

Registered number 04542363

**Finsbury Orthopaedics Limited**  
**Annual report and financial statements**  
**for the 17 month period ended 2 January 2011**

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# **Finsbury Orthopaedics Limited**

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# **Finsbury Orthopaedics Limited**

## **Directors and advisers**

### **Directors**

AG Crossley  
P Pandiscio

### **Registered office**

13 Mole Business Park  
Randalls Road  
Leatherhead  
Surrey KT22 7BA

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
9 Greyfriars Road  
Reading  
Berkshire RG1 1JG

### **Solicitors**

Lovells LLP  
Atlantic House  
Holborn Viaduct  
London EC1A 2FG

### **Bankers**

Barclays Bank Plc  
Level 27  
1 Churchill Place  
London E14 5HP

# **Finsbury Orthopaedics Limited**

## **Directors' report for the period ended 2 January 2011**

The directors present their annual report and the audited financial statements of the company for the 17 month period ended 2 January 2011

### **Business review and principal activities**

The principal activity of the company is to act as a holding company for Finsbury companies principally held in the United Kingdom

### **Future outlook**

Finsbury Orthopaedics Limited was purchased by DePuy Ireland Limited on 11 December 2009

### **Principal risks and uncertainties**

The company is in the orthopaedic market where product quality and regulatory compliance is an absolute focus. Finsbury Group mitigates this risk by ensuring that its quality assurances and regulatory affairs are designed to ensure that all aspects of the business undergo a rigorous and fully auditable process at every stage, designed to meet the operating requirements of the company that are in turn developed to ensure that each and every aspect of its regulatory and quality needs are met.

Risk management is present and reported on at every board meeting and the directors of the business are fully aware of their legal and ethical responsibilities in this area.

### **Financial risk management**

The policies set by the Group are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

#### *Liquidity risk*

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

#### *Interest rate cash flow risk*

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which earn interest at fixed rate. The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

### **Results and dividends**

The profit and loss account for the period is set out on page 7.

The company's profit for the period is £20,351 (2009 loss £883). The directors do not recommend the payment of a dividend (2009 £nil).

# **Finsbury Orthopaedics Limited**

## **Directors' report for the period ended 2 January 2011 (continued)**

### **Qualifying third party indemnity provisions**

At the time the report is approved there are no qualifying third party indemnity provisions in place for the benefit of one or more of the directors

### **Directors**

The directors who held office during the period and up to the date of signing the financial statements, unless otherwise stated are given below

MA Tuke	(Resigned 11 December 2009)
CD Smith	(Resigned 11 December 2009)
RB Simmons	(Resigned 11 December 2009)
AG Crossley	(Appointed 11 December 2009)
L Vangerven	(Appointed 11 December 2009, resigned 15 February 2011)
P Pandiscio	(Appointed 15 February 2011)

### **Policy and practice on payment of creditors**

The company's policy in respect of its creditors is to settle the terms of payment with those creditors when agreeing the terms of each transaction

### **Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

# **Finsbury Orthopaedics Limited**

## **Directors' report for the period ended 2 January 2011 (continued)**

### **Disclosure of information to auditors**

All directors in office at the time the report is approved confirm

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



AG Crossley

**Director**

**Date** 31st March 2011

# **Finsbury Orthopaedics Limited**

## **Independent auditors' report to the members of Finsbury (Development) Limited**

We have audited the financial statements of Finsbury Orthopaedics Limited for the period ended 2 January 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2 January 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Finsbury Orthopaedics Limited**

### **Independent auditors' report to the members of Finsbury Orthopaedics Limited (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

31<sup>st</sup> March 2011

Gavin Crawford (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

## Finsbury Orthopaedics Limited

### Profit and loss account for the 17 month period ended 2 January 2011

		17 month period ended 2 January 2010	10 month period ended 31 July 2009
	Note	£	£
Other operating expenses		(3,000)	(883)
<b>Operating loss</b>	2	<b>(3,000)</b>	<b>(883)</b>
Profit on disposal of subsidiary undertaking	6	22,511	-
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>19,511</b>	<b>(883)</b>
Tax on profit on ordinary activities	5	840	-
<b>Profit / (loss) for the financial period</b>	10	<b>20,351</b>	<b>(883)</b>

