

25

Leica Microsystems (UK) Limited
Annual report
for the year ended 31 March 2001

Registered Number 476611



LD3
COMPANIES HOUSE

L4HBV7WF

0429
30/01/02

Leica Microsystems (UK) Limited

Annual report for the year ended 31 March 2001

Contents

Directors' report for the year ended 31 March 2001	1
Auditors' report to the members of Leica Microsystems (UK) Limited	3
Profit and loss account for the year ended 31 March 2001	4
Balance sheet as at 31 March 2001	5
Notes to the financial statements for the year ended 31 March 2001	6

Leica Microsystems (UK) Limited

Directors' report for the year ended 31 March 2001

The directors present their report and the audited accounts for the company for the year ended 31 March 2001.

Principal Activities

The company continued to act as the United Kingdom sales agent for the Leica Microsystems group, manufacturers of microscopic equipment.

Results and Dividends

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

Review of Business Developments

The company's sales performance of £20 million represents an improvement on prior year sales of equivalent products in most microscopy divisions. The company does expect continued success in the future, with the further addition of innovative products and services.

Directors

The directors of the company are as follows:

J D Buckley

M D Pocock

No director had any beneficial interest in the shares of the company or of any UK group company.

Secretary

A J Adams

Registered office

Davy Avenue

Knowlhill

Milton Keynes

MK5 8LB

Euro

The company, and the group of which the company is a member, already have in place systems and procedures whereby it can purchase, sell, and account in a variety of currencies. The Directors do not anticipate any problems or material costs in preparing the changeover to the Euro.

Leica Microsystems (UK) Limited

Statement of Directors' Responsibilities in Respect of the Accounts

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
- 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.

By order of the Board



M Pocock

29 January 2002

Leica Microsystems (UK) Limited

Auditors' report to the members of Leica Microsystems (UK) Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

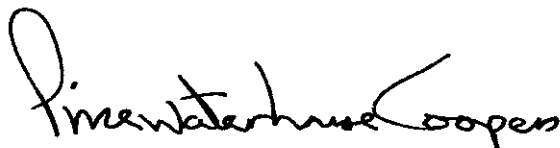
Basis of audit opinion

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 at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Cambridge

29 January 2002

Leica Microsystems (UK) Limited

Profit and loss account for the year ended 31 March 2001

	Note	2001 £'000	2000 £'000
Turnover	2	20,052	18,807
Operating profit	3	1,401	1,150
Interest receivable and similar income	7	107	-
Interest payable and similar charges	6	-	(32)
Profit on ordinary activities before taxation		1,508	1,118
Tax on profit on ordinary activities	8	-	-
Retained profit on ordinary activities after taxation	16	1,508	1,118

The above profits were derived from continuing activities.

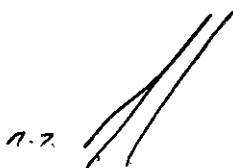
There were no gains or losses during the year other than those reflected in the profit and loss account above and therefore no separate statement of total recognised gains or losses has been presented.

Leica Microsystems (UK) Limited

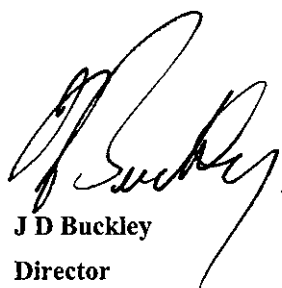
Balance sheet as at 31 March 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	9	567	546
Current assets			
Stocks	10	1,403	1,184
Debtors	11	14,699	12,150
Cash at bank and in hand		377	139
		16,479	13,473
Creditors - amounts falling due within one year	12	(6,066)	(4,597)
Net current assets		10,413	8,876
Total assets less current liabilities		10,980	9,422
Provisions for liabilities and charges	13	(339)	(289)
Net assets		10,641	9,133
Capital and reserves			
Called up share capital	15	11,725	11,725
Profit and loss account	16	(1,084)	(2,592)
Total shareholders' funds	16	10,641	9,133

Approved by the board of directors on 29 January 2002 and signed on its behalf by:



M D Pocock
Director



J D Buckley
Director

Leica Microsystems (UK) Limited

Notes to the financial statements for the year ended 31 March 2001

1 Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The company is a wholly owned subsidiary of an EC parent company and is included in the consolidated financial statements of its parent, which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under terms of Financial Reporting Standard 1 (Revised 1996).

