

Abbott Laboratories Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2013

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COMPANIES HOUSE

Registration number: 329102

Abbott Laboratories Limited
Strategic Report for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

Business review

Fair review of the business

The principal activity of the company is the marketing and distribution of a range of pharmaceutical, nutritional, diagnostic and cardiovascular products in the UK.

On 1 January 2013 Abbott Laboratories completed the spin off of its research based pharmaceutical business and transferred all the AbbVie group companies to a new ultimate parent company, AbbVie Inc. As shown in the company's profit and loss account on page 6, turnover fell by £160,191,000 being a 40.4% decrease over the prior year. The reduction primarily reflects the six months, from 1 January 2012 to 30 June 2012, of pharmaceutical business included in the 2012 results, prior to the incorporation of Abbvie, at which point it ceased to be part of the Abbott Laboratories group. Excluding the six months Abbvie results in 2012, the underlying growth in turnover in 2013 was 1.62%.

The balance sheet on page 7 shows that the company's financial position at the period end is consistent with the prior year.

The group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Abbott Laboratories worldwide group, which includes Abbott Laboratories Limited, is discussed in the group's Annual Report which does not form part of this report.

Principal risks and uncertainties

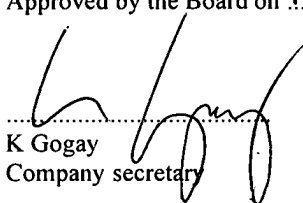
Competitive price pressures in the UK pharmaceutical and nutritional businesses could result in losing sales to competitors. The company manages this risk by the sale of high quality products and by providing value added services to its customers. Much of the company's business is transacted with the NHS, either directly or indirectly, and all indications are that the market for the company's products will continue for the foreseeable future.

A portion of the company's purchases are denominated in Euro and US Dollars and it is therefore exposed to movements in the exchange against the pound. The company takes out forward exchange contracts to manage this risk.

The company is financed by share capital and a variable rate loan from a UK affiliated company and has no third party debt. The variable rate loan is due for renewal in December 2014. It is therefore exposed to interest rate movements which the directors do not consider to be a significant risk.

The company has considerable financial resources together with long-term contracts with a number of customers. As a consequence, the directors believe that the company is well placed to manage its business successfully despite the current uncertain economic outlook.

Approved by the Board on 18/9/14 and signed on its behalf by:


K Gogay
Company secretary

Abbott Laboratories Limited
Directors' Report for the Year Ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors of the company

The directors who held office during the year were as follows:

T Freyman

C Soenderby (resigned 1 January 2013)

M Smith

S Hudson

Dividends

Interim dividends of £2,950,000 (2012: £24,610,000) were paid during the year. The directors recommend that no further dividends be paid (2012: £nil).

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. Company policy and practice ensure that there is no discrimination against disabled people regarding training, career development and promotion opportunities.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share purchase and option schemes.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

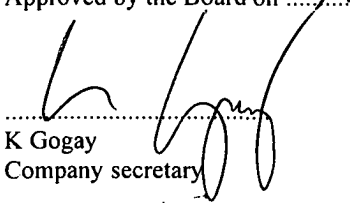
Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Reappointment of auditor

The current auditor, Deloitte LLP, has expressed a wish to resign after the completion of the 2013 audit. The directors expect to appoint Ernst & Young LLP to fill the casual vacancy.

Approved by the Board on 18/9/14 and signed on its behalf by:


K Gogay
Company secretary

Abbott Laboratories Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report, 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 elected to prepare 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 apply them consistently;
- make judgements 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;

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 Laboratories Limited

We have audited the financial statements of Abbott Laboratories Limited for the year ended 31 December 2013, set out on pages 6 to 21 which comprise the profit and loss account, balance sheet and 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).

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.

Respective responsibilities of directors and auditor

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.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.


**Independent Auditor's Report to the Members of
Abbott Laboratories Limited**

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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.


.....
Richard Muschamp (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
London
United Kingdom

Date: 18/9/14

Abbott Laboratories Limited
Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Turnover	2	235,967	396,158
Cost of sales		<u>(166,807)</u>	<u>(284,090)</u>
Gross profit		69,160	112,068
Distribution costs		(16,604)	(20,866)
Administrative expenses		<u>(43,032)</u>	<u>(82,011)</u>
Operating profit	3	9,524	9,191
Other interest receivable and similar income	7	706	1,160
Interest payable and similar charges	8	<u>(923)</u>	<u>(1,660)</u>
Profit on ordinary activities before taxation		9,307	8,691
Tax on profit on ordinary activities	9	<u>(5,172)</u>	<u>(272)</u>
Profit for the financial year	21	<u><u>4,135</u></u>	<u><u>8,419</u></u>

Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the current or preceding year other than the results stated in the profit and loss account. Accordingly no separate statement of total recognised gains and losses is presented.

