



ARNT & ANDERSEN

**Pegasus Limited**

(formerly Pegasus Egerton Limited)

Annual report and accounts  
for the year ended 31 December 2000

Registered number: 1908750



## Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 2000.

### Principal activities and business review

The company trades as manufacturers of medical and nursing care equipment. The directors are satisfied with the result for the year and with the outlook for the year ending 31 December 2001.

The research and development activities of the company continue to be directed principally towards the development of new products and improving the performance and effectiveness of existing products.

The company elected to change its name from Pegasus Egerton Limited to Pegasus Limited with effect from 3 January 2001.

### Results and dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend (1999: £nil).

### Directors and their interests

The directors who served during the year were:

M B Webb	(resigned 31 May 2000)
R F Lock	(appointed 1 June 2000)
A P D Hannagan	
A J Wozencroft	(resigned 24 January 2001)
J M Malmquist	
U A Grunander	
R S Ranger	(appointed 6 March 2000, resigned 4 August 2000)

The directors have no interests required to be disclosed under Schedule 7 of the Companies Act 1985.

## Directors' report (continued)

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

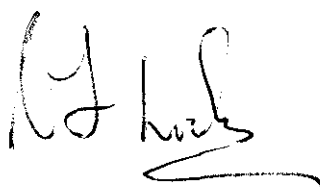
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Pegasus House  
Waterberry Drive  
Waterlooville  
Hampshire  
PO7 7XX

By order of the Board



R F Lock  
Director

31 July 2001

**To the Shareholders of Pegasus Limited:**

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

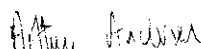
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Abbots House  
Abbey Street  
Reading  
RG1 3BD

31 July 2001

# Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>Turnover</b>	3	16,022,897	17,084,016
Cost of sales		<u>(5,211,351)</u>	<u>(5,349,056)</u>
<b>Gross profit</b>		10,811,546	11,734,960
Distribution costs		(8,537,998)	(8,586,512)
Administrative expenses - ordinary		(1,057,094)	(918,742)
- exceptional	2	-	(3,983,133)
- total		<u>(1,057,094)</u>	<u>(4,901,875)</u>
<b>Operating profit/(loss)</b>	3	1,216,454	(1,753,427)
Interest receivable and similar income	4	735,404	693,836
Interest payable and similar charges	5	<u>(15,682)</u>	<u>(34,401)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>	2	1,936,176	(1,093,992)
Tax on profit/(loss) on ordinary activities	6	<u>(612,000)</u>	<u>(730,174)</u>
<b>Profit/(loss) on ordinary activities after taxation, retained for the year</b>	17, 18	<u>1,324,176</u>	<u>(1,824,166)</u>

There were no recognised gains or losses other than those included in the profit and loss account.

Turnover and operating profit derive entirely from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

**Balance sheet**  
31 December 2000

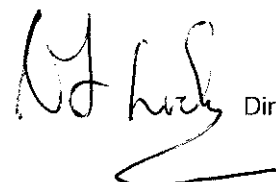
	Notes	2000 £	1999 £
<b>Fixed assets</b>			
Tangible assets	7	1,209,166	1,501,522
Investments	8	317,387	317,387
		<u>1,526,553</u>	<u>1,818,909</u>
<b>Current assets</b>			
Stocks	9	1,727,078	1,768,648
Debtors	10	13,586,395	12,805,178
Cash at bank and in hand		731,030	198,996
		<u>16,044,503</u>	<u>14,772,822</u>
<b>Creditors: Amounts falling due within one year</b>	11	(2,224,139)	(5,326,934)
<b>Net current assets</b>		<u>13,820,364</u>	<u>9,445,888</u>
<b>Total assets less current liabilities</b>		<u>15,346,917</u>	<u>11,264,797</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	(89,234)	(134,524)
<b>Net assets</b>		<u>15,257,683</u>	<u>11,130,273</u>
<b>Capital and reserves</b>			
Called-up share capital	16	2,803,434	200
Share premium account	17	66,499	66,499
Profit and loss account	17	12,387,750	11,063,574
<b>Equity shareholders' funds</b>	18	<u>15,257,683</u>	<u>11,130,273</u>

The accounts on pages 4 to 16 were approved by the board of directors on 31 July 2001 and signed on its behalf by:

A P Hannagan

 Director

R F Lock

 Director

The accompanying notes are an integral part of this balance sheet.

