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MANA-TECH LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2001



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31 MAY 2001

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The following pages do not form part of the Statutory Financial Statements: -

- 9** Trading and Profit and Loss Account
- 10** Overhead Expenses

MANA-TECH LIMITED

OFFICERS AND ADVISERS
31 MAY 2001

DIRECTORS

S W Hinton

M C V Hinton

SECRETARY

M J Rowbottom

BANKERS

National Westminster Bank plc
P O Box 23
Portland Square
Sutton in Ashfield
NG17 1AS

Barclays Bank plc
Northampton Branch
P O Box 23
St Giles Square
Northampton
NN1 4YD

AUDITORS

Willis & Co
Chartered Accountants and Registered Auditors
Barclay House
35 Borough Road
Burton upon Trent
Staffordshire
DE14 2DA

REGISTERED OFFICE

Studio 2
Waterside Court
3rd Avenue
Burton upon Trent
Staffordshire
DE14 2WQ

REGISTERED NUMBER

03543457 (England)

DIRECTORS' REPORT

31 MAY 2001

The directors present their Annual Report, together with the Financial Statements for the year ended 31 May 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company throughout the year have been that of the import and distribution of specialist medical equipment.

DIRECTORS

The directors who served during the year and their beneficial interests in the issued share capital of the company were as follows: -

| | <u>Ordinary Shares of £1 each</u> | |
|---------------------------------------|-----------------------------------|--------------------|
| | <u>31 May 2001</u> | <u>31 May 2000</u> |
| S W Hinton | 100 | 100 |
| M C V Hinton - (Appointed 01.10.2000) | Nil | Nil |

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 of the company 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

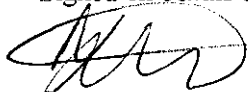
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

AUDITORS

In accordance with section 385 of the Companies Act 1985 a resolution concerning the re-appointment of Willis & Co as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors


Secretary

Approved by the Board: 21/03/02

AUDITORS' REPORT
31 MAY 2001

Independent Auditors' Report to the Shareholders of Mana-Tech Limited

We have audited the financial statements of Mana-Tech for the year ended 31 May 2001, which are set out on pages 4 to 8. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for preparing the financial statements in accordance with applicable law and UK Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and UK Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 31 May 2001 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Lawrence G.

WILLIS & CO
Chartered Accountants & Registered Auditors

Barclay House
35 Borough Road
Burton upon Trent
Staffordshire
DE14 2DA

21/03/02

MANA-TECH LIMITED

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MAY 2001

| | <u>Notes</u> | <u>2001</u> | <u>2000</u> |
|--|--------------|-------------|-------------|
| | | £ | £ |
| TURNOVER | | 1430435 | 1210368 |
| Cost of Sales | | 826887 | 643143 |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 603548 | 567225 |
| Distribution Costs | | 265927 | 257908 |
| Administrative Expenses | | 136565 | 100862 |
| | | <hr/> | <hr/> |
| | | 402492 | 358770 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 2 | 201056 | 208455 |
| Interest Receivable | | 4090 | 1786 |
| Interest Payable | | (541) | (-) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 204605 | 210241 |
| TAXATION | 3 | 53736 | 51697 |
| | | <hr/> | <hr/> |
| PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR | | 150869 | 158544 |
| Retained Profit at 31 May 2000 | | 270780 | 112236 |
| | | <hr/> | <hr/> |
| Retained Profit at 31 May 2001 | | 421649 | 270780 |
| | | <hr/> | <hr/> |

MANA-TECH LIMITED

BALANCE SHEET
AS AT 31 MAY 2001

| | <u>Notes</u> | <u>2001</u> | <u>2000</u> |
|---|--------------|---------------|---------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible Assets | 4 | 40483 | 10752 |
| CURRENT ASSETS | | | |
| Stock | | 179838 | 86526 |
| Debtors | 5 | 485422 | 235859 |
| Cash at bank and in Hand | | 30322 | 227482 |
| | | <u>695582</u> | <u>549867</u> |
| CREDITORS: amounts falling due within one year | 6 | 314316 | 289739 |
| | | <u>381266</u> | <u>260128</u> |
| NET CURRENT ASSETS | | | |
| | | <u>421749</u> | <u>270880</u> |
| NET ASSETS | | | |
| | | <u>421749</u> | <u>270880</u> |
| CAPITAL AND RESERVES | | | |
| Called-Up Share Capital | 8 | 100 | 100 |
| Profit and Loss Account | | 421649 | 270780 |
| | | <u>421749</u> | <u>270880</u> |

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors



Director

Approved by the Board: 21/03/02

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001**

1 ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover represents net invoiced sales of goods excluding value added tax.

Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets on a reducing balance basis at annual rates estimated to write off the cost less estimated residual value of each asset over the term of its useful life.

The rates presently in use are: -

| | |
|----------------|-----|
| Equipment | 25% |
| Motor Vehicles | 25% |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Taxation

Deferred tax is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the Financial Statements.

Provision is made at current rates for deferred taxation under the liability method in respect of all material timing differences, except to the extent that there is a reasonable probability that the liability will not arise in the foreseeable future.

2 OPERATING PROFIT

| | <u>2001</u> | <u>2000</u> |
|--|-------------|-------------|
| | £ | £ |
| The operating profit is stated after charging: - | | |
| Directors' Emoluments | 46502 | 74938 |
| Depreciation of Tangible Fixed Assets | 13099 | 10334 |
| Loss on Disposal of Fixed Assets | - | 10362 |
| Auditors' Remuneration | 2450 | 1700 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001

3 TAXATION

| | <u>2001</u> | <u>2000</u> |
|---|-------------|-------------|
| | £ | £ |
| Corporation Tax on the profits for the year | 53404 | 51671 |
| Prior year adjustment | 332 | 26 |
| | <hr/> | <hr/> |
| | 53736 | 51697 |
| | <hr/> | <hr/> |

4 TANGIBLE FIXED ASSETS

| | <u>Expenditure on Leasehold Property</u> | <u>Fixtures and Equipment</u> | <u>Motor Vehicles</u> | <u>Total</u> |
|------------------------|--|---------------------------------------|---------------------------|--------------|
| | £ | £ | £ | £ |
| COST | | | | |
| Balance at 31 May 2000 | - | 16153 | - | 16153 |
| Additions | 1185 | 5195 | 36450 | 42830 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 May 2001 | 1185 | 21348 | 36450 | 58983 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | | |
| Balance at 31 May 2000 | - | 5401 | - | 5401 |
| Charge for the Year | - | 3987 | 9112 | 13099 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 May 2001 | - | 9388 | 9112 | 18500 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| NET BOOK AMOUNT | | | | |
| As at 31 May 2001 | 1185 | 11960 | 27338 | 40483 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| As at 31 May 2000 | - | 10752 | - | 10752 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2001**

| 5 DEBTORS | <u>2001</u> | <u>2000</u> |
|---|--------------------|--------------------|
| | £ | £ |
| Due within one year: - | | |
| Trade Debtors | 286432 | 228199 |
| Other Debtors | 198990 | 7660 |
| | <hr/> | <hr/> |
| | 485422 | 235859 |
| | <hr/> | <hr/> |
| 6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | <u>2001</u> | <u>2000</u> |
| | £ | £ |
| Trade Creditors | 213593 | 138064 |
| Taxation and Social Security | 20543 | 50719 |
| Corporation Tax | 53736 | 51671 |
| Other Creditors | 26444 | 49285 |
| | <hr/> | <hr/> |
| | 314316 | 289739 |
| | <hr/> | <hr/> |

7 PROVISION FOR LIABILITIES AND CHARGES

The full potential liability to deferred taxation not required to be provided for in these Financial Statements amounts to £Nil (2000 £626).

| 8 CALLED UP SHARE CAPITAL | <u>2001</u> | <u>2000</u> |
|------------------------------------|--------------------|--------------------|
| | £ | £ |
| Authorised | | |
| 200000 Ordinary Shares of £1 each | 200000 | 200000 |
| | <hr/> | <hr/> |
| Allotted, called-up and fully paid | | |
| 100 Ordinary Shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |

9 RELATED PARTY DISCLOSURES AND TRANSACTIONS WITH DIRECTOR

S W Hinton is the ultimate controlling party of PBN Medical Systems (UK) Limited.

During the year the company received a management charge of £Nil (2000 £60000) from PBN Medical Systems (UK) Limited and made sales amounting to £21307 (2000 £59413) to that company. The sales were made on a normal trading basis.

In addition, the company made short-term loans to PBN Medical Systems (UK) Limited. The amount outstanding at the year end was £192729.