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial periods stated above, and their historical cost equivalents

All results are derived from continuing operations

The company has no recognised gains or losses other than the results above and therefore no separate statement of total recognised gains and losses has been prepared

# Finsbury Orthopaedics Limited

## Balance sheet as at 2 January 2011

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Investments	6	62,120	62,121
		<b>62,120</b>	<b>62,121</b>
<b>Current assets</b>			
Debtors	7	840	-
Cash at bank and in hand		48,224	4,054
		<b>49,064</b>	<b>4,054</b>
<b>Creditors: Amounts falling due within one year</b>	8	<b>(90,106)</b>	<b>65,448</b>
<b>Net current liabilities</b>		<b>(41,042)</b>	<b>(61,394)</b>
<b>Total assets less current liabilities</b>		<b>21,078</b>	<b>727</b>
<b>Net assets</b>		<b>21,078</b>	<b>727</b>
<b>Capital and reserves</b>			
Called up share capital	9	836	836
Profit and loss (deficit)/reserve	10	20,242	(109)
<b>Total shareholders' funds</b>	11	<b>21,078</b>	<b>727</b>

The financial statements on pages 7 to 14 were approved by the board of directors on 31st March 2011 and were signed on its behalf by



**AG Crossley**  
Director  
Finsbury Orthopaedics Limited  
Registered number: 04542363

# **Finsbury Orthopaedics Limited**

## **Notes to the financial statements for the period ended 2 January 2011**

### **1 Principal accounting policies**

#### **Accounting period**

The accounting period ended 2 January 2011 consists of 17 months. For the purposes of these financial statements the period is referred to as 2010. The 10 month accounting period ended 31 July 2009 is referred to as 2009.

#### **Basis of accounting**

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been consistently applied throughout the period are set out below.

#### **Consolidated financial statements**

The company and its subsidiary undertakings are included in the full consolidation of the financial statements of its ultimate parent, Johnson & Johnson. In accordance with the provisions of S400 of the Companies Act 2006, group financial statements have not been prepared.

#### **Investments**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### **Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the company entered into the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

#### **Dividends**

Dividends paid are accounted for in the period when they are paid.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# **Finsbury Orthopaedics Limited**

## **Notes to the financial statements for the period ended 2 January 2011 (continued)**

### **1 Principal accounting policies (continued)**

#### **Cash flow statement**

The company is a wholly owned subsidiary of Johnson & Johnson and the cash flows of the company are included in the consolidated financial statements of Johnson & Johnson which are publicly available. Consequently the company is exempt under the terms of FRS 1 (revised 1996) from preparing a cash flow statement.

#### **Related party transactions**

The company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with companies of which 100% of the voting rights are controlled within the group.

### **2 Operating profit**

#### **Services provided by the company's auditor and network firms**

During the period the company obtained the following services from the company's auditor as detailed below:

	2010	2009
	£	£
<b>Payable to PricewaterhouseCoopers LLP and network firms:</b>		
<b>Audit services:</b> fees payable for the statutory audit of the company	3,000	-
<b>Total services</b>	3,000	-

The fees payable in respect of the period ended 31 July 2009 were paid to the company's previous auditor, Littlejohn LLP.

### **3 Directors' emoluments**

The directors during the period were employed by other companies in the Finsbury or Johnson & Johnson group and their remuneration has been borne by those companies (2009: £nil).

### **4 Employee information**

The company did not have any employees during either the current or prior period.