Abbott Laboratories Limited
(Registration number: 329102)
Balance Sheet at 31 December 2013

	Note	2013 £ 000	2012 £ 000
Fixed assets			
Intangible fixed assets	12	1,547	1,676
Tangible fixed assets	13	33,235	34,800
Investments	14	59,422	59,422
		<u>94,204</u>	<u>95,898</u>
Current assets			
Stocks	15	5,851	5,946
Debtors	16	155,663	145,731
Debtors - over 1yr		4,259	9,339
Cash at bank and in hand		22,210	19,032
		<u>187,983</u>	<u>180,048</u>
Creditors: Amounts falling due within one year	17	<u>(143,751)</u>	<u>(35,707)</u>
Net current assets		<u>44,232</u>	<u>144,341</u>
Total assets less current liabilities		138,436	240,239
Creditors: Amounts falling due after more than one year	18	<u>-</u>	<u>(102,988)</u>
Net assets		<u>138,436</u>	<u>137,251</u>
Capital and reserves			
Called up share capital	19	76,144	76,144
Share premium account	21	21,501	21,501
Other reserves	21	19,358	19,358
Profit and loss account	21	21,433	20,248
Shareholders' funds	22	<u>138,436</u>	<u>137,251</u>

Approved and authorised for issue by the Board on 18/9/14 and signed on its behalf by:


M Smith
Director

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies

The principal accounting policies are summarised below, all of which have been applied consistently throughout the year and the preceding period.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

Exemption from preparing group accounts

The company has taken exemption from preparing group financial statements as it is included in consolidated financial statements for a larger group which are drawn up as full consolidated audited financial statements which are filed at Companies House.

Going concern

The company's business activities are set out in the Business Review which forms part of the Strategic report. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

Turnover

Turnover represents the invoiced value of goods supplied excluding VAT, after making allowance for discounts and returns. Turnover is recognised when the goods are delivered to the customer.

Goodwill

Goodwill arising on the acquisition of a business, representing any excess of fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment. Goodwill in respect of the company is included within intangible fixed assets.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight-line 5%

Depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Asset class	Depreciation method and rate
Leasehold improvements	Straight-line 5 - 10%
Plant and equipment	Straight-line 8 - 50%
Motor vehicles	Straight-line 20%

Research and development

Research and development costs are charged to the profit and loss account as incurred.

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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Fixed asset investments

Fixed asset investments are stated at historical cost less provision for impairment.

Stock

Finished goods stocks are stated at the lower of cost or net realisable value. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

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.

Deferred tax

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 accounts that arise from the inclusion of gains and losses in tax assessments in different periods from those in which they are recognised in the accounts. 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.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling at the transaction date. Amounts payable or receivable in foreign currency are translated into sterling at the rates ruling at the balance sheet date or, where appropriate, at the rates of exchange in a related forward exchange contract. Any gains or losses are reported as exchange differences in the profit and loss account.

Leasing

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms or their useful lives. The capital element of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital payments outstanding.

Assets held under operating leases are charged on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

Pensions

The company operates a defined benefit pension scheme for all permanent employees under which contributions by employees and the company are held by a separately administered trustee company. Actuarial valuations are carried out at three year intervals. The amount charged to the profit and loss account in respect of current pension costs is based on the most recent actuarial valuation.

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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Share-based payment

The company has applied the requirements of FRS20 "Share-based payments". The ultimate parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The company also provides employees with the ability to purchase the ultimate parent company's ordinary shares at the current market value via a deduction from gross pay. The company operates a matching arrangement under which additional shares are purchased and held for the employee. The company records an expense of the actual cost of matching shares purchased.

2 Turnover

An analysis of turnover by geographical location is given below:

	2013 £ 000	2012 £ 000
Sales - UK	235,597	396,158
Sales - Europe	370	-
	<u>235,967</u>	<u>396,158</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2013 £ 000	2012 £ 000
Operating leases - plant and machinery	1,307	2,123
Operating leases - other assets	3,187	3,308
(Profit)/loss on sale of tangible fixed assets	(110)	88
Amortisation of goodwill	129	129
Research and development	-	2,444
Auditor's remuneration	89	134
Depreciation of tangible fixed assets	<u>10,328</u>	<u>9,434</u>

4 Auditor's remuneration

	2013 £ 000	2012 £ 000
Audit of the financial statements	48	76
Other fees to auditors		
Other services	<u>41</u>	<u>58</u>
	<u>89</u>	<u>134</u>

