



ARTHUR ANDERSEN

**Haemonetics (U.K.) Limited**

Accounts 1 April 2000  
together with directors' and auditors' reports

Registered number: 1231087



## Directors' report

For the year ended 1 April 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 1 April 2000.

### Principal activities and business review

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

The business has successfully adapted to developments in the marketplace consequent upon changes in national policies for the provision of blood components. Turnover increased by 9% during the year. The profit on ordinary activities before taxation was £1,862,958 (1999 - £1,464,565).

The directors consider that present performance will continue over the coming period.

### Results and dividends

Results for the year are as follows:

	£
Retained profit, beginning of year	1,728,822
Profit for the financial year	1,393,743
Retained profit, end of year	<u>3,122,565</u>

No dividend is proposed.

### Directors and their interests

The directors of the company who served during the year or were appointed after the year end are as shown below -

J.L. Peterson	
D. Urquhart	(resigned 11 May 2000)
A. Dransart	(appointed 1 May 2000)
W. Granville	(appointed 1 May 2000)

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

## Directors' report (continued)

### **Year 2000**

The company's parent, the Haemonetics Corporation, was aware of the potential for industry wide business disruption that could occur due to the problems related to the Year 2000 issue. The Haemonetics Corporation developed a comprehensive plan to reduce the probability of operational difficulties due to the Year 2000 related failures. The plan included an assessment of internal systems, equipment sold to customers, production equipment, communication with external suppliers and development of a contingency plan. The Haemonetics Corporation believes that no significant issues have arisen to date regarding the Year 2000 issue, and that no further costs are expected to be incurred.

### **Auditors**

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Beechwood House  
Beechwoods Estate  
Elmete Lane  
Roundhay  
Leeds  
LS8 2LQ

By order of the Board



B. Wilson

31 August 2000

Company Secretary

## 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' report



### **To the Shareholders of Haemonetics (U.K.) Limited:**

We have audited the accounts on pages 5 to 15 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 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

### **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 1 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads 'Arthur Andersen'.

**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

1 City Square  
Leeds  
LS1 2AL

31 August 2000

# Profit and loss account

For the year ended 1 April 2000

	Note	2000 £	1999 £
<b>Turnover</b>	1	25,342,521	23,331,402
Cost of sales		(21,963,912)	(19,937,991)
<b>Gross profit</b>		3,378,609	3,393,411
Operating expenses (net)	2	(1,393,308)	(1,603,890)
<b>Operating profit</b>		1,985,301	1,789,521
Interest receivable and similar income		43,532	12,450
Interest payable and similar charges	3	(165,875)	(337,406)
<b>Profit on ordinary activities before taxation</b>	4	1,862,958	1,464,565
Tax on profit on ordinary activities	6	(469,215)	(418,263)
<b>Profit for the financial year</b>	15	1,393,743	1,046,302
<b>Dividend paid</b>	7	-	(2,000,000)
<b>Retained profit (loss) for the year</b>		1,393,743	(953,698)
<b>Retained profit brought forward</b>		1,728,822	2,682,520
<b>Retained profit carried forward</b>		3,122,565	1,728,822

All the above results are from continuing operations.

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

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

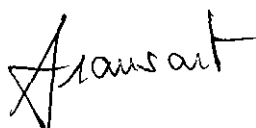
# Balance sheet

1 April 2000

	Note	2000 £	1999 £
<b>Fixed assets</b>			
Tangible assets	8	3,014,757	2,868,799
Investment	9	-	440
		<u>3,014,757</u>	<u>2,869,239</u>
<b>Current assets</b>			
Stocks	10	3,571,169	4,133,648
Debtors	11	2,599,199	3,954,962
Cash at bank and in hand		507,966	676,510
		<u>6,678,334</u>	<u>8,765,120</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(5,837,784)</u>	<u>(9,373,209)</u>
<b>Net current assets (liabilities)</b>		<u>840,550</u>	<u>(608,089)</u>
<b>Total assets less current liabilities</b>		<u>3,855,307</u>	<u>2,261,150</u>
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>(682,742)</u>	<u>(482,328)</u>
<b>Net assets</b>		<u>3,172,565</u>	<u>1,778,822</u>
<b>Capital and reserves</b>			
Called up share capital	14	50,000	50,000
Profit and loss account		<u>3,122,565</u>	<u>1,728,822</u>
<b>Equity shareholders' funds</b>	15	<u>3,172,565</u>	<u>1,778,822</u>

