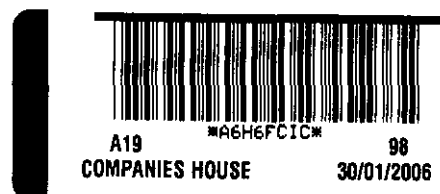


Registered no: 2175750

Johnson & Johnson Limited
Annual Report
for the year ended 2 January 2005



Johnson & Johnson Limited

Annual report for the year ended 2 January 2005

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Johnson & Johnson Limited

1

Directors and advisers

Directors

Mrs V J Dawkins
Mr V Pender
Mr C R Thorne
Mrs S Horton

Secretary and registered office

Mrs V J Dawkins
Foundation Park
Roxborough Way
Maidenhead
Berkshire SL6 3UG

Registered auditors

PricewaterhouseCoopers LLP
9 Greyfriars Road
Reading
Berkshire RG1 1JG

Solicitors

Linklaters & Paines
Barrington House
59-67 Gresham Street
London EC2V 7JA

Bankers

Royal Bank of Scotland Plc
Corporate Banking Office
P O Box 450
5-10 Great Tower Street
London EC3P 3HX

Directors' report for the year ended 2 January 2005

The directors present their report and the audited financial statements of the company for the year ended 2 January 2005.

Principal activities

The company acts as an undisclosed agent for Cilag GmbH International and sells all products on a commissionaire basis, receiving commission in respect of sales made.

Results and dividends

The profit and loss account for the year is set out on page 5.

The directors recommend payment of a dividend in respect of the year ended 2 January 2005 of £nil (2003: £10,000,000).

Review of business and future developments

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

Research and development

Johnson & Johnson is heavily committed to research and development activities in order to bring new or improved products on to the personal healthcare market so as to maintain its position within the market. It is the company's policy to write off all such expenditure as incurred. All expenditure is now incurred within Johnson & Johnson France, Germany and US and is disclosed in the financial statements of those company. Hence, amounts written off to the profit and loss account in the year amount to £ nil (2003: £ nil).

Directors and Secretary

The directors who held office during the year are given below:-

Mr V Pender
Mr C R Thorne
Mrs V Dawkins (Company Secretary)
Mrs S Horton

Directors' interests

According to the register required to be kept under Section 325 of the Companies Act 1985 no director had, at any time during the year ended 2 January 2005, any interests in shares of the company, or any other group company, which are required by Section 324 of the Act to be notified to the company.

Charitable contributions

Charitable contributions amounted to £14,897 (2003 £45,345).

Employee involvement

The company is committed to the continued development of employee involvement by an effective communications and consultative framework. Consultative committees covering broad business areas, pensions, health and safety, quality and employee services are well established and meet regularly. Briefing meetings for all staff are held regularly.

The current emphasis is on facilitating cross-functional relationships to increase awareness and to build effective teamwork.

The company's policies and practices are regularly reviewed and feedback is received from all staff levels.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities 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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Policy and practice on payment of creditors.

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under Note 1 'Principal accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 2 January 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Auditors

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

On behalf of the board



Mrs V J Dawkins
Company Secretary

Independent Auditors' Report to the members of Johnson & Johnson Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

25 January 2006

**Profit and loss account
for the year ended 2 January 2005**

| | Notes | 2005 £'000 | 2003 £'000 |
|--|-------|---------------|----------------|
| Turnover | 2 | 70,145 | 62,549 |
| Operating expenses | | (62,913) | (57,454) |
| Operating profit | | 7,232 | 5,095 |
| Interest receivable and similar income | | 590 | 1,133 |
| Profit on ordinary activities before taxation | 3 | 7,822 | 6,228 |
| Tax on profit on ordinary activities | 6 | (2,439) | (2,731) |
| Profit for the financial year | | 5,383 | 3,497 |
| Dividends | 7 | - | (10,000) |
| Profit for the financial year | 16 | 5,383 | (6,503) |

All results are derived from continuing operations.

