

McNeil Nutritionals Limited

Annual report and financial statements

For the 7 month period ended 31 July 2013

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McNeil Nutritionals Limited

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McNeil Nutritionals Limited

Company Information

Directors	A Marechal (resigned 15 February 2013) M J Robinson (appointed 7 December 2012)
Registered number	03732912
Registered office	Foundation Park Roxborough Way Maidenhead Berkshire SL6 3UG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 9 Greyfriars Road Reading Berkshire RG1 1JG
Bankers	Royal Bank of Scotland Plc London Corporate Service Centre PO Box 39952 2 1/2 Devonshire Square London EC2M 4XJ

McNeil Nutritional Limited

Director's report
For the 7 month period ended 31 July 2013

The director presents the annual report and the audited financial statements of the company for the period ended 31 July 2013

Principal activities

The principal activity of the company was the provision of marketing services for food products (Nutritional) on behalf of a fellow group undertaking

Business review and future outlook

During the prior year on 21 December 2012 the ownership of the entire share capital of the company was transferred to Johnson & Johnson Management Limited from JJHC LLC

Following the transfer of ownership, on 30 December 2012 the trade and assets of the company were sold to Johnson & Johnson Limited in exchange for consideration equal to the book value of the net assets acquired (see note 9)

The company therefore ceased to trade on 30 December 2012 and has not traded in the current period

Results and dividends

The profit and loss account for the financial period is set out on page 6

The company's result for the financial period is £nil (2012 profit of £238,739) Aggregate dividends paid during the period totalled £5,087,765 (2012 £nil) There were no proposed dividends awaiting approval at the balance sheet date

Qualifying third party indemnity provisions

At the time the report is approved and throughout the financial period in question, there are no qualifying third party indemnity provisions in place for the benefit of one or more of the directors

Directors

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

A Marechal	(resigned 15 February 2013)
M J Robinson	(appointed 7 December 2012)

Charitable and political contributions

Charitable contributions paid during the period amounted to £nil (2012 £nil)

No donations were made during the period to political organisations (2012 £nil)

Policy and practice on payment of creditors

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

McNeil Nutritionals Limited

Director's report
For the 7 month period ended 31 July 2013

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Independent auditors

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

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



M J Robinson
Director

Date 2 August 2013

McNeil Nutritionals Limited

Independent auditors' report to the members of McNeil Nutritionals Limited

We have audited the financial statements of McNeil Nutritionals Limited for the period ended 31 July 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2013 and of its result for the period 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 director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

McNeil Nutritionals Limited

Independent auditors' report to the members of McNeil Nutritionals Limited

Matters on which we are required to report by exception

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

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

G. Crawford

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Gavin Crawford (Senior statutory auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

9 Greyfriars Road

Reading

Berkshire

RG1 1JG

Date *6 August 2013*

McNeil Nutritionals Limited

Profit and loss account
For the 7 month period ended 31 July 2013

	Note	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Turnover	2	-	5,024,974
Administrative expenses		-	(4,692,157)
		<hr/>	<hr/>
Operating result/profit	3	-	332,817
Interest receivable and similar income	7	-	5,808
		<hr/>	<hr/>
Result/profit on ordinary activities before taxation		-	338,625
Tax on result/profit on ordinary activities	8	-	(99,886)
		<hr/>	<hr/>
Result/profit for the financial period/year	13	-	238,739
		<hr/>	<hr/>

There are no material differences between the result/profit on ordinary activities before taxation and the result/profit for the period/year stated above, and their historical cost equivalents

All results are derived from discontinued operations

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

McNeil Nutritionals Limited
Registered number: 03732912

Balance sheet
As at 31 July 2013

	Note	£	31 July 2013 £	£	30 December 2012 £
Current assets					
Debtors	10		100		5,087,865
Net assets			100		5,087,865
Capital and reserves					
Called up share capital	12		100		100
Other reserves	13		-		604,579
Profit and loss account	13		-		4,483,186
Total shareholders' funds	14		100		5,087,865

