

Haemonetics (U.K.) Limited

Accounts 31 March 1996

together with directors' and auditors' reports

Registered number: 1231087



Directors' report

For the year ended 31 March 1996

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 March 1996.

Principal activities and business review

The principal activities of the company continue to be the manufacturing and marketing of blood processing equipment and disposables, with full after sales service.

Turnover increased by 102% during the year. The profit on ordinary activities before taxation was £1,040,797 (1995 - loss £803,308). The results for the year have improved significantly on the prior year due to the impact of profitable trading at the Bothwell production site established in Scotland during July 1994.

The directors expect the general level of activity to improve further in the coming year.

Results and dividends

Results for the year are as follows:

	£
Retained profit, beginning of year	552,572
Profit for the financial year	1,054,883
Retained profit, end of year	<u>1,607,455</u>

No dividend is proposed.

Directors and their interests

The directors of the company during the year are as shown below -

J.L. Peterson
J.F. White
G. Lane
J. Barr

The directors have no interests which are required to be disclosed under Section 234 of the Companies Act 1985.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 8 to the accounts.

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

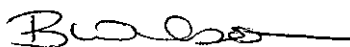
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company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

By order of the Board

Deacon House
Seacroft Avenue
Leeds
LS14 6JD



B. Wilson

Company Secretary

4 June 1996

Auditors' report

Leeds

To the Shareholders of Haemonetics (U.K.) 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 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 company's state of affairs at 31 March 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

St. Paul's House
Park Square
Leeds
LS1 2PJ

4 June 1996

Profit and loss account

For the year ended 31 March 1996

	Note	1996 £	1995 £
Turnover	2	12,930,011	6,397,862
Cost of sales		(9,929,944)	(5,337,225)
Gross profit		3,000,067	1,060,637
Other operating expenses	3	(1,751,512)	(1,692,631)
Operating profit (loss)		1,248,555	(631,994)
Interest receivable and similar income		4,878	190
Interest payable and similar charges	4	(212,636)	(171,504)
Profit (loss) on ordinary activities before taxation	5	1,040,797	(803,308)
Tax on profit (loss) on ordinary activities	7	14,086	12,950
Profit (loss) for the financial year	15	1,054,883	(790,358)
Retained profit, beginning of year		552,572	1,342,930
Retained profit, end of year		1,607,455	552,572

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

The company has made no recognised gains or losses other than the profit (loss) for the financial years reported above.

Balance sheet

31 March 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	8	2,853,492	3,054,546
Investment	9	440	440
		<u>2,853,932</u>	<u>3,054,986</u>
Current assets			
Stocks	10	3,791,087	4,335,902
Debtors	11	1,616,276	1,396,805
Cash at bank and in hand		224,797	25,026
		<u>5,632,160</u>	<u>5,757,733</u>
Creditors: Amounts falling due within one year	12	<u>(6,087,320)</u>	<u>(7,389,602)</u>
Net current liabilities		<u>(455,160)</u>	<u>(1,631,869)</u>
Total assets less current liabilities		<u>2,398,772</u>	<u>1,423,117</u>
Creditors: Amounts falling due after more than one year	13	<u>(741,317)</u>	<u>(820,545)</u>
Net assets		<u>1,657,455</u>	<u>602,572</u>
Capital and reserves			
Called up share capital	14	50,000	50,000
Profit and loss account		<u>1,607,455</u>	<u>552,572</u>
Equity shareholders' funds	15	<u>1,657,455</u>	<u>602,572</u>

Signed on behalf of the Board

G. Lane

Director



4 June 1996

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

Cash flow statement

For the year ended 31 March 1996

	Note	1996 £	1995 £
Net cash (outflow) inflow from operating activities	16	<u>(177,710)</u>	<u>94,294</u>
Returns on investments and servicing of finance			
Interest received		4,878	190
Interest paid		<u>(212,636)</u>	<u>(172,301)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(207,758)</u>	<u>(172,111)</u>
Taxation			
Corporation tax paid		<u>-</u>	<u>(98,350)</u>
Investing activities			
Payments to acquire tangible fixed assets		(197,359)	(3,058,665)
Receipts from sale of tangible fixed assets		<u>-</u>	<u>3,055</u>
Net cash outflow from investing activities		<u>(197,359)</u>	<u>(3,055,610)</u>
Net cash outflow before financing		<u>(582,827)</u>	<u>(3,231,777)</u>
Financing			
New short term loans	19	-	1,075,740
New loan	19	-	102,791
Grant received		<u>-</u>	<u>850,000</u>
Net cash inflow from financing		<u>-</u>	<u>2,028,531</u>
Decrease in cash and cash equivalents	17	<u>(582,827)</u>	<u>(1,203,246)</u>

The accompanying notes are an integral part of this statement.

Notes to accounts

31 March 1996

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, are set out below:

a. Basis of accounting

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

At 31 March 1996, the company had net current liabilities of £455,160. The directors have prepared the accounts on a going concern basis due to the continued support of the parent company.

b. Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation.

