Abbott Healthcare Products Limited

Financial statements

31 December 2013

Registered number: 00949253

Abbott Healthcare Products Limited

Contents

Abbott Healthcare Products Limited

Directors' Report

The directors present their annual report, together with the strategic report, financial statements and auditor's report, for the year ended 31 December 2013.

Directors of the company

The directors, who served throughout the year and to the date of signing this report except as noted below, were as follows:

T Dee resigned 30th September 2013
T Freyman
F Weitekamper
B De Lavenne

Dividends

The directors did not formally declare a dividend during the accounting period and therefore, this has not been included as a liability in these financial statements (2012: £nil).

Accounting Policies

During 2012 the Company decided to simplify its reporting by taking advantage of the reduced disclosure framework provided by FRS 101. Further details are included on page 10.

Employment of disabled persons

The Company will continually strive to meet its obligations as an equal opportunities employer and will comply with all requirements of the Disability Discrimination Act 1995.

Employee involvement

The Company holds regular communication meetings to inform all employees about matters such as company performance and product development, and to recognise achievements by employees. Special committees are elected where required to deal with specific situations that arise, such as restructuring. Employee representatives meet regularly to discuss a range of issues effecting current and future interests.

Directors' liabilities

The Company's directors are covered by a Group indemnity policy for which Abbott Healthcare Products is charged its proportion.

Disclosure of information to the auditor

Each of the directors has taken the steps that they ought to have taken as a director 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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board by:

Bertrand De Lavenne
Director
24/9/14

Registered Company Address
Abbott House
Vanwall Business Park
Vanwall Road
Maidenhead
SL6 4XE

Abbott Healthcare Products Limited

Strategic Report

Principal Activity

The principal activities of the Company are the marketing, sale and distribution of pharmaceutical products in the UK. The Abbott Group's principal activity is the marketing of a range of pharmaceutical, nutritional, diagnostic and cardiovascular products.

Business review

Review of financial activities

Turnover declined in 2013, principally due to the ending of a patent on a major product. This was clearly anticipated and these reduced revenues were in line with expectations. As explained in last year's annual report at note 24, the Company had prepared for these falling revenues by restructuring its sales force since it no longer required a significant presence in primary care.

As a result of these measures the Company has ensured it remains profitable and an improved cash position has helped improve the balance sheet position at the year end. Overall the directors are satisfied with the performance of the business during 2013.

Future prospects

As explained in note 25, on 14th July 2014 the Abbott Group announced the sale of the mature markets Established Products Division to Mylan. Although the legal formalities will only be completed in quarter one 2015, we hope to have further information later this year in respect of the proposed legal and operational structures under the new owners. In the meantime the business will continue to focus on the delivery of profitable and effective medicines while continuing to make efficiency improvements that will reduce the cost base in the face of continuing pricing pressures within the pharmaceutical industry.

Principal risks and uncertainties

During 2013 a new Pharmaceutical Pricing agreement (PPRS) was reached which took effect from January 2014. Although the scheme requires companies to make cash payments to the Department of Health on a quarterly basis, it does, being a five year scheme, at least provide some certainty in respect of the overall pricing environment. Within the market, the Company continues to face increasing pressure from the cost of imports and generic competition, particularly in respect of its Omacor brand which came off patent in 2012.

As virtually all the company's purchases are in sterling the company faces minimal currency risk and consequently foreign exchange hedging is not required.

The company is financed by share capital and a variable rate loan from a group company and has no third party debt. The directors do not consider the exposure to interest rate fluctuations to be a significant risk.

Despite the current uncertain economic outlook the directors are confident that the company remains well placed to manage its business successfully.

Going Concern

The Company meets its day to day working capital requirements through its profitable trading activities. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. From this perspective, therefore, they continue to adopt the going concern basis in preparing the annual report and financial statements. This is despite the recent sale by Abbott of its established pharmaceutical business to Mylan. At the balance sheet date all enquiries support the assertion that the Company will continue as a separate legal entity beyond the closure period expected to be quarter one 2015.

Approved by the Board of Directors and signed on behalf of the Board by:

Bertrand De Lavenne
Director

24/9/14

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 Financial Reporting Standard 101 Reduced Disclosure 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 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 Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements, 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 HEALTHCARE PRODUCTS LIMITED

We have audited the financial statements of Abbott Healthcare Products for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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 Directors' Responsibilities Statement, 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 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; 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 HEALTHCARE PRODUCTS LIMITED (CONTINUED)

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.