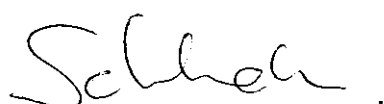
The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the loss for the years stated above, and their historical cost equivalents.

**Balance sheet
at 2 January 2005**

| | Notes | 2005 £'000 | 2003 £'000 |
|---|-------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 8 | 2,085 | 1,635 |
| Investments | 9 | 23,137 | 9,499 |
| | | 25,222 | 11,134 |
| Current assets | | | |
| Stocks | 10 | - | 9 |
| Debtors | 11 | 48,702 | 38,207 |
| Cash at bank and in hand | | 21,555 | 23,227 |
| | | 70,257 | 61,443 |
| Creditors: amounts falling due within one year | 12 | (67,508) | (50,553) |
| Net current assets | | 2,749 | 10,890 |
| Total assets less current liabilities | | 27,971 | 22,024 |
| Provisions for liabilities and charges | 13 | (4,719) | (4,155) |
| Net assets | | 23,252 | 17,869 |
| Capital and reserves | | | |
| Called up share capital | 15 | 11,565 | 11,565 |
| Profit and loss account | 16 | 11,687 | 6,304 |
| Equity shareholders' funds | 17 | 23,252 | 17,869 |

The financial statements on pages 5 to 18 were approved by the board of directors on 25 January 2006 and were signed on its behalf by:



S Horton
Director

**Notes to the financial statements
for the year ended 2 January 2005****1 Principal accounting policies**

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom, and the accounting policies set out below.

Turnover

The company acts as a undisclosed agent for Cilag GMBH International and sells all products on a commissionaire basis receiving commission in respect of sales made.

Research and development

Research and development expenditure is written off as it is incurred. All expenditure is now incurred within Johnson & Johnson France, Germany and the US and is disclosed in the financial statements of that company. Hence, amounts written off to the profit and loss account in the year amount to £ nil (2003: £ nil).

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the expected useful economic lives of the assets concerned from the time those assets are placed in use. The principal annual rates used for this purpose are:

| | % |
|----------------------------------|------------------------------------|
| Fixtures, fittings and equipment | 10-33 |
| Leasehold improvements | Shorter of lease term and 10 years |

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. The cost of raw materials is ascertained on a first in first out basis. The cost of work in progress and finished goods comprises the cost of direct raw materials and labour, together with the relevant proportion of overheads calculated according to the stage of production reached, based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the company entered into the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Investments

Interests in joint venture companies are treated as associated undertakings and are shown at cost. The company is exempt from preparing consolidated financial statements and therefore the company's share in the results of associated undertakings have not been included in these financial statements using the equity method of accounting. Additional information about the performance and net assets of associated undertakings have not been included in these financial statements as the results of the company and its associated undertakings are included in the consolidated financial statements of Johnson & Johnson Management Limited, a company incorporated in England and Wales.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the operating profit.

Deferred taxation

Provision is made for deferred tax liabilities; and assets only to the extent that the directors consider it more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted, in accordance with FRS 19.

Deferred tax is measured at the average tax rates that are expected to apply in the periods to which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension arrangements

The Company participates in the Johnson & Johnson UK Group (UK Group) Pension arrangements. The UK Group operates a funded defined benefit pension scheme and defined contribution scheme for all UK employees. New entrants aged 35 or over are eligible to join the funded defined benefit scheme, and new entrants aged under 35 are eligible to join the defined contribution scheme. There is also an unfunded, unapproved pension arrangement for a small number of employees who are affected by the Inland Revenue earnings cap. The cost of providing future benefits is estimated by independent, qualified actuaries and spread as a substantially level percentage of total pensionable salaries over the expected service lives of current employees in accordance with the provisions of SSAP24. Variations in pension cost are spread over the expected service lives of current employees.

The transitional disclosure requirements of Financial Reporting Standard 17 (Retirement Benefits) are set out in note 14 to the financial statements.

Cash flow statement

The company is a wholly owned subsidiary of Johnson & Johnson, and the cash flows of the company are included in the consolidated group cash flow statement of Johnson & Johnson. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 not to disclose related party transactions with companies of which 90% or more of the voting rights are controlled within the group.