# Finsbury Orthopaedics Limited

## Notes to the financial statements for the period ended 2 January 2011 (continued)

### 5 Tax on profit on ordinary activities

	2010	2009
	£	£
<b>Current tax</b>		
UK corporation tax on profits of the period	(840)	-
<b>Total tax credit on profit on ordinary activities</b>	<b>(840)</b>	<b>-</b>

The tax assessed for the period is lower (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 21%). The differences are explained below

	2010	2009
	£	£
Profit /(loss) on ordinary activities before tax	19,511	(883)
Profit on ordinary activities multiplied by standard rate in the UK 28% (2009 21%)	5,463	(185)
Effects of		
Non-taxable UK income	(6,303)	-
Losses carried forward	-	185
Current tax credit for the period	(840)	-

#### Deferred tax

As at 2 January 2011 the company had no deferred tax asset or liability (2009 £nil)

#### Factors that may affect future tax charges.

During the period, as a result of the change in the UK main corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the June 2010 and March 2011 Budgets. The changes, which are expected to be enacted separately each year, propose to reduce the rate by a further 1% on 1 April 2011 and by 1% per annum thereafter to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

# Finsbury Orthopaedics Limited

## Notes to the financial statements for the period ended 2 January 2011 (continued)

### 6 Fixed asset Investments

	£
Cost and net book amount at 1 August 2009	62,121
Disposals	(1)
<b>Cost and net book amount at 2 January 2010</b>	<b>62,120</b>

The following were subsidiaries at the period end

Name of Company	Country of Incorporation	Holding	Proportion Held	Nature of Business
Finsbury (Instruments) Limited	England	Ordinary Shares of £0.10	100%	Wholesaler, manufacturer, licensor, repairer and dealer in surgical equipment
Finsbury (Development) Limited	England	Ordinary Shares of £1	100%	Research and development of orthopaedic products
Finsbury Orthopaedics International Limited	England	Ordinary Shares of £1	100%	Wholesaler and dealer in surgical equipment
Finsbury Medical Limited	England	Ordinary Shares of £1	100%	Wholesaler and dealer in surgical equipment
Finsbury Orthopaedic Tibb Cihazlar Ticaret Limited	Turkey	Ordinary Shares of YTL1	100%	Wholesaler and dealer in surgical equipment
Finsbury Orthopaedic Inc	United States	Ordinary Shares of \$1	100%	Wholesaler and dealer in surgical equipment

During the period the company disposed of its shareholding in Finsbury Surgical Limited for £50,000

### 7 Debtors

	2010	2009
	£	£
Corporation tax	840	-
	<b>840</b>	<b>-</b>

# Finsbury Orthopaedics Limited

## Notes to the financial statements for the period ended 2 January 2011 (continued)

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

	2010 £	2009 £
Amounts due to group undertakings	87,106	65,448
Other creditors	3,000	-
	<b>90,106</b>	<b>65,448</b>

Amounts due to group undertakings are unsecured, interest free and repayable on demand

The company had given an unlimited cross guarantee to Barclays Bank Plc in respect of the liabilities of Finsbury Orthopaedics Limited, Finsbury Instruments Limited, Finsbury (Development) Limited and Finsbury Orthopaedics International Limited. As at 2 January 2011, the total net indebtedness was £Nil (2009 £753,675)

### 9 Called up share capital

	2010 £	2009 £
<b>Allotted, issued and fully paid</b>		
83,600 ordinary shares of £0.01 each (2009 83,600)	836	836

### 10 Reserves

	Profit and loss reserve £
At 1 August 2009	(109)
Profit for the financial period	20,351
<b>At 2 January 2011</b>	<b>20,242</b>

### 11 Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Profit / (loss) for the financial period	20,351	(883)
Net addition to shareholders' funds	20,351	(883)
Opening shareholders' funds	727	1,610
<b>Closing shareholders' funds</b>	<b>21,078</b>	<b>727</b>

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## **Finsbury Orthopaedics Limited**

### **Notes to the financial statements for the period ended 2 January 2011 (continued)**

#### **12 Ultimate and immediate parent companies**

The immediate parent company is DePuy Ireland Limited

The directors regard Johnson & Johnson, a company registered in the United States of America, as the ultimate parent company and ultimate controlling party. This is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements may be obtained from Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.