Simon Olsen

Simon Olsen FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, UK
25 September 2014

Abbott Healthcare Products Limited
Profit & Loss Account
As at 31 December 2013

	Note	Year ended 31 Dec 2013 £'000	Year ended 31 Dec 2012 £'000
Turnover	4	44,483	54,008
Cost of sales		(28,379)	(36,042)
Gross profit		16,104	17,966
Profit on disposal of discontinued operations		-	2,823
Distribution costs		(547)	(581)
Administrative expenses		(9,530)	(14,485)
Restructuring costs	23	(4,006)	-
Operating profit		2,021	5,723
Income from shares in group undertakings	12	1,046	978
Interest receivable and similar income	8	11	56
Interest payable and similar charges	9	(8)	(66)
Profit on ordinary activities before tax		3,070	6,691
Tax charge	10	(512)	(496)
Profit for the financial year	5	2,558	6,195

All amounts relate to continuing activities.

The Company has no recognised gains or losses other than the profit for the current and preceding year, and accordingly no Statement of Comprehensive Income is presented.

Abbott Healthcare Products Limited
Balance sheet
As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Property, plant and equipment	11	71	193
Investments in subsidiaries	12	13,054	13,054
		13,125	13,247
Current assets			
Stocks	13	4,088	4,808
Debtors – due within one year	14	17,864	16,734
Cash at bank and in hand		3,389	6,142
Deferred tax asset	18	32	27
		25,373	27,711
Total assets		38,498	40,958
Creditors: Amounts falling due within one year:			
Trade and other payables	15	13,169	12,408
Current tax liabilities		261	1,017
Provisions	17	1,504	1
		14,934	13,426
Net current assets		10,439	14,285
Creditors: Amounts falling due after more than one year:			
Intercompany loans	16	-	6,526
Total liabilities		14,934	19,952
Net assets		23,564	21,006
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss account		13,564	11,006
Total shareholders' funds		23,564	21,006

The financial statements of Abbott Healthcare Products Limited (registered number 00949253) were approved by the board of directors and authorised for issue on 2014 . They were signed on its behalf by:

Bertrand De Lavenne Director

24/9/14

Abbott Healthcare Products Limited
Statement of changes in equity

	Share Capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2012	10,000	4,811	14,811
Profit for the period	-	6,195	6,195
Balance at 31 December 2012	10,000	11,006	21,106
Profit for the period	-	2,558	2,558
Balance at 31 December 2013	10,000	13,564	23,564

Abbott Healthcare Products Limited
Notes to the financial statements
For the year ended 31 December 2013

1. General information

Abbott Healthcare Products Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the business review on page 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Abbott Laboratories incorporated in the state of Illinois, USA. The group accounts of Abbott Laboratories are available to the public and can be obtained as set out in note 26.

2. Significant accounting policies

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2012 the company underwent transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, exemptions from the following requirements have been adopted :

a) IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations' paragraphs 33(b) and (c)
b) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 10(f), 39(c) and 134 -136
c) IAS 1 'Presentation of Financial Statements' paragraph38 in respect of IAS 16 'Property plant and equipment paragraph 73(e)
d) IFRS 7 'Financial Instruments: Disclosures
e) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31
f) IAS 7 'Statement of Cash Flows'
g) IAS 36 'Impairment of Assets' paragraphs 134 (d)-(f) and 135 (c)-(e)

Where relevant, equivalent disclosures have been given in the group accounts of Abbott Laboratories. The group accounts of Abbott Laboratories are available to the public and can be obtained as set out in note 26.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Review on page 3.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

Subject to the assumptions concerning the Mylan purchase as outlined in the Strategic Review on page 3, the directors, believe the Company will continue as a going concern for at least the next twelve months.

2. Significant accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Significant accounting policies (continued)

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Retirement benefit costs

Defined contribution scheme

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit scheme

The Company participates in a group defined benefit scheme which is the legal responsibility of the ultimate parent as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost in accordance with IAS 19 (Revised 2012), the Company recognises a cost equal to its contribution payable for the period, which is presented within administrative expenses in the income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. Significant accounting policies (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged on a straight line basis over their estimated useful lives, which are subject to review each year, on the following bases:

Land	Not depreciated
Buildings	Over life of lease
Plant and machinery	3 – 20 years

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

2. Significant accounting policies (continued)

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

<u>Restructurings</u>

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the company's accounting policies

The most significant area of critical judgement is the PPRS provision which the company has to make when calculating its potential delivery of price reductions implemented by the Government and administered by the Department of Health. An amount of £674,121 is included in the current year (2012: £724,070).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £13,054 million with no impairment loss recognised in 2013 or 2012.