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

Plant and equipment	5-10 years
Fixtures and fittings	5 years
Buildings	30 years

c. Government grants

In accordance with SSAP 4 (revised), government grants received in respect of expenditure on fixed assets are treated as deferred income and amortised over the expected useful lives of the assets concerned.

d. Fixed asset investment

The investment in the associated undertaking, Immunoscope Limited, is stated at cost.

e. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes the cost of direct materials and labour plus attributable overheads based on normal levels of activity. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Stock on contract to customers is written-off over the period of the contract.

Stock on loan to customers is written-off over a period of five years commencing twelve months after the start of the loan period.

Notes to accounts (continued)

1 Accounting policies (continued)

f. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation has been calculated on the liability method and is provided to the extent that the directors are of the opinion that such taxation may become payable in the foreseeable future.

g. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

h. Income recognition

Income from contracts for the combined supply of equipment and disposables is recognised on a usage basis over the life of the contract.

i. Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

j. Pension costs

The company provides for pension liabilities by payments to an independently managed fund. The charge to the profit and loss account represents the employer's contributions payable for the year.

k. Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

2 Turnover

Turnover arose from the principal activity of the company. Contributions to turnover by geographical segment were as follows:

	1996 £	1995 £
UK	6,004,519	5,336,306
Rest of Europe	636,063	1,061,556
North America	6,289,429	-
	<u>12,930,011</u>	<u>6,397,862</u>

Notes to accounts (continued)

3 Other operating expenses

	1996 £	1995 £
Distribution costs	1,000,096	1,305,288
Administrative expenses	751,416	387,343
	<u>1,751,512</u>	<u>1,692,631</u>

4 Interest payable and similar charges

	1996 £	1995 £
On bank loans and overdrafts repayable within five years not by instalments	27,780	29,122
On other loans	184,856	142,382
	<u>212,636</u>	<u>171,504</u>

5 Profit (loss) on ordinary activities before taxation

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

	1996 £	1995 £
Depreciation of tangible fixed assets	398,413	227,448
Amortisation of intangible fixed assets	-	43,500
Amortisation of government grant	(84,509)	(42,295)
Operating lease rentals		
- motor vehicles	113,596	121,119
- land and buildings	80,000	35,000
Auditors' remuneration - audit fees	19,100	17,000
- non-audit fees	31,604	38,611
Staff costs (note 6)	<u>1,272,369</u>	<u>1,112,422</u>

6 Staff costs

Particulars of employee costs (including executive directors) are as shown below:

	1996 £	1995 £
Employee costs during the year amounted to:		
Wages and salaries	1,067,353	941,038
Social security costs	118,486	98,728
Other pension costs (note 20d)	86,530	72,656
	<u>1,272,369</u>	<u>1,112,422</u>

Notes to accounts (continued)

6 Staff costs (continued)

The average weekly number of persons employed by the company during the year was as follows:

	1996 Number	1995 Number
Manufacturing	66	37
Selling and distribution	15	18
Administration	9	6
	<u>90</u>	<u>61</u>

Directors' remuneration:

The employee costs shown above include the following remuneration in respect of directors of the company:

	1996 £	1995 £
Emoluments for management services (including pension contributions)	<u>64,137</u>	<u>66,462</u>

The directors' remuneration shown above (excluding pensions and pension contributions) included:

	1996 £	1995 £
Chairman and highest paid director	<u>59,658</u>	<u>62,358</u>

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1996 Number	1995 Number
£0 - £5,000	3	3
£55,001 - £60,000	1	-
£60,001 - £65,000	<u>-</u>	<u>1</u>

Notes to accounts (continued)

7 Tax on profit (loss) on ordinary activities

The tax credit is based on the result for the year at 33% (1995 - 33%) and comprises:

	1996 £	1995 £
Corporation tax	244,000	-
Adjustment of current taxation in respect of prior years	(258,086)	(12,950)
	<u>(14,086)</u>	<u>(12,950)</u>

There was no requirement for a deferred taxation provision at 31 March 1996 or at 1 April 1995

The movement on deferred taxation was as follows:

	1996 £	1995 £
Beginning of year	-	-
Charged (credited) to profit and loss in respect of:		
- capital allowances	155,000	93,000
- other timing differences	(155,000)	(93,000)
	<u>-</u>	<u>-</u>

Notes to accounts (continued)

8 Tangible fixed assets

The movement in the year was as follows:

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
Beginning of year	1,305,883	1,405,956	796,333	3,508,172
Additions	60,076	110,592	26,691	197,359
End of year	1,365,959	1,516,548	823,024	3,705,531
Depreciation				
Beginning of year	26,573	101,727	325,326	453,626
Charge	44,886	212,478	141,049	398,413
End of year	71,459	314,205	466,375	852,039
Net book value, beginning of year	1,279,310	1,304,229	471,007	3,054,546
Net book value, end of year	1,294,500	1,202,343	356,649	2,853,492

9 Fixed asset investment

- a. The investment comprises the cost of 44% of the issued share capital of Immunoscope Limited, a company registered in England and Wales. The principal activity of the company is the development of renal diagnostic techniques.

It is understood that the directors of Immunoscope Limited intend to propose a winding up of the company.