2 Turnover

The company sells product on a commissionaire basis and therefore recognises the commission accrued on these sales as turnover. Hence all turnover is intercompany only. All turnover originates in the United Kingdom.

3 Profit on ordinary activities before taxation

| | 2005 | 2003 |
|---|-------|-------|
| | £'000 | £'000 |
| Profit on ordinary activities before taxation is stated after charging: | | |
| Depreciation charge for the year: | | |
| Tangible owned fixed assets | 960 | 729 |
| Auditors' remuneration for audit services | 50 | 55 |
| Operating lease charges: | | |
| Plant & Machinery | 343 | 279 |
| Other | 1,684 | 1,073 |

The remuneration of the auditors for non-audit services was £10,824 (2003: £48,600).

4 Directors' emoluments

| | 2005 | 2003 |
|---|------|------|
| Aggregate emoluments | 549 | 472 |
| Contributions paid to the defined contribution pension scheme | 1 | 3 |

Retirement benefits are accruing to 3 directors (2003: 3) under the company's defined benefit pension schemes.

One director exercised share options during the year. (2003: 2)

| | 2005 | 2003 |
|---|------|------|
| | £ | £ |
| Highest paid director | | |
| Aggregate emoluments and benefits (excluding gains on exercise of share options and value of shares received) under long term incentive schemes | 302 | 242 |
| Defined benefit pension scheme: | | |
| Accrued pension at end of year | 82 | 65 |

The highest paid director exercised share options in the year and in 2003.

5 Employee information

The monthly average number of persons (including executive directors) employed during the year was:

| | 2005 | 2003 |
|-----------------------|------------|------------|
| | Number | Number |
| By activity | | |
| Selling and marketing | 65 | 62 |
| Administration | 39 | 42 |
| | 104 | 104 |

| | 2005 | 2003 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Staff costs (for the above persons) | | |
| Wages and salaries | 5,667 | 3,864 |
| Social security costs | 565 | 580 |
| Other pension costs (see note 14) | 665 | 640 |
| | 6,897 | 5,084 |

6 Tax on profit on ordinary activities

| | 2005 | 2003 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Current tax | | |
| UK corporation tax on profits for the period | 2,541 | 1,886 |
| Adjustments in respect of previous periods | (6) | 1,249 |
| Total current tax | 2,535 | 3,135 |
| Deferred tax | | |
| Origination and reversal of timing differences | (91) | 86 |
| Adjustments in respect of previous periods | (5) | (490) |
| Total deferred tax (see note 13) | (96) | (404) |
| Total current tax | 2,439 | 2,731 |

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | 2005 | 2003 |
|---|-------|-------|
| | £'000 | £'000 |
| Profit on ordinary activities before tax | 7,822 | 6,228 |
| Profit on ordinary activities multiplied by standard rate in the UK 30% (2002 : 30%) | 2,347 | 1,868 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 103 | 104 |
| Accelerated capital allowances and other timing differences | 91 | (86) |
| Adjustments in respect of previous periods | (6) | 1,249 |
| Current tax charge for the period | 2,535 | 3,135 |

7 Dividends

| | 2005 | 2003 |
|---|-------|--------|
| | £'000 | £'000 |
| Equity – ordinary | | |
| Final paid: 0p per share (2003: £0.865p per £1 share) | - | 10,000 |

8 Tangible fixed assets

| | Leasehold improvements £'000 | Capital assets under construction £'000 | Fixtures, fittings and equipment £'000 | Total £'000 |
|---------------------------------|---------------------------------|--|---|----------------|
| Cost | | | | |
| At 29 December 2003 | 2,518 | 28 | 3,917 | 6,463 |
| Additions | - | 1,410 | - | 1,410 |
| Transfers between categories | - | (1,391) | 1,391 | - |
| At 2 January 2005 | 2,518 | 47 | 5,308 | 7,873 |
| Accumulated depreciation | | | | |
| At 29 December 2003 | 1,722 | - | 3,106 | 4,828 |
| Charge for year | 144 | - | 816 | 960 |
| At 2 January 2005 | 1,866 | - | 3,922 | 5,788 |
| Net Book Amount | | | | |
| At 2 January 2005 | 652 | 47 | 1,386 | 2,085 |
| At 28 December 2003 | 796 | 28 | 811 | 1,635 |