## Notes to the accounts

31 December 2000

### 1 Accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding year, is set out below.

#### a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. In accordance with Section 228(2) of the Companies Act 1985, group accounts have not been prepared because the company is a wholly owned subsidiary of Getinge AB which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS1 to present a cash flow statement.

#### b) Turnover

Turnover comprises the net amount receivable, excluding value added tax, from the sale and rental of medical and nursing care products. It also includes service income and the proceeds from the sale of warranties. Warranties are granted for up to three years and the income element is released to the profit and loss account evenly over the life of the warranty. Income received in advance is included in deferred income.

#### c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight-line basis over their expected useful lives, as follows:

Cairwave and other beds	20%
Motor vehicles	25% - 33.33%
Machinery	20%
Office equipment	20% - 33.33%

Residual value is calculated on prices prevailing at the date of acquisition.

#### d) Fixed asset investments

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

#### e) Finance Leases

Assets obtained under finance leases and similar contracts are capitalised as tangible fixed assets and depreciated on a straight line basis over their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the contracts to produce a constant rate of return on the balance of capital repayments outstanding.

#### f) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are credited or charged to the profit and loss account on a straight-line basis over the lease term.

## Notes to the accounts (continued)

### **1 Accounting policies (continued)**

#### *g) Stocks*

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

#### *h) Research and development*

Expenditure on research and development is written off to distribution expenses in the period in which it is incurred.

#### *i) Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date or, where appropriate, the contracted rate. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction or, where appropriate, at the contracted rate. All exchange differences are included in the profit and loss account.

#### *j) Taxation*

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

#### *k) Pensions*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. Any differences between contributions payable and those actually received are shown as either accruals or prepayments.



## Notes to the accounts (continued)

### 2 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Depreciation of tangible fixed assets		
- owned	662,071	799,938
- held under hire purchase contracts	3,187	35,080
Operating lease rentals		
- plant and machinery	82,462	85,234
- other	1,041,097	1,028,812
Auditors' remuneration		
- audit fees	24,200	19,280
- non audit fees	30,110	13,651
Research and development	712,540	652,371
	<hr/>	<hr/>
And after crediting:		
Operating lease rentals receivable	5,873,572	6,593,906
Profit on sale of fixed assets	48,262	14,735
Gain on foreign exchange	42,921	21,008
	<hr/>	<hr/>

Included within administrative expenses are the following exceptional items:

	2000 £	1999 £
Amounts written off investments	-	2,485,613
Reorganisation costs in respect of the acquisition of the business from Egerton Hospital Equipment Limited	-	1,280,245
Reorganisation costs following the acquisition of the company by Getinge Industrier Holdings UK Limited	-	217,275
	<hr/>	<hr/>
	-	3,983,133
	<hr/>	<hr/>

### 3 Turnover

The turnover is derived from one class of business. No analysis of geographical markets is provided because, in the opinion of the directors, such an analysis would be seriously prejudicial to the interests of the company.