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


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M J Robinson
Director

Date 2 August 2013

The notes on pages 8 to 18 form part of these financial statements

**Notes to the financial statements
For the 7 month period ended 31 July 2013**

1. Principal accounting policies

Accounting period

The accounting period ended 31 July 2013 consists of 7 months. For the purposes of these financial statements the period is referred to as 2013. The accounting year ended 30 December 2012 is referred to as 2012.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, until the trade, assets and liabilities were transferred at the end of the prior year. The principal accounting policies which have been consistently applied throughout the period are set out below. The directors consider that no adjustments would be necessary to convert the financial statements to a break up basis, given that the company has ceased trading.

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.

Turnover

Turnover represents the recharge of costs to a fellow group undertaking incurred in the provision of marketing services, plus a fixed percentage uplift on certain costs.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. There are no assets held under finance leases.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Pension arrangements

The company participated in the Johnson & Johnson UK Group Retirement Plan. The UK Group operates a funded defined benefit pension scheme and defined contribution scheme for all UK employees. New entrants are eligible to join the funded defined benefit scheme, and the defined contribution scheme is closed to new entrants.

More than one employer participates in the Johnson & Johnson UK Group Retirement Plan and because the assets attributable to each individual company cannot be identified on a consistent and reasonable basis, each company's share of the deficit cannot be identified. Under FRS 17, the company is therefore accounting for its contributions to the scheme as if it were a defined contribution scheme. Accordingly the cost to the company in respect of the scheme is equal to the contributions payable to the scheme during the period, and this cost has been recognised within operating profit in the profit and loss account.

Notes to the financial statements
For the 7 month period ended 31 July 2013

1. Principal accounting policies (continued)

Share-based payments

The ultimate parent company, Johnson & Johnson, operates equity-settled, share-based compensation plans. Certain employees of the company are awarded options over the shares in the ultimate parent. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, using the Black-Scholes option-pricing model, with a corresponding increase in reserves (representing a capital contribution by the ultimate parent). The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to other reserves.

In accordance with FRS 20 (Share based payment), fair value calculations have only been made in respect of share options awarded after 7 November 2002 that remain unvested at 1 January 2006. For all other options awarded prior to 7 November 2002, the company recognises within other reserves the potential recharge from the ultimate parent company for the cost of options outstanding at the yearend (based upon the difference between the option exercise prices and the market value at the yearend). It has been agreed that the company will no longer be recharged on the exercise of options granted before 1 January 2000. Movements in the underlying potential recharge are reflected in the profit and loss account.

Upon exercise, Johnson & Johnson makes a recharge to the company in respect of share options granted to the company's employees. When incurred, these intercompany charges are offset in other reserves against the relevant capital contribution. If the amount of the intercompany charge exceeds the original capital contribution, that excess is treated as a distribution from the company to its parent.

Employer's National Insurance on share options

Under unapproved share option schemes, the company is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The company becomes unconditionally liable to pay the National Insurance upon exercise of the options. The company therefore calculates the provision by applying the latest enacted National Insurance rate to the difference between the market value of the underlying options at the balance sheet date and the option exercise prices. A full provision is made upon grant of the option as there is no underlying performance year. The amount of the National Insurance actually payable will depend on the number of employees who remain with the company and exercise their options, the market price of the ultimate parent company's shares at the time of exercise and the prevailing National Insurance rates at the time.

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 financial statements of Johnson & Johnson which are publicly available. Consequently the company is exempt under the terms of FRS 1 (revised 1996) from preparing a cash flow statement.