9 Fixed asset investments

Following a group reorganisation, on 1st April 2004, the company increased its investment to 100% (2003: 50%) of the ordinary share capital of an unlimited company, McNeil Ltd. The investment is stated at original cost. The registered office of McNeil Ltd is at Enterprise House, Station Rd, Loudwater, Buckinghamshire.

| | £'000 |
|--------------------------|---------------|
| Cost | |
| At 29 December 2003 | 9,499 |
| Additions | 13,638 |
| At 2 January 2005 | 23,137 |

McNeil's principal activity is the marketing of consumer pharmaceuticals.

10 Stocks

| | 2005 £'000 | 2003 £'000 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | - | 9 |

11 Debtors

| | 2005 | 2003 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Trade debtors | 39,514 | 29,129 |
| Amounts owed by group undertakings | 6,838 | 5,754 |
| Other debtors | 163 | 793 |
| Prepayments and accrued income | 456 | 896 |
| Deferred tax asset (see note 13) | 1,731 | 1,635 |
| | 48,702 | 38,207 |

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

12 Creditors: amounts falling due within one year

| | 2005 | 2003 |
|------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Trade creditors | - | 823 |
| Amounts owed to group undertakings | 53,071 | 39,807 |
| Corporation tax | 4,706 | 1,821 |
| Other taxation and social security | 1,127 | 74 |
| Accruals and deferred income | 8,562 | 8,028 |
| | 67,466 | 50,553 |

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

13 Provisions for liabilities and charges

| | Pensions and similar obligations (see note 14) | Share options | Total |
|--------------------------|---|------------------|--------------|
| | £'000 | £'000 | £'000 |
| At 29 December 2003 | 2,982 | 1,173 | 4,155 |
| Charged to P&L | 447 | 289 | 736 |
| Utilised during the year | - | (172) | (172) |
| At 2 January 2005 | 3,429 | 1,290 | 4,719 |

The share options liability will require a transfer of economic benefits only once the related options have been exercised, which will occur over a maximum of nine years after the balance sheet date. Within Pension and similar obligations there is included a provision for Certificates for extra Compensation.

Deferred taxation

Deferred taxation recognised in the financial statements, and the amount unrecognised of the total potential asset, are as follows:

| | Amount recognised | | Amount unrecognised | |
|--------------------------------|-------------------|---------|---------------------|-------|
| | 2005 | 2003 | 2005 | 2003 |
| | £'000 | £'000 | £'000 | £'000 |
| Tax deferred by: | | | | |
| Accelerated capital allowances | (539) | (643) | - | - |
| Other timing differences | (1,460) | (992) | | |
| Capital Gain | 268 | - | - | - |
| | (1,731) | (1,635) | - | - |

Deferred tax asset

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

| | 2005 |
|-----------------------------------|-------|
| | £'000 |
| At 28 December 2003 | 1,635 |
| Credit to profit and loss account | 96 |
| At 2 January 2005 | 1,731 |

The deferred tax asset has been recognised as the directors of the company consider that it is more likely than not that the asset will crystallise in the future.

14 Pension arrangements

The company has continued to account for pensions in accordance with SSAP24 (Accounting for Pension Costs) and the disclosures given in (a) below are those required by that standard. Additionally the company has set out in (b) below the disclosures required under the transitional arrangement FRS 17 (Retirement Benefits)

(a) Accounting for Pension Costs

The company participates in the Johnson & Johnson UK Group Pension Arrangements. The UK Group operates a funded defined benefit pension plan for UK employees and, until 1 September 2002, a small supplementary arrangement for directors which merged with the main plan on this date. There is also an unfunded unapproved pension arrangement for a small number of employees who are affected by the Inland Revenue Earnings Cap.