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Computer software and equipment	20% - 100% per annum
Leasehold improvements	4% per annum
Furniture, fixtures and equipment	10% - 20% per annum

Stocks

Stocks are stated at the lower of cost, including freight and duty where applicable, and net realisable value. Provision is made for obsolete and slow moving stock.

Deferred taxation

Provision is made for deferred taxation, at the current rate, to the extent that, in the opinion of the directors, actual liabilities are expected to arise in the foreseeable future.

Foreign currencies

Foreign currency transactions during the year are translated into sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities at the year end are translated at the rates ruling at the balance sheet date. All exchange differences arising in this manner are reported in the profit and loss account for the year.

Leased and hired assets

Assets acquired under hire purchase and finance lease agreements are included in tangible fixed assets and amounts owing to the finance company are included as appropriate in amounts falling due either within or after more than one year. Repayments are treated as consisting of both capital and interest with the interest charged to the profit and loss account on a straight line basis. Payments under operating leases are charged to the profit and loss account as they fall due.

Pensions

The company operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to this fund are charged to the profit and loss account so as to spread the costs of pensions over the employees' working lives within the company. Any differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Leica Microsystems (UK) Limited

2 Turnover

Turnover, all of which arises from continuing activities, is stated net of value added tax and represents amounts invoiced to third parties. All turnover arose from the sale of microscopic equipment in the United Kingdom.

3 Operating profit

Operating profit is after charging or crediting:

	2001 £'000	2000 £'000
Crediting:		
Turnover	20,052	18,807
Foreign currency gains	20	-
Change in stocks	219	286
Charging:		
Raw materials and consumables	(13,786)	(13,293)
Staff costs	(2,741)	(2,456)
Depreciation and other amounts written off tangible fixed assets	(116)	(121)
Other operating charges	(1,576)	(1,459)
Foreign currency losses	-	(3)
Operating lease rentals		
- hire of plant and equipment	(265)	(248)
- other	(350)	(350)
Auditors' remuneration		
- audit services	(16)	(9)
- non-audit services	(40)	(4)
	1,401	1,150

Leica Microsystems (UK) Limited

4 Directors' remuneration

	2001	2000
	£'000	£'000
Aggregate emoluments	101	81

Retirement benefits of two directors (2000: 2) are accruing in a defined benefit pension scheme to which the company contributes.

5 Staff costs

	2001	2000
	£'000	£'000
Wages and salaries	2,441	2,155
Social security costs	248	251
Other pensions costs	52	50
Staff costs	2,741	2,456

The average weekly number of employees during the year was as follows:

By activity	2001	2000
	Number	Number
Marketing, selling and technical service	74	69
General and administration	9	8
	83	77

6 Interest payable

	2001	2000
	£'000	£'000
Interest payable to group undertakings	-	32

7 Interest receivable and similar income

	2001	2000
	£'000	£'000
Interest receivable from group undertakings	107	-

Leica Microsystems (UK) Limited

8 Taxation

No corporation tax charge (2000: nil) arises due to the existence of trading losses incurred in previous years and the surrender of tax losses by other group entities which are available to be offset against current year taxable income.

9 Tangible fixed assets

	Computer software and equipment £'000	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost				
At 1 April 2000	433	807	474	1,714
Additions	52	84	1	137
Disposals	(167)	-	(49)	(216)
At 31 March 2001	318	891	426	1,635
Depreciation				
At 1 April 2000	345	416	407	1,168
Charge for the year	62	39	15	116
Disposals	(167)	-	(49)	(216)
At 31 March 2001	240	455	373	1,068
Net book value:				
At 31 March 2001	78	436	53	567
At 31 March 2000	88	391	67	546

10 Stocks

	2001 £'000	2000 £'000
Parts and raw materials	239	111
Goods for resale	1,164	1,073
	1,403	1,184

