

3381546

STERILE SERVICES INTERNATIONAL LIMITED

Report and Financial Statements

31 December 2001

 ERNST & YOUNG



Sterile Services International Limited

Registered Number 3381546

DIRECTORS

J Bartlett

R Talotta

SECRETARY

G Catrini

AUDITORS

Ernst & Young LLP

One Bridewell Street

Bristol

BS1 2AA

BANKERS

Julian Hodge Bank

10 Windsor Place

Cardiff

CF10 3BX

SOLICITORS

Eversheds

Fitzalen House

Fitzalen Road

Cardiff

CF2 1XZ

REGISTERED OFFICE

9 Columbus Walk

Brigantine Place

Cardiff

CF10 4YY

Sterile Services International Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company is to provide management services to its operating subsidiary, Sterile Services International (Cardiff) Limited, which is engaged in providing sterilisation services to the University Hospital of Wales and IMT (ACAD) at Central Middlesex Hospital. In addition the company is engaged in bidding for healthcare contracts under the government's private finance initiative, focusing on sterilisation services, medical equipment and facilities management together with the development of new business.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the future prospects of the company to be satisfactory.

DIVIDENDS

The directors do not recommend the payment of a dividend (2000 - £Nil).

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is as listed on page 1.

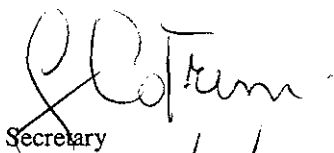
Mr J Bartlett was appointed on 15 October 2001 and Mr R Talotta was appointed on 20 June 2002.

Mr C Morello Mosti resigned from the Board on 27 July 2001 and Mr L Locatelli resigned from the Board on 25 June 2002.

AUDITORS

Ernst & Young LLP were appointed as auditors during the year and a resolution to reappoint them will be put to the members at the Annual General Meeting.

On behalf of the Board


Secretary
Date 11/10/02

Sterile Services International Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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; 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 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.

INDEPENDENT AUDITORS' REPORT
to the members of Sterile Services International Limited

We have audited the company's financial statements for the year ended 31 December 2001, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of 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 the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor
Bristol

Date **18 OCT 2002**

Sterile Services International Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER	2	180,000	120,000
Cost of sales		(238,476)	(72,031)
GROSS PROFIT		(58,476)	47,969
Administrative expenses		(80,623)	(61,333)
OPERATING (LOSS)		(139,099)	(13,364)
Interest payable		(678)	(3)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(139,777)	(13,367)
Tax on loss on ordinary activities	5	38,145	(35,218)
(LOSS) FOR THE FINANCIAL YEAR	11	(101,632)	(48,585)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2001

There are no recognised gains or losses for the current or preceding year other than the results stated above.

Sterile Services International Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	6	449	83
Investments	7	215,468	215,468
		<u>215,917</u>	<u>215,551</u>
CURRENT ASSETS			
Debtors	8	133,535	121,436
Cash at bank and in hand		21,080	8,684
		<u>154,615</u>	<u>130,120</u>
CREDITORS: amounts falling due within one year	9	(202,091)	(75,598)
NET CURRENT (LIABILITIES)/ASSETS		<u>(47,476)</u>	<u>54,522</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>168,441</u>	<u>270,073</u>
CAPITAL AND RESERVES			
Called up share capital	10	500,000	500,000
Profit and loss account	11	(331,559)	(229,927)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>168,441</u>	<u>270,073</u>

ERNST & YOUNG



Director

Date

11/10/02

Sterile Services International Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a small or medium sized group under Section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal instalments over their expected useful lives. The rates generally applicable are:

Computer equipment - over 3 years

Investments

Investments are included at cost, less provision for impairment.

Pensions

The company operates a defined benefit pension scheme, the Sterile Services International Pension Scheme covering the majority of its employees. The scheme funds are administered by trustees and are independent of the company's finances. Contributions to the scheme are paid in accordance with the recommendations of independent actuaries.

The company's contributions are generally charged against profits, so as to give a consistent periodic rate of charge over the period from which the company derives the benefit of the employee's services, in accordance with SSAP 24.

The company is complying with the transitional disclosure requirements of FRS17 in relation to this scheme, (see note 12).

Related party transactions

In accordance with the exemption conferred by paragraph 17 of FRS 8 "Related Party Disclosures" the company has not disclosed transactions with other group companies.

2. TURNOVER

Turnover represents the total amount receivable by the company for services provided net of VAT and trade discounts.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2001	2000
	£	£
Auditors' remuneration	1,000	1,000
Depreciation of tangible fixed assets	107	97
Write off of bid costs associated with unsuccessful contracts	156,932	-
	<u> </u>	<u> </u>

Sterile Services International Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

4. STAFF COSTS

Only one director received remuneration from the company during the year as follows:

	2001	2002
	£	£
Director's emoluments	13,200	-

Retirement benefits are accruing to the director under a defined benefit scheme.

	2001	2000
	£	£
Wages and salaries	63,360	52,000
Social security costs	7,139	11,200
Pension costs	11,020	-
	81,519	63,200

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

	2001	2000
	No.	No.
Administration	1	1

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Group relief	(38,145)	35,218

The company has no liability for deferred taxation due to the availability of losses carried forward.