4. Turnover

All turnover results from the sale of goods within continuing operations.

5. Profit for the year

Profit for the year has been arrived at after charging/ (crediting):

	Year ended 2013 £'000	Year ended 2012 £'000
Net foreign exchange (gains)/losses	(184)	34
Depreciation of tangible fixed assets	115	125
Cost of stock recognised as expense	27,763	35,528
Staff costs (see note 7)	6,148	7,663

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £21,950 (2012: £28,750). Additional fees were paid to other auditors for the PPRS audit of £11,000 in 2013(2012:£15,800).

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2013 Number	2012 Number
Sales	30	66
Administration	40	33
	70	99

Their aggregate remuneration comprised:

	Year ended 2013 £'000	Year ended 2012 £'000
Wages and salaries	5,342	6,520
Social security costs	460	721
Other pension costs (see note 22)	346	422
	6,148	7,663

8. Interest receivable and similar income

	Year ended 2013 £'000	Year ended 2012 £'000
Interest receivable:		
Bank deposits	-	54
Other loans and receivables	11	2
Total interest receivable	11	56

9. Interest payable and similar charges

	Year ended 2013 £'000	Year ended 2012 £'000
Interest payable to group companies	8	66
Total interest payable	8	66

10. Tax

	Year ended 2013 £'000	Year ended 2012 £'000
Corporation tax:		
UK corporation tax	517	1,064
Adjustments in respect of prior years		
- UK corporation tax	-	(572)
	517	492
Deferred tax (note 18)	(5)	4
	512	496

Corporation tax is calculated at 23.25 % (2012: 24.5%) of the estimated taxable profit for the year.

10. Tax (continued)

The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 2013 £'000	Year ended 2012 £'000
Profit before tax on continuing operations	3,070	7,465
Tax at the UK corporation tax rate of 23.25 % (2012: 24.5 %)	714	1,828
Tax effect of expenses that are not deductible in determining taxable profit	46	99
Post balance sheet adjustments	-	(124)
Overseas dividend taxed at source	(243)	(240)
Change in unrecognised deferred tax assets	(5)	4
Adjustment to tax charge in respect of prior years	-	(882)
Tax effect of discontinued operations	-	189
Tax expense for the year	512	(496)

11. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation			
At 1 January 2013	785	608	1,393
Additions	-	13	13
Disposals	(1)	(56)	(57)
At 31 December 2013	784	565	1,349
Accumulated depreciation			
At 1 January 2013	692	508	1,200
Charge for the year	77	38	115
Disposals	(1)	(36)	(37)
At 31 December 2013	768	510	1,278
Carrying amount			
At 31 December 2013	16	55	71
At 31 December 2012	93	100	193

12. Investments in subsidiaries

	£'000
Cost	
At 1 January 2013 & 31 December 2013	13,054
Provisions for impairment	
At 1 January 2013 & 31 December 2013	-
Net book value	
At 1 January 2013 & 31 December 2013	13,054

Details of the Company's subsidiary at 31 December 2013 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
Abbott India Limited	India	24.54	24.54

Abbott Healthcare Products holds 17.64% directly in the above company and 6.9% via its ownership of British Colloids, a dormant company incorporated in the United Kingdom.

During the year the company received a dividend of £1,046k (2012: £978k) from Abbott India limited.

13. Stocks

	2013 £'000	2012 £'000
Finished goods	4,088	4,808

14. Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Amount receivable for the sale of goods	16,239	15,316
Amounts owed by group undertakings	1,420	1,246
Other debtors	58	11
Prepayments and accrued income	147	161
	17,864	16,734

15. Trade and other payables

	2013 £'000	2012 £'000
Trade creditors	3,244	3,425
Amounts owed to group undertakings	6,520	5,889
Taxation and social security	895	817
Other creditors and accruals	2,510	2,277
	13,169	12,408

16. Borrowings

	2013 £'000	2012 £'000
Unsecured borrowing at amortised cost		
Loans from related parties	-	6,526
	-	6,526
Total borrowings		
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	-	6,526

The other principal features of the company's borrowings are as follows.