Related party transactions

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

McNeil Nutritionals Limited

Notes to the financial statements
For the 7 month period ended 31 July 2013

2. Turnover

In the opinion of the directors there was only one class of business which involved the provision of marketing services for food products (Nutritionals) on behalf of a fellow group undertaking. An analysis of turnover by geographical market is as follows:

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Europe	-	5,024,974

3 Operating result/profit

The operating result/profit is stated after charging/(crediting)

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Operating lease charges	-	291,999
- other	-	(326)
Result/(gain) on foreign exchange	-	

4. Auditors' remuneration

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Fees payable PricewaterhouseCoopers LLP for the statutory audit of the company	-	19,000

McNeil Nutritionals Limited

Notes to the financial statements
For the 7 month period ended 31 July 2013

5 Staff costs

Staff costs were as follows

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Wages and salaries	-	2,774,154
Social security costs	-	313,262
Other pension costs (note 11)	-	358,000
Share-based payments (note 16)	-	(14,346)
	-	3,431,070

The average monthly number of employees, including the directors, during the period was as follows

	7 month period ended 31 July 2013 No	Year ended 30 December 2012 No
Selling and distribution	0	9
Administration	0	2
Research and development	0	3
	0	14

6. Directors' emoluments

The directors during the period were primarily employed by other companies in the Johnson & Johnson group and their remuneration has been borne by those companies (2012 £nil)

7. Interest receivable and similar income

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
On UK group banking arrangements	-	5,808

Notes to the financial statements
For the 7 month period ended 31 July 2013

8 Tax on result/profit on ordinary activities

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Analysis of tax charge in the period/year		
Current tax (see note below)		
UK corporation tax charge on profit for the period/year	-	88,278
Deferred tax		
Origination and reversal of timing differences	-	11,608
Tax on result/profit on ordinary activities	-	99,886

Factors affecting tax charge for the period/year

The tax assessed for the period/year is equal to (2012 higher than) the standard rate of corporation tax in the UK of 23.4% (2012 24.5%). The differences are explained below

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Result/profit on ordinary activities before taxation	-	338,625
Result/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.4% (2012 24.5%)	-	82,963
Effects of:		
Expenses not deductible	-	1,852
Accelerated capital allowances and other timing differences	-	(1,643)
Other timing differences	-	5,106
Total current tax charge for the period/year (see note above)	-	88,278

Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012 and from 24% to 23% with effect from 1 April 2013

As the company became dormant on 30 December 2012 it will not be impacted by future changes in the tax rate

McNeil Nutritionals Limited

Notes to the financial statements
For the 7 month period ended 31 July 2013

9. Disposal of business

During the prior year on 30 December 2012 the trade and assets of the company were sold as a going concern to Johnson & Johnson Limited for consideration equal to the net book value of the entity's assets as set out below

	Book and fair value £000
Deferred tax asset	174
Prepayments	71
Other receivables	6,269
Accruals and deferred income	(940)
Other liabilities	(486)
Net assets disposed	<u>5,088</u>
Cash consideration	<u>5,088</u>
Gain on disposal	<u><u>-</u></u>

10. Debtors

	31 July 2013 £	30 December 2012 £
Amounts falling due within one year		
Amounts owed by group undertakings	<u>100</u>	<u>5,087,865</u>

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

Notes to the financial statements
For the 7 month period ended 31 July 2013

11. Pension commitments

McNeil Nutritionals Limited participated in two pension arrangements in conjunction with other companies in the Johnson & Johnson Group prior to the disposal of the business on 30 December 2012. These were a funded, defined benefit plan called the "Johnson & Johnson UK Group Retirement Plan" and a defined contribution plan with some underlying guarantees for employees called the "Johnson & Johnson UK Group Retirement Plan 16".

It also participated in a life assurance arrangement called the "Johnson & Johnson UK Approved Life Assurance Plan".

Johnson & Johnson UK Group Retirement Plan and Plan 16

The FRS17 disclosure requirements refer to the situation where either there is only one employer participating in a defined benefit scheme, or there is more than one employer and each employer's share of the underlying assets and liabilities can be identified. In Johnson & Johnson's funded defined benefit scheme the assets attributable to each individual company cannot be identified on a reasonable and consistent basis and so each company's share of the surplus/deficit cannot be identified. In this circumstance, the Accounting Standards Board allows the actual contributions paid by the company to be used as a substitute for 'defined benefit' FRS17 costs.