Leica Microsystems (UK) Limited

11 Debtors

	2001	2000
	£'000	£'000
Trade debtors	6,948	5,353
Amounts owed by group undertakings	29	1,172
Amounts owed by immediate parent	7,506	5,500
Prepayments and accrued income	134	125
Corporation tax recoverable	82	-
	14,699	12,150

12 Creditors: amounts falling due within one year

	2001	2000
	£'000	£'000
Trade creditors	407	299
Amounts owed to group undertakings	3,620	2,889
Other taxation and social security	796	533
Other creditors	96	10
Customer deposits	169	178
Accruals and deferred income	978	688
	6,066	4,597

13 Provisions for liabilities and charges

	Pension provision
	£'000
Balance at 1 April 2000	289
Charge during the year (note 18)	52
Utilised during the year	(2)
Balance at 31 March 2001	339

The pension provision represents the cumulative pension cost recognised in the profit and loss account that has not been discharged through payments to the pension fund as a result of the company's contribution holiday referred to in note 18. The provision will be utilised in future periods based on actuarial advice received.

Leica Microsystems (UK) Limited

14 Deferred taxation

Potential deferred tax assets in respect of capital allowances and short term timing differences amounting to £162,000 (2000: £155,000) and corporation tax losses of £nil (2000: £439,000) have not been recognised in the accounts.

15 Called up share capital

	2001 £'000	2000 £'000
Authorised		
20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid		
11,725,497 ordinary shares of £1 each	11,725	11,725

16 Reconciliation of total shareholders' funds and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 31 March 2000	11,725	(2,592)	9,133
Profit for the year	-	1,508	1,508
At 31 March 2001	11,725	(1,084)	10,641

17 Other financial commitments

The company is committed to annual payments under non-cancellable operating leases as follows:

	Land and buildings £'000	Other 2001 £'000	Land and buildings £'000	Other 2000 £'000
Operating leases which expire:				
- within one year	-	3	-	6
- between two and five years	-	226	-	194
- over five years	350	-	350	-
	350	229	350	200

Leica Microsystems (UK) Limited

18 Pension costs

A defined benefit pension scheme is operated for the employees of the UK companies within the Leica Microsystems group. The scheme is funded by the payment of contributions to a separately administered trust fund. Benefits provided by this scheme are based on final pensionable salary and years of service.

The contributions to the company's pension scheme are determined with the advice of an independent qualified actuary on the basis of valuations carried out at least triennially.

The most recent valuation was made as at 1 April 2000, using the attained age method and the following main assumptions:

Rate of salary increases	5.0% per annum
Valuation rate of investment return	7.0% per annum
Rate of growth in equity dividend	3.0% per annum
Pension increases	2.5% per annum

This valuation showed that the market value of the scheme's assets at that date amounted to £40,949,000 and the actuarial value was sufficient to cover approximately 108% of the benefits that had accrued to members after allowing for the effect of future increases in earnings. The surplus identified by the actuarial valuation will be eliminated by the continuation of the company's pension contribution holiday.

The pension expense for the year of £52,000 (2000: £50,000) charged to the profit and loss account is in line with the actuarial valuation recommendations as at 1 April 2000. The regular cost of providing future service benefits to employees has been reduced in respect of the amortisation of the existing surplus over 17 years, the average expected remaining service lives of these employees.

19 Capital commitments

There are no capital commitments at 31 March 2001 (2000: £nil)

20 Contingent liability

The company is a party to an agreement to cross-guarantee banking facilities of companies in the Leica Microsystems Group.

21 Ultimate parent company

The directors regard the ultimate holding company to be L M Holdings S.à.r.l., a company registered in Luxembourg. Leica Microsystems International Holdings GmbH, a company incorporated in Germany, is the parent undertaking of the largest and smallest group of which the company is a member and for which group accounts are prepared. The immediate parent undertaking is Leica Microsystems UK Holdings Limited.

Copies of the report and accounts of Leica Microsystems International Holdings GmbH can be obtained from Ernst-Leitz Strasse, 35578 Wetzlar, Postfach 2020, D-35530 Wetzlar, Germany.

22 Related party disclosures

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Leica Microsystems Group or investees of the Leica Microsystems Group.