

3122084

REGISTRAR

# Lafayette Healthcare Limited

Report and Accounts

31 December 1997

 ERNST & YOUNG



# Lafayette Healthcare Limited

---

Registered No. 3122084

## **DIRECTORS**

H Hoebel (Chairman)  
Ms L E Hamilton Lang (appointed 13 May 1998)  
Z Ziv (appointed 13 May 1998)

## **AUDITORS**

Ernst & Young  
Lowgate House  
Lowgate  
Hull HU1 1JJ

## **BANKERS**

National Westminster Bank PLC  
31 Cheapside  
London  
EC2V 6HT

## **REGISTERED OFFICE**

P O Box 3  
Lowgate House  
Lowgate  
Hull HU1 1JJ

# Lafayette Healthcare Limited

---

## DIRECTOR'S REPORT

The directors present their report and the accounts for the year ended 31 December 1997.

### RESULTS AND DIVIDENDS

The loss for the year after taxation amounts to £48,811. The directors do not recommend the payment of a dividend.

### PRINCIPAL ACTIVITY

The company's principal activity during the year was the marketing and selling of radiological products.

### DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were Mr H Hoebel and Mr W Salmon. Mr W Salmon resigned as a director on 13 May 1998.

There are no directors' interests requiring disclosure under the Companies Act 1985.

### 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 year. 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.

### AUDITORS

Ernst & Young have expressed their willingness to continue in office and a resolution proposing their appointment will be submitted at the Annual General Meeting.

### SPECIAL PROVISIONS RELATING TO SMALL COMPANIES

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



Z Ziv  
Director

17 August 1998

**REPORT OF THE AUDITORS**  
**to the members of Lafayette Healthcare Limited**

We have audited the accounts on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and on the basis of the accounting policies set out on page 6.

**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.

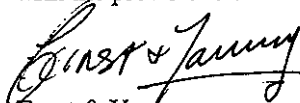
**Basis of opinion**

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 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 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 state of affairs of the company as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', is written over the printed name.

Ernst & Young  
Registered Auditor  
Hull

17 August 1998

# Lafayette Healthcare Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1997

	Notes	1997 (52 weeks)	1996 (60 weeks) £
TURNOVER	2	925,213	730,180
Cost of sales		611,589	451,458
Gross profit		313,624	278,722
Distribution costs		120,434	119,356
Administrative expenses		236,569	176,336
OPERATING LOSS	3	(43,379)	(16,970)
Interest payable		5,432	4,379
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(48,811)	(21,349)
Tax on profit on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR		(48,811)	(21,349)

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss for the financial year of £48,811 (60 weeks ended 31 December 1996 - £21,349).

# Lafayette Healthcare Limited

## BALANCE SHEET

at 31 December 1997

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	5	50,098	58,760
Tangible fixed assets	6	9,599	-
		<u>59,697</u>	<u>58,760</u>
<b>CURRENT ASSETS</b>			
Stock		175,263	166,121
Debtors	7	257,119	236,284
Cash at bank and in hand		42,156	82,518
		<u>474,538</u>	<u>484,923</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>439,395</u>	<u>400,032</u>
<b>NET CURRENT ASSETS</b>		<u>35,143</u>	<u>84,891</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>94,840</u>	<u>143,651</u>
<b>CREDITORS: amounts falling due after more than one year</b>	9	<u>75,000</u>	<u>75,000</u>
		<u>19,840</u>	<u>68,651</u>
<b>CALLED UP CAPITAL AND RESERVES</b>			
Equity share capital	10	90,000	90,000
Profit and loss account	11	(70,160)	(21,349)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	<u>19,840</u>	<u>68,651</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.



Z Ziv - Director

17 August 1998

NOTES TO THE ACCOUNTS

at 31 December 1997

1. ACCOUNTING POLICIES

*Accounting convention*

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

*Trademarks and patents*

The cost of trademarks and patents is amortised through the profit and loss account over their estimated economic life of 7 years.

*Depreciation*

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

Plant and machinery - over 7 years

*Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and arises from the one continuing principal activity.

3. OPERATING LOSS

This is stated after charging:

	1997 (52 weeks)	1996 (60 weeks) £
Amortisation of intangible fixed assets	8,662	6,240
Directors' remuneration	-	-
Auditors' remuneration	3,000	3,000
	<u>          </u>	<u>          </u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

No tax charge arises because of the loss in the year.

# Lafayette Healthcare Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 5. INTANGIBLE FIXED ASSETS

	<i>Trademarks and patents £</i>
Cost:	
At 1 January 1997 and 31 December 1997	65,000
Amortisation:	
At 1 January 1997	6,240
Provided during the year	8,662
At 31 December 1997	14,902
Net book value:	
At 31 December 1997	50,098
At 1 January 1997	58,760

### 6. TANGIBLE FIXED ASSETS

	<i>Plant and machinery £</i>
Cost:	
Group transfers	9,599
At 31 December 1997	9,599
Net book value:	
At 31 December 1997	9,599

### 7. DEBTORS

	<i>1997 £</i>	<i>1996 £</i>
Trade debtors	240,254	236,284
Other taxation and social security	16,315	-
Other debtors	580	-
	257,119	236,284

### 8. CREDITORS: amounts falling due within one year

	<i>1997 £</i>	<i>1996 £</i>
Trade creditors	364,876	283,685
Due to immediate parent undertaking	71,219	51,861
Other taxation and social security	-	10,298
Accruals	3,300	54,188
	439,395	400,032



# Lafayette Healthcare Limited

## NOTES TO THE ACCOUNTS

at 31 December 1997

### 9. CREDITORS: amounts due after more than one year

	1997 £	1996 £
Due to immediate parent undertaking	75,000	75,000

### 10. SHARE CAPITAL

	Authorised 1997 and 1996 No.	Allotted, called up and fully paid 1997 and 1996 £
Ordinary shares of £1 each	90,000	90,000

### 11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Profit and loss account £	Share capital £	Total £
Issue of ordinary shares of £1 each	-	90,000	90,000
Loss for the period	(21,349)	-	(21,349)
At 31 December 1996	(21,349)	90,000	68,651
Loss for the year	(48,811)	-	(48,811)
At 31 December 1997	(70,160)	90,000	19,840

### 12. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking is Lafayette Pharmaceuticals Inc. a company incorporated in the USA. Copies of that company's accounts are available from 22699 Old Canal Road, Yorba Linda, CA92887.