The company ceased to make contributions to the plans on 30 December 2012, following the sale of the trade and assets of the company to Johnson & Johnson Limited and therefore no contributions were outstanding at the balance sheet date.

For comparison, during 2012 the company paid contributions of £358,000 into the combined plan.

The company is also required to disclose the overall funding position of the UK Group Retirement Plan (both the Plan and Plan 16).

Composition of the Plan

The actuarial valuation of the Plan as at 31 March 2011 has been completed. The valuation results at this date have been updated to 30 December 2012, the date of the business sale, by a qualified independent actuary. The major assumptions used by the actuary were (in notional terms):

	2013	2012	2011	2010	2009
Rate of increases in salaries	- %	4.25%	4.25%	4.25%	3.00%
Rate of increase in pensions in payment (where 5% LPI applies)	- %	3.00%	3.00%	3.00%	3.00%
Discount rate	- %	4.60%	5.00%	5.50%	5.75%
Inflation assumption	- %	3.25%	3.25%	3.25%	3.25%

In addition to the major financial assumptions above, it is assumed that male members currently aged 45 at 30 December 2012 will live for 23.7 years from age 65. It is also assumed that all members commute 80% of the maximum permissible amount of their pension for cash in line with current commutation terms.

Taking the liabilities calculated on the above basis and the assets of the the Plan and Plan 16 at market value gives an aggregate pension scheme deficit at 30 December 2012, for the whole UK Johnson & Johnson Group, of £145,744,000.

Where a deficit exists, the method of removing that deficit is determined by agreement of the Participating Employers and the Trustee. It should be noted that the basis used to calculate the deficit amount for these funding purposes does not correspond to the basis set out by FRS17.

The Johnson & Johnson UK Group Retirement Plan does not have any self investments.

McNeil Nutritionals Limited

Notes to the financial statements
For the 7 month period ended 31 July 2013

11 Pension commitments (continued)

Life Assurance

McNeil Nutritionals Limited participated in an approved life assurance plan up until the business was sold on 30 December 2012. The premiums paid to these arrangements during 2013 were

	£
Johnson & Johnson UK Approved Life Assurance Plan	-

12. Called up share capital

	31 July 2013 £	30 December 2012 £
Authorised, allotted and fully paid		
100 (2012: 100) ordinary shares of £1 each	100	100

13. Reserves

	Other reserves £	Profit and loss account £
At 31 December 2012	604,579	4,483,186
Dividends paid (note 15)	-	(5,087,765)
Transfer between reserves	(604,579)	604,579
At 31 July 2013	-	-

14. Reconciliation of movements in total shareholders' funds

	31 July 2013 £	30 December 2012 £
Opening shareholders' funds	5,087,865	4,852,042
Result/profit for the financial period/year	-	238,739
Dividends paid (note 15)	(5,087,765)	-
Share based payments - services provided (note 16)	-	187,665
Share based payments - recharge to ultimate parent (note 16)	-	(190,581)
Closing shareholders' funds	100	5,087,865

15. Dividends

	7 month period ended 31 July 2013 £	Year ended 30 December 2012 £
Dividends paid £50,877.65 (2012: £nil) per £1 ordinary share	5,087,765	-

McNeil Nutritionals Limited

Notes to the financial statements For the 7 month period ended 31 July 2013

16. Share based payments

Share options

At 31 July 2013 the company is no longer a member of stock option schemes as the employees were transferred to Johnson & Johnson Limited along with the business during the prior year. At 30 December 2012 the company's employees were members of 4 stock-based compensation plans operated by the ultimate parent company. The shares outstanding are for contracts under Johnson & Johnson's 2005 UK Approved Stock Option Plan, the 2005 UK Unapproved Stock Option Plan and the 2000 and 2005 Non-Qualifying Option Plans. All of these arrangements are settled in equity.