## Notes to the accounts (continued)

### 4 Interest receivable and similar income

	2000 £	1999 £
Income from group undertakings	705,939	665,612
Other	29,465	28,224
	<u>735,404</u>	<u>693,836</u>

### 5 Interest payable and similar charges

	2000 £	1999 £
Bank loans and overdrafts	-	4,998
Hire purchase contracts	15,682	24,759
Payable to group undertakings	-	3,215
Other loans	-	1,429
	<u>15,682</u>	<u>34,401</u>

### 6 Tax on profit/(loss) on ordinary activities

The tax charge comprises:

	2000 £	1999 £
UK corporation tax	<u>612,000</u>	<u>730,174</u>

# Notes to the accounts (continued)

## 7 Tangible fixed assets

	Cairwave and other beds (1) £	Motor vehicles £	Machinery and office Equipment £	Total £
<b>Cost</b>				
At 1 January 2000	5,050,730	46,912	1,893,018	6,990,660
Additions	357,945	16,044	46,015	420,004
Additions from demonstration stock	52,450	-	-	52,450
Disposals	(192,233)	(33,112)	(4,916)	(230,261)
At 31 December 2000	<u>5,268,892</u>	<u>29,844</u>	<u>1,934,117</u>	<u>7,232,853</u>
<b>Depreciation</b>				
At 1 January 2000	3,748,683	43,087	1,697,368	5,489,138
Charge for the year	557,794	5,348	102,116	665,258
Additions from demonstration stock	52,450	-	-	52,450
Disposals	(150,595)	(29,287)	(3,277)	(183,159)
At 31 December 2000	<u>4,208,332</u>	<u>19,148</u>	<u>1,796,207</u>	<u>6,023,687</u>
<b>Net book value</b>				
At 31 December 2000	<u>1,060,560</u>	<u>10,696</u>	<u>137,910</u>	<u>1,209,166</u>
At 31 December 1999	<u>1,302,047</u>	<u>3,825</u>	<u>195,650</u>	<u>1,501,522</u>
Leased assets included above:				
<b>Net book value</b>				
At 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1999	<u>-</u>	<u>3,825</u>	<u>6,374</u>	<u>10,199</u>

(1) Cairwave and other beds represent assets held for use in operating leases.

## Notes to the accounts (continued)

### 8 Fixed asset investments

#### Subsidiary undertakings

	2000 £'000
<b>Cost</b>	
At 1 January 2000 and 31 December 2000	<u>2,803,000</u>
<b>Amounts written off</b>	
At 1 January 2000 and 31 December 2000	<u>2,485,613</u>
<b>Net book value</b>	
At 1 January 2000 and 31 December 2000	<u>317,387</u>

The company has investments in the following subsidiary undertakings.

Name	Share capital	Holding	Country of incorporation	Principal activity
Lettersecond Limited (1)	£476	100%	England and Wales	Dormant
Egerton Hospital Equipment Limited (2)	£476,100	100%	England and Wales	Dormant

(1) owned directly

(2) owned by subsidiary company

### 9 Stocks

	2000 £	1999 £
Raw materials and consumables	1,466,872	1,549,626
Work in progress	13,753	27,317
Finished goods and goods for resale	246,453	191,705
	<u>1,727,078</u>	<u>1,768,648</u>

## Notes to the accounts (continued)

### 10 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	2,385,280	2,409,301
Amounts owed by group undertakings	10,548,507	9,688,068
Other debtors	113,739	123,597
Prepayments and accrued income	538,869	584,212
	<u>13,586,395</u>	<u>12,805,178</u>

### 11 Creditors: Amounts falling due within one year

	2000 £	1999 £
Obligations under hire purchase contracts (Note 13)	-	50,758
Bank overdraft	-	91,077
Trade creditors	781,612	549,999
Amounts due to group undertakings	13,549	3,169,297
Corporation tax	374,238	414,242
Other taxes and social security	266,037	163,823
Accruals and deferred income	788,703	887,738
	<u>2,224,139</u>	<u>5,326,934</u>

### 12 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Accruals and deferred income	<u>89,234</u>	<u>134,524</u>

### 13 Obligations under hire purchase contracts

Obligations under hire purchase contracts are as follows:

	2000 £	1999 £
Within one year	<u>-</u>	<u>50,758</u>

## Notes to the accounts (continued)

### 14 Provisions for liabilities and charges

Deferred taxation (asset)/liability

	2000		1999	
	Provided £	Not provided £	Provided £	Not provided £
Decelerated capital allowances	-	(326,940)	-	(239,600)
Other timing differences	-	(45,600)	-	(79,300)
	<u>-</u>	<u>(372,540)</u>	<u>-</u>	<u>(318,900)</u>