All borrowings are in pounds sterling.

The other principal features of the Group's borrowings are as follows:

(i) Bank overdrafts. The Company does not currently have an overdraft facility as any short term finance is provided via the inter-company loan arrangements

(ii) The group loan is from Abbott Logistics BV (ALOG) under an agreement dated 1st April 2012. The maximum permitted loan is £150 million with no set repayment dates. Interest is calculated daily and is charged at a variable rate.

17. Provisions

	2013 £'000	2012 £'000
Restructuring provision	1,504	1
	1,504	1

	Restructuring provision £'000
At 1 January 2013	1
New provision	1,504
Release of provision	(1)
At 31 December 2013	1,504

The restructuring provision relates to redundancy costs arising from the decision to close the Company's Southampton office in September 2013 and subsequent transfer of eligible staff to Abbott's Maidenhead office in March 2014 (See note 23).

18. Deferred tax

The following are the major deferred tax assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £'000
At 1 January 2012	30
Charge to profit or loss	(3)
At 1 January 2013	27
Credit to profit or loss	5
At 31 December 2013	32

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2013 £'000	2012 £'000
Deferred tax assets	32	27
	32	27

19. Share capital

	2013 £'000	2012 £'000
Authorised, issued and fully paid up:		
10 million ordinary shares of £1 each	10,000	10,000

The Company has one class of ordinary shares which carry no right to fixed income.

20. Operating lease arrangements

The company as lessee

	2013 £'000	2012 £'000
Lease payments under operating leases recognised as an expense in the year	477	505

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013 £'000	2012 £'000
Within one year	248	499
In the second to fifth years inclusive	308	459
	556	958

21. Share based payments

Abbott Healthcare Products Limited's Ultimate Parent Company, Abbott Laboratories, maintains an equity settled share-based payment arrangement in the UK, under which employees are awarded grants of stock options, receive restricted stock units and participate in a Share Purchase arrangement (Share Incentive Plan).

Share Incentive Plan costs were accrued in the year of grant.

From 1 December 2006, the company has applied the requirements of International Financial Reporting Standard 2 *Share-based payments* ("IFRS 2"). In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 December 2006.

Restricted Stock Units

Restricted stock units of Abbott Laboratories common stock may be awarded under the company's Incentive Stock plans. The fair value at grant of these awards is amortised over the vesting period of three years, taking into account the estimated effect of forfeitures. Members are entitled to receive dividend equivalent payments during the vesting period. Restricted stock units are forfeited if the employee leaves the company before the awards vest.

21. Share based payments (continued)

Details of the restricted stock units outstanding during the year are as follows:

	2013		2012		2011	
	Number of RSU's	Weighted average grant date fair value (US$)	Number of RSU's	Weighted average grant date fair value (US$)	Number of RSU's	Weighted average grant date fair value (US$)
Outstanding at beginning of period	4,166	57.46	700	46.59	-	-
Granted during the period	19,507	34.70	4,600	57.01	700	46.32
Inter group transfers	1,503	57.46	803	49.31	-	-
Forfeited during the period	1,497	34.94	601	65.72	-	-
Vested during the period	3,239	36.00	1,336	56.73	-	-
Outstanding at the end of the period	20,440	33.86	4,166	57.46	700	46.59

The company recognised total expenses of £301,384 and £97,509 in relation to all restricted stock units in 2013 and 2012 respectively.

Other share-based payment plans

The employee Share Incentive Plan is operated in the UK, and is open to all the employees in the UK. Employees purchase shares at market value by means of deduction from gross salary. Abbott Healthcare Products Limited matches the employee purchase at a ratio of 1:1 subject to a limit of 1.75% of pensionable salary. Under this scheme, employees purchased 1,177 ordinary shares in 2013 (2012: 651), at a weighted average share price of £22.52 (2012: £40.48). Abbott Healthcare Products Limited purchased 900 ordinary shares in 2013 (2012: 515) at a weighted average share price of £22.52 (2012: £40.45).

22. Retirement benefit schemes

Defined contribution schemes

The Company contributes to a Group Personal Pension plan which the majority of active employees belong to. Contributions during the year totalled £158,379 (2012: £239,163).

Defined benefit schemes

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 and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

In accordance with IAS 19 (Revised 2012), the Company recognises a cost equal to its contribution payable for the period, which in the year ended 31 December 2013 was £188,825 (year ended 31 December 2012: £183,270).