A reconciliation of option movements until the sale of the business on 30 December 2012 is shown below. Subsequent to this date all stock option movements have been reflected in the acquiring company, Johnson & Johnson Limited.

	31 July 2013		30 December 2012	
	Number ('000)	Weighted average exercise price	Number ('000)	Weighted average exercise price
Outstanding at start of period/year	-	-	58	\$62.05
Granted	-	-	8	\$65.37
Forfeited/Cancelled	-	-	(9)	\$64.41
Exercised	-	-	(7)	\$61.61
Transferred on 30 December 2012	-	-	(50)	-
Outstanding at end of period/year	-	-	-	-
Exercisable at end of period/year	-	-	-	-

The weighted average fair value of options granted in the period was \$nil (2012: \$51,146). The weighted average share price at the date of exercise for options exercised in the period was \$nil (2012: \$67.49).

For options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life are as follows:

31 July 2013				30 December 2012			
Weighted average exercise price	Number of shares ('000)	Weighted average Expected	remaining life Contractual	Weighted average exercise price	Number of shares ('000)	Weighted average Expected	remaining life Contractual
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

All options are granted at the current market price on a specific grant date during each calendar year. There is therefore no weighted average exercise price as the shares granted each year are all granted at the same price, given in the table above.

The total charge (2012: credit) for the period relating to employee share based payment plans was £nil (2012: £14,346), all of which related to equity-settled share based payment transactions. After deferred tax at 23% (2012: 23%), the total charge was £nil (2012: £11,047).

McNeil Nutritionals Limited

Notes to the financial statements
For the 7 month period ended 31 July 2013

16 Share based payments (Continued)

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	31 July 2013	30 December 2012
Share price at grant date and exercise price	-	\$65.37
Number of employees	-	7
Shares granted in period/year	-	8,001
Vesting period (years)	-	3 years
Expected volatility	-	18.39%
Option life (years)	-	10 years
Expected life (years)	-	6 years
Risk free rate	-	1.06%
Expected dividend yield	-	3.60%
Fair value per option	-	\$6.39

Starting in 2006, expected volatility represents a blended rate of 4-year daily historical average volatility rate, and a 5-week average implied volatility rate based on at-the-money traded Johnson & Johnson options with a life of 2 years. Prior to 2006, expected volatility was based on a 5-year weekly historical volatility rate. Historical data is used to determine the expected life of the option. The risk free rate was based on the US Treasury yield curve in effect at the time of grant.

Restricted Stock Units

The company also granted Restricted Stock Units (RSU's) up until the business sale on 30 December 2012. These were first granted in 2006 and have a vesting period of 3 years. The average fair value of these units granted during the period was \$nil, using the fair market value at the date of grant. The fair value of restricted stock units was discounted for dividends, which are not paid on the restricted stock units during the vesting period.

	Number of shares ('000)	
	31 July 2013	30 December 2012
Shares at beginning of period/year	-	14
Stock granted	-	7
Stock forfeited	-	(2)
Stock issued	-	(4)
Stock transferred on 30 December 2012	-	(15)
Shares at end of period/year	-	-

National Insurance

Share options granted subsequent to 5 April 1999 under unapproved schemes are subject to employers' and employees' national insurance on the gain made on exercise of such options by UK employees.

An accrual of £nil (2012: £nil) for employers' national insurance has been made at the balance sheet date following the sale of the business on 30 December 2012.

In addition, an accrual of £nil (2012: £nil) has been made for the employers' national insurance on restricted stock units following the sale of the business on 30 December 2012.

McNeil Nutritionals Limited

Notes to the financial statements
For the 7 month period ended 31 July 2013

17. Ultimate and immediate parent companies and controlling party

The immediate parent company is Johnson & Johnson Management Limited

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