

## **G2 Design Limited**

### **Directors' report and financial statements**

30 June 1998

Registered number 2704165



## **Directors' report and financial statements**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 1998.

### Principal activities

The company's main activity is the exploitation of patent rights.

### Business Review

The results for the year are shown on page 5.

### Year 2000

Many computer and digital storage systems, including technical equipment controlled by computer chips, have date-dependent areas that may require modification to accept the change from the year 1999 to the year 2000. This problem may affect not only the operations of the Company but also those of its customers and suppliers. The Company is well advanced in assessing the risks to its business of the Year 2000 issue and a Group wide program, commissioned by the Board of the ultimate parent company, has commenced. An assessment of the likely impact is being made and prioritised action plans are being implemented to deal with key risks. It is impossible to guarantee that no Year 2000 problems will remain since some level of failure may still occur. However the Board believes it will achieve an acceptable state of readiness by the due time. The cost of the Year 2000 program is not expected to be significant since the Group's products contain no date-dependent areas and the Group's computer hardware and software has all been purchased or updated in recent years.

### Proposed dividend

The directors do not recommend the payment of a dividend (1997: £Nil).

### Proposed transfer to reserves

The profit for the year retained in the company is £21,118 (1997: £5,439).

### Directors and directors' interests

The directors who held office during the year were as follows:

N M Goble  
C C O Goble  
L Rostron        - resigned 31 October 1997  
H W Battock     - resigned 31 October 1997

The interests in the shares of group companies of Messrs Goble are shown in the directors' report of Gyrus Group PLC. The other directors have no interests in the shares of this or other group companies.

## Directors' report *(continued)*

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



N M Goble  
*Director*

Fortran Road  
St Mellons  
CARDIFF  
CF3 0LT

9 April 1998

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements 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 for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG Audit Plc**

Marlborough House  
Fitzalan Court  
Fitzalan Road  
Cardiff  
CF2 1TE  
United Kingdom

**Report of the auditors to the members of G2 Design Limited**

We have audited the financial statements on pages 5 to 9.

**Respective responsibilities of directors and auditors**

As described on page 3 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 those statements and to report our opinion to you.

**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.

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 as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*Chartered Accountants  
Registered Auditor*

*22<sup>nd</sup> April 1999*

**Profit and loss account**  
*for the year ended 30 June 1998*

	<i>Note</i>	<b>1998</b> £	1997 £
Turnover	1	<b>22,933</b>	6,898
Administrative expenses		<b>(1,815)</b>	(1,459)
		<hr/>	<hr/>
Profit for the financial year retained in the company	2	<b>21,118</b>	5,439
		<hr/> <hr/>	<hr/> <hr/>

The above results represent the company's total recognised gains and losses in both financial years.

**Balance sheet**  
*at 30 June 1998*

	<i>Note</i>	1998	1997
		£	£
<b>Fixed assets</b>			
Intangible assets	5	-	915
<b>Current assets</b>			
Debtors	6	22,933	862
<b>Creditors: amounts falling due within one year</b>	7	(6,829)	(6,791)
Net current assets/(liabilities)		16,104	(5,929)
<b>Net assets/(liabilities)</b>		16,104	(5,014)
<b>Capital and reserves</b>			
Called up share capital	8	11,959	11,959
Profit and loss account		4,145	(16,973)
<b>Surplus/(deficit) on shareholders' funds</b>	9	16,104	(5,014)

These financial statements were approved by the board of directors on 9 April 1998 and were signed on its behalf by:



**N M Goble**  
*Director*



## Notes

*(forming part of the financial statements)*

### 1 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 convention.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary of Gyrus Group PLC, in whose cash flow statement the cash flows of the company are consolidated.

The company has taken advantage of the exemption under Financial Reporting Standard 8 from the requirement to disclose transactions with group companies.

#### *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.

#### *Intangible assets*

Expenditure on acquisition of patents and licences is capitalised and written off over the period in which income from such patents and licences is anticipated to arise.

Expenditure on maintenance of patents and licences is written off as it is incurred.

#### *Turnover*

Income from royalties is included in the profit and loss account in the period in which it is earned.

### 2 Profit for the year retained

	1998 £	1997 £
<i>Profit for the year retained is stated after charging:</i>		
Auditors' remuneration		
Audit fees	900	900
Non audit fees	-	392
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 3 Staff numbers and costs

The company had no employees during either year. No fees or other emoluments were paid to the company's directors during either year.

### 4 Taxation

Based on the company's taxable result for the period, there is no charge to UK corporation tax due to the availability of tax losses in group companies which can be group relieved and which the company receives free of charge.

### 5 Intangible assets

	Patent £
<b>Cost</b>	
At beginning and end of year	6,099
	<hr/>
<b>Amortisation</b>	
At beginning of year	5,184
Charge for year	915
	<hr/>
At end of year	6,099
	<hr/>
<b>Net book value</b>	
At 30 June 1998	-
	<hr/>
At 30 June 1997	915
	<hr/>

### 6 Debtors

	1998 £	1997 £
Amounts due from group undertakings	22,933	862
	<hr/>	<hr/>

### 7 Creditors: amounts falling due within one year

	1998 £	1997 £
Amount owed to group undertakings	5,889	5,851
Accruals	940	940
	<hr/>	<hr/>
	6,829	6,791
	<hr/>	<hr/>

## Notes (continued)

### 8 Called up share capital

	1998 £	1997 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	11,959	11,959
	<u>11,959</u>	<u>11,959</u>

### 9 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	21,118	5,439
Opening balance on the shareholders' funds	(5,014)	(10,453)
	<u>16,104</u>	<u>(5,014)</u>
Closing balance on shareholders' funds	<u>16,104</u>	<u>(5,014)</u>

### 10 Capital commitments

There were no capital commitments at the balance sheet date.

### 11 Immediate and ultimate parent company

The immediate parent undertaking is Gyrus Medical Limited. The ultimate parent undertaking and the controller of the company is Gyrus Group PLC. Both companies are registered in England and Wales.

The largest (and only) group in which the results of the company are consolidated is that headed by Gyrus Group PLC, whose financial statements are available to the public and may be obtained from the Company Secretary at Fortan Road, St Mellons, Cardiff, CF3 0LT.