The assets of the funded plan are administered by trustees and are held in separate funds.

The pension cost and funding arrangements relating to the UK schemes are assessed in accordance with the advice of a qualified actuary using the Projected Unit Method. This method allows for future growth in pensionable earnings. It allows for any surplus or deficit arising to be spread over the expected service lives of current employees.

The latest actuarial valuation of the main plan was as at 1 April 2002. The principal assumptions were that investment returns would be 7.25% per annum, that salary increases (including promotion) would average 3.75% per annum and long-term inflation would average 2.75%. Assets were taken at market value. At the valuation date, the market value of assets value was sufficient to cover 118% of the benefits that had accrued to members after allowing for expected future increases in earnings. The market value of the assets for the main plan was £396,309,447 on 1 April 2002.

The pension cost across all arrangements under SSAP 24 has been assessed using the same assumptions as outlined above. For the year in these financial statements the total charge amounted to £664,692.

In respect of all arrangements the company has made a provision of £3,429,000, this being the excess of the accumulated pension cost over the amount funded, together with the reserve held in respect of the unfunded arrangement.

(b) FRS 17 Retirement Benefits

Since more than one employer participates in the UK Group's pension arrangements, the Company is unable to separately identify its share of the surplus, with the exception of the unfunded scheme outlined above. Accordingly, under the provisions of FRS 17 the funded scheme will be accounted for in the Company as if it were a defined contribution scheme.

As outlined above, there is an unfunded unapproved pension arrangement for a small number of employees who are affected by the Inland Revenue Earnings Cap. The FRS 17 liability in respect of each company under this arrangement can be separately identified and, accordingly, the FRS 17 disclosures for this scheme are set out below. As at 2 January 2005 the FRS 17 liability of this unfunded scheme (representing the present value of scheme liabilities) for the Company was £736,000 (net of a related deferred tax asset of £220,800) (2003: liability of £452,000 (net of a related deferred tax asset of £136,000)). The financial assumptions used to calculate the scheme liabilities for this unfunded scheme under FRS 17 are:

| Valuation method | Projected unit 2005 | Projected unit 2003 | Projected unit 2002 |
|-------------------------|------------------------------------|--------------------------------|--------------------------------|
| Discount rate | 5.50% | 5.75% | 6.00% |
| Inflation rate | 2.75% | 2.25% | 2.25% |
| Salary increases | 4.25% | 3.50% | 3.50% |

If the unfunded scheme had been recognised in the financial statements under FRS17, the company's net assets and profit and loss reserve at 2 January 2005 would have been reported as follows:

| | 2005 £'000 | 2003 £'000 | 2002 £'000 |
|---|-----------------------|-----------------------|-----------------------|
| Net assets | | | |
| Net assets (excluding SSAP 24 pension scheme liabilities and related deferred tax asset) | 25,682 | 19,956 | 27,266 |
| Unfunded scheme pension liability | (736) | (452) | (326) |
| Net assets including unfunded scheme pension liability | 24,946 | 19,504 | 26,940 |
| | 2005 £'000 | 2003 £'000 | 2002 £'000 |
| Reserves | | | |
| Profit and loss reserve (excluding SSAP 24 pension scheme liabilities and related deferred tax asset) | 14,117 | 8,391 | 15,701 |
| Unfunded scheme pension liability | (736) | (452) | (326) |
| Profit and loss reserve including unfunded scheme pension liability | 13,381 | 7,939 | 15,375 |

| | 2005 £'000 | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|---------------|
| Analysis of the amount charged to operating profit | | | |
| Current service cost | 64 | 131 | 29 |
| Total operating charge | 64 | 131 | 29 |

| | 2005 £'000 | 2003 £'000 | 2002 £'000 |
|--|---------------|---------------|---------------|
| Other finance expense | | | |
| Interest on pension scheme liabilities | 26 | 20 | 18 |
| Net cost | 26 | 20 | 18 |

