assets of the Company presented on page 11 are £116,834,000 (2019: £91,242,000). The Directors consider this position adequate to support continuing activities in the foreseeable future.

These financial measures above are the key performance indicators used by the Directors to monitor the achievement of the Company's objectives.

Future developments

The Directors aim to maintain the principal activities of the Company which have resulted in the Company's performance in recent years. No significant changes in the Company's principal activities are planned for the foreseeable future.

Principal risks and uncertainties

The process of risk assessment and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to management approval at an appropriate level and a regular review cycle of these policies is in place. Compliance with regulatory, legal and ethical standards is a high priority for the Company and the compliance team and finance teams take on an important oversight role in this regard.

The principal risks to which the business is exposed are described below.

Investment risk: The Company holds investments in various subsidiary companies. It is therefore exposed to the risk that these entities do not perform as expected and an impairment of the investment in shareholdings will become necessary. The Directors monitor this risk and regularly assess the need for an impairment.

Section 172(1) Statement

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the Directors' statement required under section 414CZA, of The Companies Act 2006.

Stakeholder Engagement

Abbott is an active participant in the global dialogue on health and the broader role of business. We know that listening to our stakeholders is vital to our success. It enables us to respond with relevant, local solutions that meet people's changing needs and tackle the world's most important health challenges.

Abbott Capital India Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Stakeholder Engagement (continued)

Our stakeholder engagement is conducted formally, through the many associations and partnerships of which we are members. We also seek to engage with stakeholders more informally, through networks and organisations in which we participate.

Our core values of Pioneering, Achieving, Caring and Enduring are the foundation of our identity as a company. They define how we do our work and serve our stakeholders. Aligning our organisation around this cohesive set of values is critical to the fulfilment of our mission and the achievement of our business goals.

- Pioneering: Bringing life-changing health technologies to the people who need it
- Achieving: Delivering customer-focused outcomes and world-class execution
- Caring: Helping people live fuller lives through better health
- Enduring: Managing the company to ensure its long-term success

Our local country businesses play an important role in forming relationships with stakeholders. We have defined a stakeholder engagement methodology to be used by each Abbott business and affiliate, which guides Abbott leaders in setting their local engagement strategies. We also require our local teams to review their stakeholder engagement strategies on a regular basis. We report the outcomes of local stakeholder engagement in country-level citizenship reports or at local stakeholder forums. Through our engagement, we aim to stay well informed on the major issues of concern to all stakeholders, wherever we operate.

Abbott Capital India Limited is a holding company and therefore its range of activities is correspondingly more limited than that of a trading company. In this statement we primarily consider engagement with the direct stakeholders of Abbott Capital India Limited. At a local level, during 2020, the Directors undertook certain activities to engage with stakeholders and bring their voice into the boardroom.

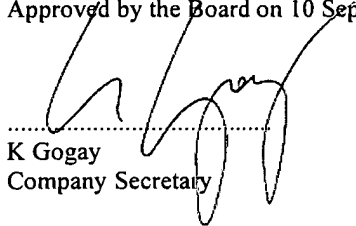
Shareholders and Subsidiary Companies

As Abbott Capital India Limited is itself a subsidiary company it is necessary for the Directors to have a clear understanding of the objectives and expectations of the Company's shareholder, Abbott Asia Investments Limited. The board of Abbott Capital India Limited consists of the same directors as the board of its shareholder and as a result there is natural alignment. Likewise, there is a requirement for the Directors to understand the activities of its subsidiary company and the risks to which it is exposed. During the year the Directors received information regarding subsidiary operations through various management reports and updates provided by the Finance Director whose role spans all UK subsidiaries.

How Stakeholder Interests Have Influenced Decision Making

The Directors recognise the importance of engaging with stakeholders to help inform their strategy and decision-making. Through our engagement, we aim to stay well-informed of the major issues of concern to stakeholders wherever we operate. Relevant stakeholder interests, including those of customers, employees, suppliers and others are considered by the Directors when they take decisions. We define principal decisions as those that are material, or of strategic importance to the Company, and also those that are significant to any of our key stakeholder groups. In making their decisions, the Directors consider the outcomes of relevant stakeholder engagement and are mindful of their duties under the Companies Act including the specific requirements of section 172(1). The Directors also consider the need to maintain a reputation for high standards of business conduct, the need to act fairly between the members of the Company and the long-term consequences of their decisions.

Approved by the Board on 10 September 2021 and signed on its behalf by:


K Gogay
Company Secretary

Abbott Capital India Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Directors of the Company

The Directors who held office during the year and up to the of approval of the financial statements were as follows:

N Harris

B Yoor (resigned 29 February 2020)

G Mountrichas (resigned 23 March 2020)

K Peterson (appointed 1 March 2020 and resigned 22 March 2021)

M Clayton (appointed 23 March 2020)

The following Director was appointed after the year end:

J McCoy (appointed 22 March 2021)

Dividends

The Directors do not recommend the payment of a dividend (2019: £Nil).