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
..... continued

5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2013 No.	2012 No.
Administration and support	545	782
Distribution	<u>34</u>	<u>28</u>
	<u><u>579</u></u>	<u><u>810</u></u>

The aggregate payroll costs were as follows:

	2013 £ 000	2012 £ 000
Wages and salaries	41,125	61,344
Social security costs	4,274	5,508
Staff pensions	<u>7,197</u>	<u>9,998</u>
	<u><u>52,596</u></u>	<u><u>76,850</u></u>

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
..... *continued*

6 Directors' remuneration

The directors' remuneration for the year and prior period was as follows:

	2013 £ 000	2012 £ 000
Remuneration	<u>674</u>	<u>1,032</u>

During the year and prior period the number of directors who were receiving benefits and share incentives was as follows:

	2013 No.	2012 No.
Accruing benefits under defined benefit pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2013 £ 000	2012 £ 000
Remuneration	340	457
Defined benefit accrued pension entitlement at the end of the period	17	-
Defined benefit accrued lump sum at the end of the period	<u>-</u>	<u>-</u>

7 Other interest receivable and similar income

	2013 £ 000	2012 £ 000
Bank interest receivable	81	43
Interest on loans to group undertakings	<u>625</u>	<u>1,117</u>
	<u>706</u>	<u>1,160</u>

8 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest on bank borrowings	16	84
Interest on loans from group undertakings	<u>907</u>	<u>1,576</u>
	<u>923</u>	<u>1,660</u>

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
..... *continued*

9 Taxation

Tax on profit on ordinary activities

	2013 £ 000	2012 £ 000
Current tax		
Corporation tax charge	92	-
Adjustments in respect of prior years	-	(1,761)
UK Corporation tax	92	(1,761)
Deferred tax		
Origination and reversal of timing differences	3,696	4,327
Deferred tax adjustment relating to prior years	1,384	(2,294)
Total deferred tax	5,080	2,033
Total tax on profit on ordinary activities	5,172	272

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%).

The differences are reconciled below:

	2013 £ 000	2012 £ 000
Profit on ordinary activities before taxation	9,307	8,691
Corporation tax at standard rate	2,164	2,129
Capital allowances in excess of depreciation	561	332
Other timing differences	(4,257)	(4,910)
Expenses deductible/not deductible for tax purposes	579	(1,161)
Adjustment in respect of prior years	-	(1,761)
Losses carried forward	-	2,085
Group relief surrendered from other group companies	1,045	1,525
Total current tax	92	(1,761)

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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10 Share-based payments

Share options

The company's ultimate parent company maintains an equity-settled share-based payment arrangement under which certain employees of the ultimate parent company's subsidiaries are awarded grants of share options. Options are granted at an exercise price equal to the market value of the shares at the date of grant. The options vest over three years beginning one year from the date of grant and have a maximum contractual term of ten years. Share options are forfeited if the employee leaves the company for reasons other than retirement, death or disability.

	2013		2012	
	Number of share options	Weighted average exercise price US \$	Number of share options	Weighted average exercise price US\$
Outstanding at the beginning of the period	353,525	49.65	683,111	48.55
Granted during the period	212,534	34.91	38,893	56.91
Forfeited during the period	(1,536)	31.82	(42,056)	53.83
Expired during the period	(4,980)	31.82	-	-
Exercised during the period	(117,925)	25.37	(326,423)	48.65
Outstanding at the end of the period	441,618	26.15	353,525	49.65
Exercisable at the end of the period	206,221	26.15	282,117	48.86

The options outstanding at 31 December 2013 had a weighted average exercise price of US\$28.81 and a weighted average remaining contractual life of 5.90 years. In 2013 options were granted on 15 February and 1 March (2012: 17 February and 18 September). The aggregate of the estimated fair values of options granted on this date was US\$1,665,000 (2012: US\$671,000). The inputs to the Black-Scholes Option Pricing Model are as follows:

	2013 US\$	2012 US\$
Weighted average share price	35.65	62.76
Weighted average exercise price	23.17	56.91
Expected volatility	20%	21%
Expected life	6 years	6 years
Risk-free rate	1.1%	1.2%
Expected dividend yield	1.6%	3.6%

Expected volatility is based on implied volatilities from traded options and historical volatility of share price over the expected life of the option.

The company has recognised total expenses of £307,000 (2012: £183,000) in relation to share options. The company is required to make a payment to the ultimate parent company for the cost of share options exercised and has recognised a capital contribution equal to the difference between the calculated value of share options less the amount paid to the ultimate parent company.