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22. Retirement benefit schemes (continued)

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 show 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 impact the 31 December balance sheet.

	2013 long term rate of return	Value £'000	2012 long term rate of return	Value £'000
Equities	7.7%	299,748	8.6%	304,886
Other	4.2%	178,716	2.2%	86,787
Total market value of assets		478,464		391,673
Present value of scheme liabilities		(422,266)		(377,490)

	2013 £'000	2012 £'000
Related deferred tax	(11,240)	(3,404)
Surplus/(Deficit) in scheme	44,958	10,779

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

	2013 %	2012 %
Discount rate	4.5	4.5
Rate of increase in salaries	4.5	4.5
Rate of increase in deferred pensions	2.8	2.3
Rate of increase in pensions in payment	3.5	3.1
Inflation assumption	3.8	3.3

23. Restructuring Costs

In January 2013 it was announced that the Company would be undertaking a restructuring of its sales force to reflect changes in the market place. Reduced revenues from one of the Company's main primary care products which came off patent meant that the Company no longer required the presence it had been maintaining in primary care. A charge was taken at this time for the redundancy costs involved.

On 27th September 2013 the Company announced its intention to move its Head Office from Southampton to Maidenhead in early 2014. A further provision was provided to reflect the costs of the redundancy programme associated with this relocation.

24. Related party transactions

Trading transactions

During the year, the company entered into the following trading transactions with related parties:

	Sale of goods		Purchase of goods	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Abbott Products Operations AG	7,651	3,518	33,464	41,303
Abbott Healthcare Products Ireland	-	7	-	-
Abbott Healthcare SA	-	-	8	-
Abbott Laboratories SA	-	-	1	-
Abbott Products GmbH	34	10	-	-
Abbott International (US)	91	558	18	48
Abbott Laboratories UK Ltd	965	10	4,439	6,100
Abbott Laboratories US	2	-	-	-
Abbott Biologicals BV	-	-	4	-
Abbott OY Finland	-	-	6	-
Abbott International Luxembourg	-	-	1	1
Abbott Laboratories Ireland Ltd	28	66	-	-
Abbott Laboratories GmbH	2	-	290	-
Abbott Diabetes Care Ltd	2	-	6	-
Total	**8,775**	**4,169**	**38,237**	**47,452**

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Abbott Products Operations AG	423	1,169	6,101	5,294
Abbott Products GmbH	18	9	-	-
Abbott Laboratories US	6	-	-	-
Abbott International (US)	-	21	3	1
Abbott OY Finland	-	-	6	-
Abbott Laboratories UK Ltd	936	2	382	442
Abbott International Luxembourg	-	-	-	-
Abbott Laboratories Ireland Ltd	-	9	-	-
Abbott Laboratories GmbH	2	-	11	-
Abbott Diabetes Care Ltd	-	-	3	-
Total	**1,385**	**1,210**	**6,506**	**5,737**

24. Related party transactions (continued)

Sales of goods to related parties were made at the company's usual list prices.

Purchases were made at market price.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The directors' remuneration, analysed under the headings required by company law is set out below.

	2013 £'000	2012 £'000
Directors' remuneration		
Emoluments	378	544

	2013 Number	2012 Number
The number of directors who:		
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	2	1

	2013 £'000	2012 £'000
Remuneration of the highest paid director:		
Emoluments	257	544

Of the other serving directors, neither received remuneration from Abbott Healthcare Products Limited in the current or previous year.

25. Post balance sheet events

On 14th July 2014 the Abbott Group announced the sale of the mature markets Established Products Division (EPD) to Mylan. This involves the sale of Abbott EPD businesses in a number of countries, including Abbott Healthcare Products in the UK. The deal is expected to be finalised in the first quarter of 2015 at which date all existing employees will transition to Mylan and the task of integrating the business into Mylan will commence. At the balance sheet date no further details were available.

26. Controlling party

The Company's immediate parent company is Abbott Healthcare B.V, a company incorporated in the Netherlands. The ultimate parent company and ultimate controlling party is Abbott Laboratories, incorporated in the state of Illinois, USA. Copies of the group financial statements of Abbott Laboratories Inc. are available from that company and can be obtained from Abbott Laboratories, 100 Abbott Park Road, Abbott Park IL, 660064-6400 USA.