### 15 Financial commitments

At the year end, the company had financial commitments not provided for in these accounts which represent the accumulated value of Cairwave and other beds, which the company may be required to buy back three years from the date of original sale. This commitment relates to beds sold via a leasing arrangement and only arises if the lessee does not wish to retain the equipment after an initial three year period has expired. The maximum commitment would fall due as follows:

	2000 £	1999 £
Within one year	14,925	153,389
Between two and five years	28,031	36,710
	<u>42,956</u>	<u>190,099</u>

At 31 December 2000, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000 £	1999 £	2000 £	1999 £
Expiry date				
Within one year	3,188	17,930	125,799	86,107
Between two and five years	23,150	59,096	403,231	466,917
After more than five years	368,524	370,399	-	-
	<u>394,862</u>	<u>447,425</u>	<u>529,030</u>	<u>553,024</u>

## Notes to the accounts (continued)

### 16 Called-up share capital

	2000 £	1999 £
<i>Authorised</i>		
2,000 ordinary shares of £1 each	-	2,000
2,803,434 ordinary shares of £1 each	<u>2,803,434</u>	<u>-</u>
<i>Allotted, called-up and fully paid</i>		
200 ordinary shares of £1 each	-	200
2,803,434 ordinary shares of £1 each	<u>2,803,434</u>	<u>-</u>

On 19 September 2000 the company increased its authorised share capital to 2,803,434 ordinary shares of £1 each, and issued an additional 2,803,234 ordinary shares at par for cash.

### 17 Reserves

	Share premium account £	Profit and loss account £	Total £
At 31 December 1999	66,499	11,063,574	11,130,073
Profit for the year	-	1,324,176	1,324,176
At 31 December 2000	<u>66,499</u>	<u>12,387,750</u>	<u>12,454,249</u>

### 18 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit/(loss) for the year	1,324,176	(1,824,166)
New shares issued	2,803,234	-
Opening balance of shareholders' funds (1999 - originally £12,549,164 before adding prior year adjustment of £405,275)	<u>11,130,273</u>	<u>12,954,439</u>
Closing balance of shareholders' funds	<u>15,257,683</u>	<u>11,130,273</u>

## Notes to the accounts (continued)

### 19 Directors' remuneration

The remuneration of the directors was as follows:

	2000 £	1999 £
Emoluments	159,691	258,821
Company contributions to money purchase pension schemes	13,727	24,910
	<u>173,418</u>	<u>283,731</u>
Compensation for loss of office	-	73,838

There were three (1999: three) directors to whom retirement benefits are accruing under money purchase pension schemes.

### 20 Particulars of employees

The average monthly number of persons including executive directors employed during the year was as follows:

	2000 Number	1999 Number
Administration	58	64
Selling and distribution	40	42
Production	29	28
Servicing	70	70
	<u>197</u>	<u>204</u>

Their total remuneration including compensation for loss of office and redundancy costs was:

	2000 £	1999 £
Wages and salaries	4,681,768	5,917,291
Social security costs	493,986	484,485
Other pension costs	167,637	172,807
	<u>5,343,391</u>	<u>6,574,583</u>



## Notes to the accounts (continued)

### **21 Pension commitments**

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### **22 Parent undertaking and controlling parties**

The ultimate parent undertaking and ultimate controlling party is Getinge AB, incorporated in Sweden. The immediate parent undertaking is Getinge Industrier Holding UK Limited, a company registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by Getinge AB. Copies of these accounts may be obtained from Getinge AB, PO Box 69, S-310 44, Getinge, Sweden.

### **23 Related party transactions**

The directors have taken advantage of the exemption set out in Financial Reporting Standard No 8 and have not disclosed transactions with entities within the same group as the company.