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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Restricted stock units

The company's ultimate parent company maintains an equity-settled share-based payment arrangement under which certain employees of the ultimate parent company's subsidiaries are awarded grants of restricted stock units. Restricted stock units vest over three years beginning one year from the date of grant. Restricted stock units are forfeited if the employee leaves the company before the awards vest.

	2013		2012	
	Number of RSU's	Weighted average grant price (US\$)	Number of RSU's	Weighted average grant price (RSU's)
Outstanding at the beginning of the period	209,051	52.90	196,955	49.58
Granted during the period	123,566	34.91	111,755	56.38
Forfeited during the period	(75,870)	31.82	(13,241)	62.88
Vested during the period	(92,007)	25.37	(86,418)	57.29
Outstanding at the end of the period	164,740	26.15	209,051	52.90

The company has recognised total expense of £2,187,000 in relation to restricted stock units (2012: £3,677,000). The company has made a payment to the ultimate parent company in relation to the cost of restricted stock units and has recognised a deemed capital contribution equal to the calculated value of restricted stock units less the amount paid to the ultimate parent company.

Employee share scheme

The company operates a Share Incentive Plan for all employees. Employees purchase shares in the ultimate parent company at market value by means of a deduction from gross salary. The company matches the employee purchase at a ratio of 1:1 subject to a limit of 1.75% of pensionable salary or £125 per month. Under this scheme the employees purchased 16,043 ordinary shares (2012: 9,809) at a weighted average price of £22.46 (2012: £39.33). The company purchased 11,480 (2012: 6,956) at a weighted average price of £22.46 (2012:£39.33).

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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11 Pension schemes

Abbott Laboratories Pension Fund (1966)

The company participates in the Abbott Laboratories Pension Fund. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group.

The company is unable to identify its share of the underlying assets of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Normal contributions for the period were £7,197,000 (2012: £9,998,000) being 29% of pensionable earnings in the current and prior period.

FRS17 disclosures:

The figures below have been based on the full actuarial valuation of the Abbott Laboratories Pension fund as at 28 February 2009 updated to 31 March 2013 by a qualified actuary and showed that the market value of the assets was £478,464,000 and that the actuarial value of these assets represents 113% of the benefits that had accrued to members. As the company accounts for the scheme as if it were a defined contribution scheme, the figures below relate to the entire assets and liabilities of the scheme, are illustrative only and do not affect the 31 December balance sheet.

	2013		2012		2011	
	Long term expected rate of return	Value £ 000	Long term expected rate of return	Value £ 000	Long term expected rate of return	Value £ 000
Equities	7.7%	299,748	8.6%	304,886	8.7%	313,468
Other	4.2%	178,716	2.2%	86,787	4.8%	212,608
Total market value of assets		478,464		391,673		526,076
Present value of scheme liabilities		(422,266)		(377,490)		(539,047)
Related deferred tax		(11,240)		(3,404)		3,113
Surplus/(deficit)		<u>44,958</u>		<u>10,779</u>		<u>(9,858)</u>

The figures shown above were calculated on the basis of the following assumptions:

	2013	2012	2011
Discount rate	4.5%	4.5%	4.8%
Rate of increase of salaries	4.5%	4.5%	4.7%
Rate of increase in deferred pensions	2.8%	2.3%	2.4%
Rate of increase of pensions in payment	3.5%	3.1%	3.2%
Inflation assumption	3.8%	3.3%	3.4%

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
..... continued

12 Intangible fixed assets

	Goodwill £ 000	Total £ 000
Cost		
At 1 January 2013	2,579	2,579
At 31 December 2013	2,579	2,579
Amortisation		
At 1 January 2013	903	903
Charge for the year	129	129
At 31 December 2013	1,032	1,032
Net book value		
At 31 December 2013	1,547	1,547
At 31 December 2012	1,676	1,676

13 Tangible fixed assets

	Leasehold improve- ments £ 000	Plant and machinery £ 000	Constru- ction in Progress £ 000	Total £ 000
Cost or valuation				
At 1 January 2013	3,564	76,924	2,239	82,727
Additions	48	8,901	486	9,435
Disposals	-	(1,673)	(584)	(2,257)
At 31 December 2013	3,612	84,152	2,141	89,905
Depreciation				
At 1 January 2013	477	47,450	-	47,927
Charge for the year	226	10,101	-	10,327
Eliminated on disposals	-	(1,584)	-	(1,584)
At 31 December 2013	703	55,967	-	56,670
Net book value				
At 31 December 2013	2,909	28,185	2,141	33,235
At 31 December 2012	3,087	29,474	2,239	34,800

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
..... *continued*

14 Investments held as fixed assets

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
Cost	
At 1 January 2013	59,422
At 31 December 2013	59,422
Net book value	
At 31 December 2013	59,422

Details of undertakings

	Principal Activity	Share class	Holding
Abbott Diabetes Care Ltd.	Healthcare	Ordinary	100%
Murex Biotech Ltd	Healthcare	Ordinary	100%
Abbott Laboratories Trustee Company Ltd.	Pension Trustee	Ordinary	100%

Abbott Laboratories Trustee Company Ltd. is a dormant company that acts as trustee for the Abbott Laboratories Pension Fund (1966).

