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ALDINGTON LABORATORIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 1st January 1983.

ACTIVITIES

The principal activity of the company continues to be the design, development, manufacture and sale of surgical and medical products.

PROFIT AND APPROPRIATIONS

The profit for the period after taxation was £42,709. The directors recommend that £40,000 be distributed by way of dividend, leaving £2,709 to be added to reserves.

DIRECTORS

The directors of the company during the period were:-

J.D.M. Smith (Chairman)
L. Alpin
B.W.G. Yeoman
R.G. Silvers
J.M. Cummings

DIRECTORS' INTERESTS

The interests of the directors in the Share Capital and Loan Stock of BTR plc and its subsidiaries are set out below:-

	<u>BTR plc</u>	
	<u>Ordinary Shares of 25p each</u>	
	<u>1st January 1983</u>	<u>2nd January 1982</u>
J.D.M. Smith	-	-
L. Alpin	-	-
B.W.G. Yeoman	-	-
R.G. Silvers	760	304
J.M. Cummings	-	-

AUDITORS

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells as Auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

[Signature]

per pro BTR Secretaries Limited

Secretary
Silvertown House,
Vincent Square,
London SW1P 2PL



18 MAR 1983

AUDITORS' REPORT
TO THE MEMBERS OF ALDINGTON LABORATORIES LIMITED

We have audited the financial statements on pages 3 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 1st January 1983 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

Deloitte Haskins & Sells.

Chartered Accountants

London

11 8 MAR 1983

ALDINGTON LABORATORIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1983

	<u>Notes</u>	<u>1982</u> £	<u>1981</u> £
TURNOVER	2	£392,727	£388,064
PROFIT BEFORE TAXATION	3	79,155	89,459
TAXATION	5	36,446	45,096
PROFIT AFTER TAXATION		42,709	44,363
EXTRAORDINARY ITEM		-	(948)
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEM		42,709	43,415
PROPOSED DIVIDEND		40,000	50,000
PROFIT (DEFICIT) FOR YEAR		£2,709	£(6,585)
STATEMENT OF RETAINED PROFITS			
Balance brought forward		48,440	47,041
Retained profit (deficit) for year		2,709	(6,585)
Transfer to (1981 from) reserve arising on revaluation		(7,984)	7,984
Balance carried forward		£43,165	£48,440

ALDINGTON LABORATORIES LIMITED

BALANCE SHEET 1st JANUARY 1983

	<u>Notes</u>	<u>1982</u> £	<u>1981</u> £
FIXED ASSETS	6	50,608	35,905
LOANS TO FELLOW SUBSIDIARIES		151,038	172,033
CURRENT ASSETS			
Amounts due from fellow subsidiary		1,173	2,819
Stocks	8	60,094	43,869
Debtors		63,496	69,046
Bank balance and cash		21,795	14,491
		146,558	130,225
CURRENT LIABILITIES			
Amounts due to fellow subsidiaries		18,575	24,703
Creditors		47,907	35,373
Corporation tax		122,446	16,996
Proposed dividend		40,000	50,000
		228,928	227,072
NET CURRENT LIABILITIES		(82,370)	(96,847)
		£119,276	£111,091
Financed by:			
SHARE CAPITAL	9	24,000	24,000
RETAINED PROFITS		43,165	48,440
RESERVE ARISING ON REVALUATION		52,111	38,651
		£119,276	£111,091

Approved by the Board on

18 MAR 1983

James Smith
Cooper

} Directors

ALDINGTON LABORATORIES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 1st JANUARY 1983

	<u>1982</u> <u>£000</u>	<u>1981</u> <u>£000</u>
SOURCE OF FUNDS		
Profit before taxation	79	89
Extraordinary item before taxation	-	6
Adjustment for items not involving the movement of funds:		
Depreciation	10	8
Profit on sale of fixed assets	-	(10)
	<hr/>	<hr/>
	89	93
Proceeds on sale of fixed assets	-	10
	<hr/>	<hr/>
	89	103
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Payment of dividend	(50)	(45)
Payment of tax	(31)	(41)
Purchase of fixed assets	(19)	(4)
	<hr/>	<hr/>
	(100)	(90)
	<hr/>	<hr/>
MOVEMENT IN WORKING CAPITAL		
(Increase) decrease in stocks	(16)	15
Decrease (increase) in debtors	6	(4)
Increase (decrease) in creditors	12	(12)
(Decrease) in net amounts due to fellow subsidiaries	(5)	(47)
	<hr/>	<hr/>
	(3)	(48)
	<hr/>	<hr/>
DECREASE IN FUNDS	(14)	(35)
	<hr/>	<hr/>
Represented by:		
Increase (decrease) in bank balance and cash	7	(9)
Decrease in loans to fellow subsidiaries	(21)	(26)
	<hr/>	<hr/>
	(14)	(35)
	<hr/>	<hr/>

ALDINGTON LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 1st JANUARY 1983

1. ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The company prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of certain plant and machinery.