| | 2005 £'000 | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|---------------|
| Statement of total recognised gains and losses | | | |
| Experience losses arising on the scheme liabilities | (114) | 52 | 18 |
| Change in Assumptions | (80) | (27) | - |
| Actuarial gains recognised in STRGL | (194) | 25 | 18 |

| | 2005 £'000 | 2003 £'000 | 2002 £'000 |
|--|---------------|---------------|---------------|
| Movement in deficit during the year | | | |
| Deficit in scheme at beginning of year | (452) | (326) | (297) |
| Movement in year: | | | |
| Current service cost | (64) | (131) | 29 |
| Other finance costs | (26) | (20) | (18) |
| Change in assumptions | (80) | (27) | - |
| Actuarial gain | (114) | 52 | 18 |
| Deficit in scheme at end of year | (736) | (452) | (268) |

| | 2005 | 2003 | 2002 |
|--|--------|------|------|
| History of experience gains and losses | | | |
| Experience gains and losses on scheme liabilities: | | | |
| Amount (£'000) | (114) | 52 | 18 |
| Percentage of present value of scheme liabilities | (15.5) | 11.5 | 5.52 |
| Total amount recognised in statement of total recognised gains and losses: | | | |
| Amount (£'000) | (194) | 52 | 18 |
| Percentage of the present value of scheme liabilities | (26.4) | 11.5 | 5.52 |

15 Called up share capital

| | 2005 | 2003 |
|---|--------|--------|
| | £'000 | £'000 |
| Authorised | | |
| 18,000,000 ordinary shares of £1 each | 18,000 | 18,000 |
| Allotted, called up and fully paid | | |
| 11,564,613 ordinary shares of £1 each | 11,565 | 11,565 |

16 Profit and loss account

| | 2005 | 2003 |
|--------------------------------------|---------------|--------------|
| | £'000 | £'000 |
| At 28 December 2003 | 6,304 | 12,807 |
| Profit/(loss) for the financial year | 5,383 | (6,503) |
| At 2 January 2005 | 11,687 | 6,304 |

17 Reconciliation of movements in shareholders' funds

| | 2005 | 2003 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Profit for the financial year | 5,383 | 3,497 |
| Dividends | - | (10,000) |
| Net increase/(decrease) in shareholders' funds | 5,383 | (6,503) |
| Opening shareholders' funds | 17,869 | 24,372 |
| Closing shareholders' funds | 23,252 | 17,869 |

18 Capital commitments

| | 2005 | 2003 |
|--|-------|-------|
| | £'000 | £'000 |
| Capital expenditure that has been contracted for but has not been provided for in the financial statements | 39 | 39 |

19 Financial commitments

The company leases land and buildings on short term leases. The annual rental payable under these leases amounts to £1,073,000 (2003: £1,684,000). The rents payable under these leases are subject to re-negotiation at various intervals specified in the leases. The company pays all insurance, maintenance and repairs of these properties.

At 2 January 2005 the company had annual commitments under non-cancellable operating leases for equipment as follows:

| | 2005 | | 2003 | |
|--------------------------|-----------------------|-------|-----------------------|-------|
| | Land and Buildings | Other | Land and Buildings | Other |
| Expiring: | £000 | £'000 | £000 | £'000 |
| Within one year | - | 126 | - | 161 |
| Within two to five years | 705 | 234 | - | 149 |
| Over five years | 368 | - | 1,684 | - |
| | 1,073 | 360 | 1,684 | 310 |

20 Contingent Liabilities

If the company were to pull out of all advertising commitments at the year end then there would be a penalty fee of £1,798,000 liable.

21 Ultimate and immediate parent companies

The directors regard Johnson & Johnson, a company registered in the United States of America, as the ultimate parent company and ultimate controlling party. The ultimate parent's consolidated financial statements may be obtained from Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey, 08933, USA.

The immediate parent company is Johnson & Johnson Management Limited, registered in England and Wales. The immediate parent's consolidated financial statements may be obtained from The Company Secretary, Johnson & Johnson Management Limited, Foundation Park, Roxborough Way, Maidenhead.