Schedule 7 requirements

Applicable content per Schedule 7 of the Large and Medium -sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report in accordance with provisions in s414C (11) of the Companies Act 2006.

Going concern

In 2020, the coronavirus (COVID-19) pandemic affected the global Abbott group's ("Abbott") diversified health care businesses in various ways. Some businesses have performed at the levels required to successfully meet new demands, others have faced challenges, and still others have been relatively less impacted by the pandemic. The severity and timing of the impact of COVID-19 differs between the various countries in which Abbott trades. While the increase in Abbott's 2020 global sales were mostly attributable to the COVID-19 pandemic, the increase in total sales over the last three years also reflects volume growth due to the introduction of new products across various businesses as well as higher sales of various existing products. Sales in emerging markets, which represent approximately 37 percent of total group sales, increased 2.0 percent in 2020 and 8.2 percent in 2019, excluding the impact of foreign exchange. To date, COVID-19 has not had a significant impact on the Company. Due to the unpredictability of the duration and impact of the current COVID-19 pandemic, the extent to which the COVID-19 pandemic will have a material effect on Abbott's business, financial condition or results of operations is uncertain.

The Company generated a profit after tax of £25,592,000 (2019: £7,850,000) and has a net asset position of £116,834,000 (2019: £91,242,000). Current assets of the Company exceed its current liabilities by £22,211,000 (2019: current liabilities of the Company exceeded current assets by £3,381,000). Trading profits are expected to continue in the foreseeable future. Therefore, after making enquiries, the Directors have a reasonable expectation that the Company will continue in operational existence for a period of at least twelve months to 10 September 2022.

Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Abbott Capital India Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Disclosure of information to the auditors

In the case of each person who is a director at the time the Directors' Report and financial statements are approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditor is unaware; and
- each Director has taken steps that ought to have been taken by the Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of this information.

Post balance sheet events

No material adjusting events occurred from the Balance Sheet date of 31 December 2020 to the date of signing of the financial statements.

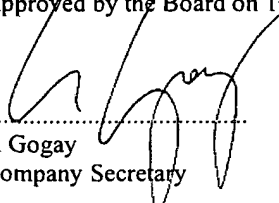
Streamlined Energy and Carbon Reporting

The Company has consumed less than 40MWh during the year and is therefore considered a low energy user exempt from the reporting requirements set out in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Auditor

The auditor, Ernst & Young, Chartered Accountants and Statutory Audit Firm will continue in office in accordance with section 487(2) of the Companies Act 2006.

Approved by the Board on 10 September 2021 and signed on its behalf by:



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K Gogay
Company Secretary

Abbott Capital India Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with company law.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTT CAPITAL INDIA LIMITED

Opinion

We have audited the financial statements of Abbott Capital India Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months to 10 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTT CAPITAL INDIA LIMITED (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTT CAPITAL INDIA LIMITED (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

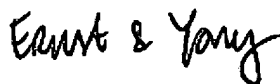
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006 and relevant tax compliance regulations in the UK.
- We understood how Abbott Capital India Limited is complying with those frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries through reading the board minutes of the Company and we noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiry of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. Where this risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journal entries and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries of management and those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Feargal De Freine (Senior statutory auditor)
for and on behalf of
Ernst & Young, Chartered Accountants, Statutory Auditor

Dublin

17 September 2021

Abbott Capital India Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Interest and dividend income	3	28,458	7,919
Administrative expenses		<u>(12)</u>	<u>(6)</u>
Operating profit		28,446	7,913
Interest payable and similar charges	4	<u>(9)</u>	<u>(63)</u>
Profit before tax		28,437	7,850
Taxation	7	<u>(2,845)</u>	<u>-</u>
Profit for the financial year		<u><u>25,592</u></u>	<u><u>7,850</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 20 form an integral part of these financial statements.

Abbott Capital India Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

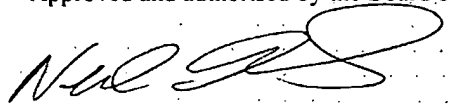
	Note	2020 £ 000	2019 £ 000
Profit for the financial year		<u>25,592</u>	<u>7,850</u>
Total comprehensive income for the year		<u><u>25,592</u></u>	<u><u>7,850</u></u>

The notes on pages 13 to 20 form an integral part of these financial statements.