	1996 £	1995 £
Investment in associated undertaking	440	440

Notes to accounts (continued)

9 Fixed asset investment (continued)

- b. The following supplementary information on the company's interest in Immunoscope Limited has been derived from that company's accounts.

Amounts attributable to the company for the year:

	1996 £	1995 £
<u>Profit and loss account items</u>		
Loss retained for the financial year	(247)	(453)
<u>Balance sheet items</u>		
Share of net assets as at end of year	629	876
Share of post acquisition accumulated reserves	189	436

The company had no trading or loan account balances with its associated company.

10 Stocks

Stocks are as follows:

	1996 £	1995 £
Raw materials	675,660	515,600
Work in progress	449,639	628,183
Finished goods	2,665,788	3,192,119
	<u>3,791,087</u>	<u>4,335,902</u>

11 Debtors

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	970,151	904,527
Amounts owed by other group undertakings	371,090	220,415
Prepayments and accrued income	245,555	260,088
UK corporation tax receivable	25,861	11,775
Other debtors	3,619	-
	<u>1,616,276</u>	<u>1,396,805</u>

Notes to accounts (continued)

12 Creditors: Amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	374,464	341,866
Trade creditors	222,981	241,679
Amounts owed to other group undertakings	4,472,609	6,125,288
Other creditors		
- VAT	92,083	160,425
- social security and PAYE	77,104	61,732
Accruals and deferred income	848,079	458,612
	<u>6,087,320</u>	<u>7,389,602</u>

The ultimate parent company has guaranteed the bank loans and overdrafts in full.

13 Creditors: Amounts falling due after more than one year

	1996 £	1995 £
Loan repayable after more than 5 years	102,792	102,791
Accruals and deferred income	638,525	717,754
	<u>741,317</u>	<u>820,545</u>

14 Called up share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid:</i>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

15 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Opening shareholders' funds	602,572	1,392,930
Profit (loss) for the year	1,054,883	(790,358)
Closing shareholders' funds	<u>1,657,455</u>	<u>602,572</u>

Notes to accounts (continued)

16 Reconciliation of operating profit (loss) to net cash (outflow) inflow from operating activities

	1996 £	1995 £
Operating profit (loss)	1,248,555	(631,994)
Depreciation of tangible fixed assets	398,413	227,448
Amortisation of intangible fixed assets	-	43,500
Amortisation of government grant	(84,509)	(42,295)
Decrease (increase) in stock	544,815	(2,290,723)
Increase in debtors	(285,109)	(597,000)
(Decrease) increase in creditors	(1,999,875)	3,385,358
Net cash (outflow) inflow from operating activities	<u>(177,710)</u>	<u>94,294</u>

17 Analysis of changes in cash and cash equivalents during the year

	1996 £	1995 £
Balance at beginning of year	(1,916,839)	(713,593)
Net cash outflow	<u>(582,827)</u>	<u>(1,203,246)</u>
Balance at end of year	<u>(2,499,666)</u>	<u>(1,916,839)</u>

18 Analysis of balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change £
Cash at bank and in hand	224,797	25,026	199,771
Bank loans and overdrafts	(374,464)	(341,866)	(32,598)
Short term loan from group	<u>(2,350,000)</u>	<u>(1,600,000)</u>	<u>(750,000)</u>
	<u>(2,499,667)</u>	<u>(1,916,840)</u>	<u>(582,827)</u>

19 Analysis of changes in financing during the year

	Short term loans £	Long term loan £	Government grant £
Balance at beginning of year	1,075,740	102,791	807,705
Amortisation of government grant	-	-	(84,509)
Balance at end of year	<u>1,075,740</u>	<u>102,791</u>	<u>723,196</u>

Notes to accounts (continued)

20 Guarantees and other financial commitments

a. Capital commitments

At the year end, there were no capital commitments.

b. Counter indemnities

Counter indemnities are held by Barclays Bank [and the Royal Bank of Scotland] in favour of H.M. Customs and Excise for the sum of £120,000 [and £300,000] respectively with respect to Duty Deferment Guarantees.

c. Contingent liabilities

At the year end, outstanding liabilities under documentary credits were £10,000 (1995 - £5,000).

d. Pension arrangements

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £86,530 for the year (1995 - £72,656).

e. Lease commitments

The company has entered into operating lease arrangements in respect of motor vehicles and fixtures and land and buildings. The minimum annual rentals payable under these leases are as follows:

	1996 £	1995 £
Motor vehicles and fixtures		
Operating leases which expire		
- within one year	32,762	32,660
- between two and five years	62,068	73,072
	<hr/> 94,830	<hr/> 105,732
Land and buildings		
Operating leases which expire between two and five years	<hr/> 80,000	<hr/> 35,000

21 Related party transactions

The majority of purchases included within cost of sales relate to purchases from other group undertakings.

22 Ultimate parent company

The company is a subsidiary undertaking of Haemonetics Corporation, incorporated in the USA

The largest and smallest group in which the results of Haemonetics (U.K.) Limited are consolidated is that headed by Haemonetics Corporation. The consolidated accounts are available to the public and may be obtained from Haemonetics Corporation, 400 Wood Road, Massachusetts, U.S.A..