(b) FIXED ASSETS

Plant and machinery is depreciated at rates calculated to write off the cost or subsequent valuation of assets over their expected economic lives by equal annual instalments, ranging from 8% to 33¹/₃% depending upon the type of asset.

(c) STOCKS

Stocks and work-in-progress are stated at the lower of cost and net realisable value. The cost of products manufactured by the company consists of direct material and labour costs, together with an appropriate proportion of relevant production overheads.

(d) DEFERRED TAXATION

The company provides deferred taxation, at the rate current at the end of the period, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes except where the directors consider that such liability will not be payable within the foreseeable future.

2. TURNOVER

	<u>1982</u> £	<u>1981</u> £
Turnover, representing the value of goods invoiced to outside customers less taxes and returns	391,584	383,031
Sales to fellow subsidiaries of BTR plc	1,143	5,033
	<u>£392,727</u>	<u>£388,064</u>

Plant and machinery (with the exception of motor vehicles, moulds and tools) were revalued at 1st January 1983 by independent professional valuers, Chamberlain and Willows, on the basis of depreciated replacement cost respectively. The excess of the surpluses arising on these revaluations over the fixed asset revaluation surplus brought forward has been audited in the profit and loss account.

ALDINGTON LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 1st JANUARY 1983 (continued)

3. PROFIT BEFORE TAXATION

	<u>1982</u> £	<u>1981</u> £
Profit before taxation is stated after charging:		
Depreciation	9,720	8,168
Auditors' remuneration	2,000	2,300
Group management charges payable	12,000	12,000
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

Fees	-	-
Other emoluments	30,524	28,552
	<u> </u>	<u> </u>
	30,524	£28,552
	<u> </u>	<u> </u>

Emoluments of chairman

£ NIL	£ NIL
<u> </u>	<u> </u>

Emoluments of highest paid director
(excluding pension contributions)

£15,837	£14,848
<u> </u>	<u> </u>

Number of other directors whose
emoluments were within the ranges:

£ 0 - £ 5,000
£ 5,001 - £ 10,000

<u>No</u>	<u>No</u>
2	2
1	1
<u> </u>	<u> </u>

5. TAXATION

U.K. taxation on the profits for the period:

Corporation tax at 52%

37,500	48,805
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Prior year adjustment:

Current

Deferred

(1,054)	68
-	(3,777)
<u> </u>	<u> </u>

£36,446	£45,096
<u> </u>	<u> </u>

ALDINGTON LABORATORIES LIMITED

NOTES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 1st JANUARY 1983 (continued)

6. FIXED ASSETS

	Plant and machinery £
Net book value at 2nd January 1982	35,905
Additions at cost	18,948
Depreciation for year	(9,720)
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Net book value at 1st January 1983	45,133
Revaluation surplus arising during year	5,475
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	<u>£50,608</u>

Comprising:

Cost	39,673
Valuation 1982	28,900
	<hr/>
	68,573

Less:

Accumulated depreciation at 1st January 1983	17,965
	<hr/>
	<u>£50,608</u>

7. FUTURE CAPITAL EXPENDITURE

	<u>1982</u> £	<u>1981</u> £
Contracted for but not provided for	£ NIL	£7,370
	<hr/>	<hr/>
Authorised but not contracted for	£ NIL	£ NIL
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ALDINGTON LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 1st JANUARY 1983 (continued)

	<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
8. STOCKS		
Stocks comprise:		
Raw materials	28,391	20,789
Work-in-progress	2,186	1,564
Finished goods	29,517	21,516
	<hr/>	<hr/>
	£60,094	£43,869
	<hr/>	<hr/>

9. SHARE CAPITAL

Authorised, issued and fully paid:

Ordinary shares of £1 each	12,000	12,000
Deferred shares of £1 each	12,000	12,000
	<hr/>	<hr/>
	£24,000	£24,000
	<hr/>	<hr/>

10. DEFERRED TAXATION

There is a potential liability for deferred taxation calculated at the current rate of taxation on the differences between the balance sheet value and the value for taxation purposes as follows:

	<u>1982</u> <u>£</u>	<u>1981</u> <u>£</u>
Accelerated tax depreciation	24,229	18,670
Less:		
Expenditure incurred and provisions made qualifying for relief in succeeding years	(658)	(624)
	<hr/>	<hr/>
	£23,571	£18,046
	<hr/>	<hr/>

ALDINGTON LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 1st JANUARY 1983 (continued)

11. CONTINGENT LIABILITIES

The company has cross guarantee arrangements with certain fellow subsidiaries guaranteeing the bank overdrafts of these companies.

12. COMPANIES ACT 1981

The company is not yet required to comply with the accounting and disclosure provisions of Part I of the Companies Act 1981. Accordingly, these financial statements are prepared in accordance with section 149A of, and Schedule 6A to, the Companies Act 1948.

13. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is BTR plc, which is incorporated in Great Britain.