Abbott Capital India Limited
(Registration number: 04166322)
Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Investments in subsidiaries	8	94,623	94,623
Current assets			
Debtors	9	22,220	-
Creditors: Amounts falling due within one year	10	<u>(9)</u>	<u>(3,381)</u>
Net current assets/(liabilities)		<u>22,211</u>	<u>(3,381)</u>
Net assets		<u>116,834</u>	<u>91,242</u>
Capital and reserves			
Called up share capital	11	-	-
Share premium reserve	12	9,971	9,971
Other reserves	12	40,145	40,145
Profit and loss account	12	<u>66,718</u>	<u>41,126</u>
Total shareholder's equity		<u>116,834</u>	<u>91,242</u>

Approved and authorised by the Board on 10 September 2021 and signed on its behalf by:



N Harris
Director

Abbott Capital India Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital (Note 11) £ 000	Share premium reserve (Note 12) £ 000	Other reserves (Note 12) £ 000	Profit and loss account (Note 12) £ 000	Total £ 000
At 1 January 2020	-	9,971	40,145	41,126	91,242
Profit for the financial year	-	-	-	25,592	25,592
Total comprehensive income	-	-	-	25,592	25,592
At 31 December 2020	-	9,971	40,145	66,718	116,834
	Called up share capital (Note 11) £ 000	Share premium reserve (Note 12) £ 000	Other reserves (Note 12) £ 000	Profit and loss account (Note 12) £ 000	Total £ 000
At 1 January 2019	-	9,971	40,145	33,276	83,392
Profit for the financial year	-	-	-	7,850	7,850
Total comprehensive income	-	-	-	7,850	7,850
At 31 December 2019	-	9,971	40,145	41,126	91,242

The notes on pages 13 to 20 form an integral part of these financial statements.

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:

Abbott House
Vanwall Business Park
Vanwall Road
Maidenhead
Berkshire
SL6 4 XE
United Kingdom

These financial statements were authorised for issue by the Board on 10 September 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Key estimates and judgements are discussed on pages 14 and 15.

Statement of compliance

These financial statements have been prepared in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and with the Companies Act 2006. The presentation and functional currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The Company is a qualifying entity as defined by FRS 102 and has taken advantage of the exemptions from the following disclosure requirements of FRS102:

Statement of Cash Flows as per section 3.17 (d)
Basic Financial Instruments as per sections 11.39 to 11.48A
Other Financial Instrument Issues as per sections 12.26 to 12.29
Related Party Disclosures as per sections 33.1A and 33.7

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

In 2020, the coronavirus (COVID-19) pandemic affected the global Abbott group's ("Abbott") diversified health care businesses in various ways. Some businesses have performed at the levels required to successfully meet new demands, others have faced challenges, and still others have been relatively less impacted by the pandemic. The severity and timing of the impact of COVID-19 differs between the various countries in which Abbott trades. While the increase in Abbott's 2020 global sales were mostly attributable to the COVID-19 pandemic, the increase in total sales over the last three years also reflects volume growth due to the introduction of new products across various businesses as well as higher sales of various existing products. Sales in emerging markets, which represent approximately 37 percent of total group sales, increased 2.0 percent in 2020 and 8.2 percent in 2019, excluding the impact of foreign exchange. To date, COVID-19 has not had a significant impact on the Company. Due to the unpredictability of the duration and impact of the current COVID-19 pandemic, the extent to which the COVID-19 pandemic will have a material effect on Abbott's business, financial condition or results of operations is uncertain.

The Company generated a profit after tax of £25,292,000 (2019: £7,850,000) and has a net asset position of £116,834,000 (2019: £91,242,000). Current assets of the Company exceed its current liabilities by £22,211,000 (2019: current liabilities of the Company exceeded current assets by £3,381,000). Trading profits are expected to continue in the foreseeable future. Therefore, after making enquiries, the Directors have a reasonable expectation that the Company will continue in operational existence for a period of at least twelve months to 10 September 2022.

Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Exemption from preparing group accounts

The financial statements contain information about Abbott Capital India Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Abbott Laboratories, a company incorporated in USA. The consolidated financial statements may be obtained from Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois, IL 60064-6400, USA.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no areas of judgement that would create a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Key sources of estimation uncertainty

Impairment of investments in subsidiaries

At the end of each reporting period, the carrying amounts of the Company's equity investment are reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss account.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset in prior years. A reversal of impairment is recognised immediately in the profit or loss account.

Interest and dividend income

Interest income is due to the Company from loans to affiliated group companies, or cash deposits with affiliated group companies or third-party banks and is calculated daily and accrued monthly.

Dividend income from shares in group undertakings is recognised when the dividends are declared by the Board of Directors of the subsidiary entity.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate at the balance sheet date. All exchange differences are included in the profit and loss account.

Taxation

UK corporation tax is provided at amounts expected to be paid, or recovered, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in different periods from those in which they are recognised in the financial statements. A net deferred tax asset is recognised as recoverable only when, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not discounted.

