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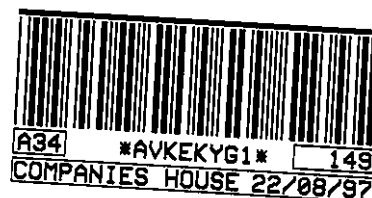


AVL Medical Instruments UK Limited

Revised abbreviated financial statements

31 December 1996

Registered number 2425430





Festival Way
Stoke-on-Trent
Staffordshire ST1 5TA

**Report of the auditors to the directors of
AVL Medical Instruments UK Limited
pursuant to paragraph 24 of schedule 8 to the Companies Act 1985 and
regulation 13 of the Companies (Revision of Defective Accounts and Report)
Regulations 1990**

We have examined the revised abbreviated accounts set out on pages 3 to 6 together with the revised financial statements of AVL Medical Instruments UK Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the revised audited financial statements, that the company is entitled to the exemptions and that the revised abbreviated accounts have been properly prepared from those revised financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the revised full financial statements.

Opinion

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31 December 1996, and the revised abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

Other information

On 15 August 1997 we reported, as auditors of AVL Medical Instruments UK Limited, to the members on the revised financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1996, and our audit report was as follows:

"We have audited the revised financial statements on pages 4 to 15. The revised financial statements replace the original financial statements approved by the directors on 27 February 1997.



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Staffordshire ST1 5TA

Report of the auditors to the directors of
AVL Medical Instruments UK Limited
pursuant to paragraph 24 of schedule 8 to the Companies Act 1985 and
regulation 13 of the Companies (Revision of Defective Accounts and Report)
Regulations 1990 *(continued)*

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these revised financial statements and to report our opinion to you. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

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 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. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 revised 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 revised financial statements.

Opinion

In our opinion the revised financial statements give a true and fair view seen as at the date the original financial statements were approved of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990.

In our opinion the original financial statements for the year ended 31 December 1996 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in note 1 to these financial statements."

Chartered Accountants
Registered Auditors

15 August 1997

AVL Medical Instruments UK Limited

Balance sheet at 31 December 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	3	33,716	30,831
Current assets			
Stocks		580,196	275,572
Debtors		723,308	266,489
Cash at bank and in hand		112,931	15,367
		<u>1,416,435</u>	<u>557,428</u>
Creditors: amounts falling due within one year		<u>(1,062,257)</u>	<u>(460,782)</u>
Net current assets		<u>354,178</u>	<u>96,646</u>
Total assets less current liabilities		<u>387,894</u>	<u>127,477</u>
Creditors: amounts falling due after more than one year		<u>(387,512)</u>	<u>(431,854)</u>
Net assets/(liabilities)		<u>382</u>	<u>(304,377)</u>
Capital and reserves			
Called up share capital	4	19,304	19,304
Capital reserve		450,000	-
Profit and loss account		<u>(468,922)</u>	<u>(323,681)</u>
Equity shareholders' funds/(deficit)		<u>382</u>	<u>(304,377)</u>

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

These financial statements were approved by the board of directors on
and were signed on its behalf by:

7 August 1997

LW Jones
Director

AVL Medical Instruments UK Limited

Notes

(forming part of the financial statements)

1 Revised financial statements

- These financial statements replace the original financial statements for the year ended 31 December 1996 which were approved on 27 February 1997.
- These financial statements are now the statutory financial statements for the year ended 31 December 1996.
- The revised financial statements have been prepared as at 27 February 1997 and not as at the date of their approval and accordingly do not deal with events between those dates.
- The original financial statements did not comply with the Companies Act 1985 because the capital contribution made by the parent company of £450,000 was not reflected in those financial statements.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of AVL Medical Instruments AG and its cash flows are included within the consolidated cash flow statement of that company.

The financial statements have been prepared on a going concern basis as the holding company has provided assurances that they will continue to provide all necessary financial support to the company for the foreseeable future.

Related party transactions

Exemption has been taken (as per Financial Reporting Standard No 8) from reporting the transactions between AVL Medical Instruments UK Limited and AVL Medical Instruments AG since 90% or more of the voting rights are controlled by the group, and the consolidated financial statements in which AVL Medical Instruments UK Limited are consolidated are publicly available.

AVL Medical Instruments UK Limited

Notes (continued)

2 Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	33 $\frac{1}{3}$ % per annum on a straight line basis
Fixtures, fittings, tools and equipment	-	15% per annum on a straight line basis

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stock are stated at the lower of cost and net realisable value.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

AVL Medical Instruments UK Limited

Notes (continued)

3 Tangible fixed assets

	£
Cost	
At beginning of year	97,804
Additions	20,213
Disposals	(19,663)
At end of year	98,354
Depreciation	
At beginning of year	66,973
Charge for year	17,328
On disposals	(19,663)
At end of year	64,638
Net book value	
At 31 December 1996	33,716
At 31 December 1995	30,831

4 Called up share capital

	1996 £	1995 £
Authorised		
50,000 ordinary shares of 1 Swiss franc each	19,304	19,304
Allotted, called up and fully paid		
50,000 ordinary shares of 1 Swiss franc each	19,304	19,304

5 Ultimate holding company

The ultimate holding company is AVL Medical Instruments AG, a company incorporated in Switzerland.