Sterile Services International Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

6. TANGIBLE FIXED ASSETS

	<i>Office equipment, fixtures and fittings</i> £
Cost:	
At 1 January 2001	295
Additions	473
	<hr/>
At 31 December 2001	768
	<hr/>
Depreciation:	
At 1 January 2001	212
Charge for year	107
	<hr/>
At 31 December 2001	319
	<hr/>
Net book value:	
At 31 December 2001	449
	<hr/> <hr/>
At 31 December 2000	83
	<hr/> <hr/>

7. INVESTMENTS

	<i>Shares in group undertakings</i> £
Cost:	
At 1 January 2001 and 31 December 2001	215,468
	<hr/> <hr/>

The above investment represents 100% of the ordinary share capital in Sterile Services International (Cardiff) Limited, a company incorporated in Great Britain and Impreglio Medical Technologies (ACAD) Limited.

Sterilisation Services International (Cardiff) Limited

The principal activity of the company is to provide sterilisation services on a contracted out basis to the University Hospital of Wales over a period of ten years.

At 31 December 2001 this company had capital and reserves of £164,403 (2000 - £204,498) and made a loss for the year then ended of £40,095 (2000 - profit of £5,684).

Impreglio Medical Technologies (ACAD) Limited

The principal activity of this company is the provision, servicing and maintenance of medical equipment.

At 31 December 2001 this company had capital and reserves of £171,940 (2000 £54,528) and made a profit for the year then ended of £117,412 (2000 £123,626)

Sterile Services International Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

8. DEBTORS

	2001 £	2000 £
Amounts owed by group undertakings	122,148	81,825
Other debtors	11,387	39,611
	<u>133,535</u>	<u>121,436</u>

9. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	552	40,122
Amounts owed to immediate parent undertaking	169,332	30,701
Taxation and social security	-	3,755
Other creditors	6,059	-
Accruals and deferred income	26,148	1,020
	<u>202,091</u>	<u>75,598</u>

10. SHARE CAPITAL

	2001 £	2000 £
Authorised: Ordinary shares of £1 each	800,000	800,000
Called up, allotted and fully paid: Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

11. RECONCILIATION OF SHAREHOLDERS FUNDS

	Share Capital £	Profit and Loss account £	Total £
As at 1 January 2000	500,000	(181,342)	318,658
Loss for year	-	(48,585)	(48,585)
	<u>500,000</u>	<u>(229,927)</u>	<u>270,073</u>
As at January 2001	500,000	(229,927)	270,073
Loss for year	-	(101,632)	(101,632)
	<u>500,000</u>	<u>(331,559)</u>	<u>168,441</u>

12. PENSION SCHEME

During the year, the majority of the company's employees participated in the Sterile Services International Pension Scheme, which is a funded scheme of the defined benefit type with assets held in trust separately from the company.

Sterile Services International Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

The scheme is valued at least every 3 years by professionally qualified consulting actuaries. The latest review of the scheme was carried out as at 1 October 2001, using the projected unit method. The most significant actuarial assumptions adopted for valuation purposes were as follows:

Rate of return on investments	-	6.5% Before Retirement 5.5% After Retirement
Future salary escalation	-	3.5% After Retirement
Early leaver indication	-	2.5%
Retirement age	-	60, or next birthday if over 60 at the valuation date.

The market value of the Scheme's assets at 1 October 2001 amounted to approximately £187,000. The actuarial value of those assets represented 85% of the value of the benefit that had accrued to the members based on service to that date allowing for assumed pay increases. Company contributions have been paid to the scheme during the year, in accordance with advice from the actuaries.

In accordance with SSAP 24, the company has charged in the year to 31 December 2001 a pension cost of £11,020 (2000: £nil). Over the year to 31 December 2001, the employer contributed at 18.3% of the total Pensionable Salaries including due costs of insuring death in service benefits. The company has agreed to increase its rate of contribution to 27.8% plus death in service premiums from 1 August 2002.

The company has adopted the transitional disclosure requirements of FRS17, which are set out below. The actuarial valuation of the scheme was updated to 31 December 2001 by a qualified independent actuary, using the following principal assumptions:

Rate of increase in salaries	-	3.5%
Rate of increase in pensions	-	5%
Discount rate	-	8.9%
Inflation assumption	-	2.5%

The assets of the scheme are invested in a unitised with-profits policy with Norwich Union. The assets and the expected rate of return as at 31 December 2001, were:

	£	Expected rate of Return
Total market value of assets	235,000	6.5%
Present value of scheme liabilities	(333,000)	
Deficit	(95,000)	
Related deferred tax asset	28,500	
Net pension liability	(66,500)	

Sterile Services International Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

13. ULTIMATE PARENT UNDERTAKING

The directors consider that the immediate parent undertaking is Impregilo Servizi S.P.A, a company registered in Italy.

The ultimate parent and controlling party is Impreglio S.P.A, a company registered in Italy.

Copies of financial statements for the above companies are available from 9 Columbus Walk, Brigantine Place, Cardiff CF10 4YY.