The accounts on pages 5 to 15 were approved by the board of directors on 31 August 2000 and signed on its behalf by:

A Dransart



Director

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

## Statement of accounting policies

For the year ended 1 April 2000

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

### Basis of accounting

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

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard No. 1 (Revised) as the ultimate parent company prepares consolidated accounts which are available to the public.

### 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	3-5 years
Buildings	30 years

### 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.

### 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 three years commencing twelve months after the start of the loan period.



## Statement of accounting policies (continued)

### **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.

### **Turnover**

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

### **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.

### **Leases**

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

### **Pension costs**

The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **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.

## Notes to accounts

For the year ended 1 April 2000

### 1 Turnover

Turnover arose wholly in the UK from the continuing principal activities of the company. Contributions to turnover by geographical segment were as follows:

	2000 £	1999 £
UK	5,174,096	5,510,114
Rest of Europe	277,397	178,586
North America	19,891,028	17,642,702
	<u>25,342,521</u>	<u>23,331,402</u>

### 2 Operating expenses (net)

	2000 £	1999 £
Distribution costs	535,485	735,998
Administrative expenses	857,823	867,892
	<u>1,393,308</u>	<u>1,603,890</u>

### 3 Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts	34,221	40,905
On other loans	131,654	296,501
	<u>165,875</u>	<u>337,406</u>

### 4 Profit on ordinary activities before taxation

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

	2000 £	1999 £
Depreciation of tangible fixed assets	353,136	466,298
Amortisation of government grant	(117,240)	(99,564)
Operating lease rentals		
- motor vehicles	82,474	78,767
- land and buildings	76,181	86,671
Auditors' remuneration		
- audit fees	21,996	20,625
- non-audit fees	14,400	12,455
Staff costs (note 5)	<u>3,910,656</u>	<u>3,314,196</u>

## Notes to accounts (continued)

### 5 Staff costs

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

	2000 £	1999 £
Employee costs during the year amounted to:		
Wages and salaries	3,481,646	2,921,524
Social security costs	272,768	246,194
Other pension costs (note 16c)	156,242	146,478
	<u>3,910,656</u>	<u>3,314,196</u>

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

	2000 Number	1999 Number
Manufacturing	209	207
Selling and distribution	9	11
Administration	8	8
	<u>226</u>	<u>226</u>

#### Directors' remuneration:

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

	2000 £	1999 £
Emoluments	65,390	58,751
Company contributions to money purchase schemes	4,500	4,500
	<u>69,890</u>	<u>63,251</u>

The number of directors who were members of pension schemes was as follows:

	2000 Number	1999 Number
Money purchase scheme	<u>1</u>	<u>1</u>

## Notes to accounts (continued)

### 6 Tax on profit on ordinary activities

The tax charge comprises:

	2000 £	1999 £
Corporation tax	500,033	472,996
Adjustment of current taxation in respect of prior years	(30,818)	(54,733)
	<u>469,215</u>	<u>418,263</u>

The lower than expected tax charge arises due to a reduction in the level of the unrecognised deferred tax asset.

There was no unrecognised deferred tax liability at 1 April 2000 or at 3 April 1999.