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are initially recognised at fair value, which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, investments in subsidiaries are carried at cost less provision for impairment.

Debtors

Debtors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. These basic financial assets, other than short term debtors, are subsequently carried at amortised cost using the effective interest method.

Short term debtors with no stated interest rate which are receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Creditors

Creditors and interest-bearing borrowings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest. Creditors, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the income statement.

Short term creditors with no stated interest rate, which are payable within one year, are recorded at transaction price.

Share Capital

Share capital represents the nominal (par) value of ordinary shares that have been issued. These shares are classified as equity. Direct costs of issuing equity instruments are immaterial and are therefore not deducted.

Reserves

Share premium reserve

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Other reserves

Other reserves represent a capital contribution reserve arising from a historical contribution to the Company made by another group undertaking. Under the terms of that contribution, the Company has no obligation to repay the amount.

Profit and Loss Account

The profit and loss account holds the retained earnings of the Company, after the deduction of any dividends paid.

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Interest and dividend income

The analysis of the Company's income for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Interest received from group entities (Note 9)	9	-
Dividends received	28,449	7,919
	<u>28,458</u>	<u>7,919</u>

4 Interest payable and similar charges

	2020 £ 000	2019 £ 000
Interest payable on amount due to group entities (Note 10)	<u>9</u>	<u>63</u>

5 Staff costs and Directors' remuneration

During the current and prior year, all the Directors were paid by other affiliates in the Abbott Laboratories group of companies. The Directors' services to the Company do not occupy a significant amount of their time and as such the Directors do not consider that they receive any remuneration for their incidental services to the Company. The Company has no employees.

6 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	<u>4</u>	<u>4</u>
Other fees to auditors		
All other non-audit services	<u>3</u>	<u>3</u>

7 Taxation

Tax charged in the income statement

	2020 £ 000	2019 £ 000
Taxation	<u>2,845</u>	<u>-</u>
Total current income tax	<u>2,845</u>	<u>-</u>

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	28,437	7,850
Corporation tax at standard rate	5,403	1,492
Dividend income not subject to UK corporation tax	(5,405)	(1,505)
Tax increase arising from foreign withholding tax charges	2,845	-
Tax increase arising from group relief	2	13
Total current income tax	2,845	-

Factors that may effect future tax charges

On 26 October 2015, Finance No.2 Bill 2015 enacted reductions in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. The latter reduction was subsequently reduced further from 18% to 17% upon enactment of the Finance Bill 2016 on 15 September 2016. However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted after the balance sheet date (on 24 May 2021).

8 Investments in subsidiaries

	2020 £ 000	2019 £ 000
Investments in subsidiaries	94,623	94,623
Subsidiaries		£ 000
Cost or valuation		
At 1 January 2020		94,623
At 31 December 2020		94,623
Provision		
At 1 January 2020		-
Provision		-
At 31 December 2020		-
Carrying amount		
At 31 December 2020		94,623
At 31 December 2019		94,623

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments in subsidiaries (continued)

Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Abbott India Limited	India	Ordinary	50.45%	50.45%

The principal activity of Abbott India Limited is healthcare. This investment is listed and carried at cost.

9 Debtors

	2020 £ 000	2019 £ 000
Amounts owed by group entities (Note 3)	<u>22,220</u>	<u>-</u>

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

10 Creditors

	2020 £ 000	2019 £ 000
Amounts falling due within one year		
Amounts due to group undertakings (Note 4)	-	3,372
Accrued expenses	<u>9</u>	<u>9</u>
	<u>9</u>	<u>3,381</u>

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

Abbott Capital India Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
2 Ordinary shares of £ 1 each	-	-	-	-

12 Reserves

Share premium reserve

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Other reserves

Other reserves represent a capital contribution reserve arising from a historical contribution to the Company made by another group undertaking. Under the terms of that contribution, the Company has no obligation to repay the amount.

Profit and Loss Account

The profit and loss account holds the retained earnings of the Company, after the deduction of any dividends paid.

13 Related party transactions

The Company is a wholly owned subsidiary of Abbott Laboratories. Accordingly, the Company has taken advantage of the exemption under FRS 102 section 33 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to transactions are wholly owned by the ultimate controlling parent. There were no other related party transactions during the year.

14 Parent and ultimate controlling party

The Company's immediate parent company is Abbott Asia Investments Limited, incorporated in England and Wales.

The ultimate parent is Abbott Laboratories, incorporated in Illinois, USA.

The smallest and largest group in which the accounts are consolidated is the ultimate parent company Abbott Laboratories, incorporated in the State of Illinois, USA. The consolidated financial statements are available to the public and may be obtained from Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois, IL 60064-6400, USA.

15 Post balance sheet events

No material adjusting events occurred from the Balance Sheet date of 31 December 2020 to the date of signing of the financial statements.