	2013 £ 000	2012 £ 000
Shares in group undertakings and participating interests	59,422	59,422

15 Stocks

	2013 £ 000	2012 £ 000
Finished goods	5,851	5,946

There is no material difference between the balance sheet value of stocks and their replacement value.

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
..... *continued*

16 Debtors

	2013 £ 000	2012 £ 000
Trade debtors	22,986	23,593
Amounts owed by group undertakings	126,790	112,898
Other debtors	4,443	7,870
Deferred tax	4,259	9,339
Prepayments and accrued income	1,444	1,370
	<u>159,922</u>	<u>155,070</u>

Debtors includes £4,259,000 (2012 - £9,339,000) receivable after more than one year.

This can be analysed as follows:

	2013 £ 000	2012 £ 000
Deferred Tax	<u>4,259</u>	<u>9,339</u>
	<u>4,259</u>	<u>9,339</u>

Deferred tax

The movement in the deferred tax asset in the year is as follows:

	£ 000
At 1 January 2013	9,339
Deferred tax charged to the profit and loss account	<u>(5,080)</u>
At 31 December 2013	<u>4,259</u>

Analysis of deferred tax

	2013 £ 000	2012 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	1,376	332
Other timing differences	<u>3,597</u>	<u>9,007</u>
	<u>4,973</u>	<u>9,339</u>

The movement in "Other timing differences" relates primarily to tax losses carried forward and share based payments.

Abbott Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

17 Creditors: Amounts falling due within one year

	2013 £ 000	2012 £ 000
Trade creditors	2,074	1,986
Amounts owed to group undertakings	119,111	17,271
Corporation tax	92	-
Other taxes and social security	4,687	2,852
Accruals and deferred income	<u>17,787</u>	<u>13,598</u>
	<u><u>143,751</u></u>	<u><u>35,707</u></u>

18 Creditors: Amounts falling due after more than one year

	2013 £ 000	2012 £ 000
Amounts owed to group undertakings	<u>-</u>	<u>102,988</u>

19 Share capital

Allotted, called up and fully paid

	2013 £000	2012 £000
76,144,141 ordinary shares of £1 each	<u>76,144</u>	<u>76,144</u>

20 Dividends

	2013 £ 000	2012 £ 000
Dividends paid		
Current year interim dividend paid	<u>2,950</u>	<u>24,610</u>

The interim dividend paid was £0.04 per ordinary share (2012: £0.32).

21 Reserves

	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2013	21,501	19,358	20,248	61,107
Profit for the year	-	-	4,135	4,135
Dividends	<u>-</u>	<u>-</u>	<u>(2,950)</u>	<u>(2,950)</u>
At 31 December 2013	<u><u>21,501</u></u>	<u><u>19,358</u></u>	<u><u>21,433</u></u>	<u><u>62,292</u></u>

Abbott Laboratories Limited
Notes to the Financial Statements for the Year Ended 31 December 2013
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22 Reconciliation of movement in shareholders' funds

	2013 £ 000	2012 £ 000
Profit attributable to the members of the company	4,135	8,419
FRS20 capital contribution for the year	-	1,699
Dividends	<u>(2,950)</u>	<u>(24,610)</u>
Net addition/(reduction) to shareholders' funds	1,185	(14,492)
Shareholders' funds at 1 January	<u>137,251</u>	<u>151,743</u>
Shareholders' funds at 31 December	<u><u>138,436</u></u>	<u><u>137,251</u></u>

23 Commitments

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £1,040,000 (2012 - £497,000).

Operating lease commitments

As at 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2013 £ 000	2012 £ 000
Land and buildings		
Within one year	56	-
Within two and five years	45	101
Over five years	<u>3,075</u>	<u>3,075</u>
	<u><u>3,176</u></u>	<u><u>3,176</u></u>

24 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group.

25 Control

The company is controlled by the immediate parent company, Abbott (UK) Holdings Limited. The smallest and largest group into which the results of Abbott Laboratories Limited 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, IL 60064-6400, USA.