### 7 Dividend paid

	2000 £	1999 £
<i>Equity shares</i>		
Interim paid of £nil (1999 - £40) per ordinary share	<u>-</u>	<u>2,000,000</u>

### 8 Tangible fixed assets

The movement in the year was as follows:

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
Beginning of year	1,897,430	1,909,226	1,082,710	4,889,366
Additions	-	403,648	200,559	604,207
Disposals	-	-	(399,880)	(399,880)
End of year	<u>1,897,430</u>	<u>2,312,874</u>	<u>883,389</u>	<u>5,093,693</u>
<b>Depreciation</b>				
Beginning of year	408,875	852,851	758,841	2,020,567
Charge	60,346	166,058	126,732	353,136
Disposals	-	-	(294,767)	(294,767)
End of year	<u>469,221</u>	<u>1,018,909</u>	<u>590,806</u>	<u>2,078,936</u>
<b>Net book value, beginning of year</b>	<u>1,488,555</u>	<u>1,056,375</u>	<u>323,869</u>	<u>2,868,799</u>
<b>Net book value, end of year</b>	<u>1,428,209</u>	<u>1,293,965</u>	<u>292,583</u>	<u>3,014,757</u>

## Notes to accounts (continued)

### 9 Fixed asset investment

The investment comprised 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 was the development of renal diagnostic techniques.

During the year the company was wound up and the investment was written off to the profit and loss account.

	2000 £	1999 £
Investment in associated undertaking	-	440

### 10 Stocks

Stocks are as follows:

	2000 £	1999 £
Raw materials	1,567,888	1,503,638
Work in progress	86,698	213,563
Finished goods	1,916,583	2,416,447
	<u>3,571,169</u>	<u>4,133,648</u>

### 11 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	391,478	514,003
Amounts owed by other group undertakings	1,925,107	2,565,374
VAT	264,549	319,968
UK corporation tax recoverable	-	310
ACT recoverable	-	194,842
Prepayments and accrued income	18,065	360,465
	<u>2,599,199</u>	<u>3,954,962</u>

## Notes to accounts (continued)

### 12 Creditors: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,496,819	2,024,166
Amounts owed to other group undertakings	2,825,192	5,483,833
Other creditors		
- UK corporation tax	324,533	167,838
- ACT payable	-	362,500
- social security and PAYE	86,036	188,969
Accruals and deferred income	1,105,204	1,145,903
	<u>5,837,784</u>	<u>9,373,209</u>

### 13 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Accruals and deferred income	<u>682,742</u>	<u>482,328</u>

Accruals and deferred income relate to government grants.

### 14 Called up share capital

	2000 £	1999 £
<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 equity shareholders' funds

	2000 £	1999 £
Opening equity shareholders' funds	1,778,822	2,732,520
Profit for the financial year	1,393,743	1,046,302
Dividends paid	-	(2,000,000)
Closing equity shareholders' funds	<u>3,172,565</u>	<u>1,778,822</u>

## Notes to accounts (continued)

### 16 Guarantees and other financial commitments

#### a. 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 £60,000 (1999 - £60,000) and £400,000 (1999 - £400,000) respectively with respect to Duty Deferment Guarantees.

#### b. Contingent liabilities

At the year end, outstanding liabilities under documentary credits were £Nil (1999 - £24,000).

#### c. Pension arrangements

The company operates a defined contribution money purchase 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 £156,242 for the year (1999 - £146,478).

#### d. 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:

	2000 £	1999 £
Motor vehicles and fixtures		
Operating leases which expire:		
- within one year	19,594	41,160
- between two and five years	100,135	40,944
	<u>119,729</u>	<u>82,104</u>
Land and buildings		
Operating leases which expire:		
- within one year	-	11,250
- between two and five years	46,358	-
- over five years	45,000	45,000
	<u>91,358</u>	<u>56,250</u>

### 17 Related party transactions

The company is exempt from the requirements of Financial Reporting Standard No. 8 as the consolidated accounts of the ultimate parent company are publicly available.

Notes to accounts (continued)

**18 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.