

**Toshiba Medical Systems Limited**  
(Registered Number: 983579)

**Directors' Report and Financial Statements**

**Year ended 31 March 2005**



# **Toshiba Medical Systems Limited**

## **Company Information**

### **Directors**

K P Weinand  
Y Sakai  
K Damgaard-Iversen

### **Registered office**

Boundary Court  
Gatwick Road  
Crawley  
West Sussex  
RH10 9AX

### **Auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### **Bankers**

Barclays Bank Plc  
54 Lombard Street  
London  
EC3V 9EX

### **Solicitors**

BP Collins  
Collins House  
32-38 Station Road  
Gerrards Cross  
Bucks  
SL9 8EL

# **Toshiba Medical Systems Limited**

## **Director's Report for the Year Ended 31 March 2004**

The directors present their report and the audited financial statements for the year ended 31 March 2005.

### **Principal activity**

The company supplies and maintains electrical, electronic and mechanical products and services in the medical field.

### **Review of results and future prospects**

The results for the year are set out in the profit and loss account, which show a increase in turnover from £28,989,000 in the year ended 31 March 2004 to £29,153,000 this year. The net loss before tax amounted to £817,000 compared to a profit of £32,000 in the previous year.

The Directors consider that the state of affairs of the company to be satisfactory and that the level of activity will be maintained.

### **Dividends and reserves**

The directors do not recommend the payment of a dividend (2004: £nil). The retained loss for the year of £873,000 (2004 profit: £127,000) has been transferred from/to the profit and loss reserve.

### **Directors and their interests**

The directors who held office during the year are given on page 1.

No directors had any interest in the shares of the company during the year, nor of any other group company.

# **Toshiba Medical Systems Limited**

## **Director's Report for the Year Ended 31 March 2005 (Continued)**

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

Company law requires the directors to prepare financial statements 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 financial statements, 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 financial statements 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 auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

### **On Behalf Of The Board**

  
**Secretary**

27<sup>th</sup> January 2006

## **Independent auditors' report to the members of Toshiba Medical Systems Limited**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the statement of accounting policies.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

### **Basis of audit 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 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 the company's affairs at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.*

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

*27* January 2006

# Toshiba Medical Systems Limited

## Profit and Loss Account for the Year Ended 31 March 2005

		2005	2004
	Note	£'000	£'000
<b>Turnover</b>	2	<b>29,153</b>	<b>28,989</b>
Cost of sales		(21,871)	(21,685)
<b>Gross profit</b>		<b>7,282</b>	<b>7,304</b>
Distribution costs		(5,618)	(5,237)
Administrative expenses		(2,408)	(1,958)
<b>Operating (loss)/ profit</b>	3	<b>(744)</b>	<b>109</b>
Net interest payable	6	(73)	(77)
<b>Profit/(Loss) on ordinary activities before taxation</b>	2	<b>(817)</b>	<b>32</b>
<b>Taxation on ordinary activities</b>	7	<b>(56)</b>	<b>95</b>
<b>Retained profit/(loss) for the financial year transferred from/ to reserves</b>	16	<b>(873)</b>	<b>127</b>

The loss for the year is wholly attributable to the continuing operations of the company.

The company had no recognised gains or losses during the year other than those reflected in the profit and loss account above.

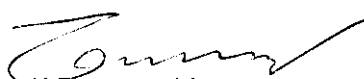
The notes on pages 7 to 18 form an integral part of these financial statements.

# Toshiba Medical Systems Limited

## Balance Sheet - 31 March 2005

		2005	2004
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	8	1,425	451
<b>Current assets</b>			
Stocks	9	3,580	2,741
Debtors	10	9,717	11,530
Cash at bank and in hand		475	-
		13,772	14,271
<b>Creditors: amounts falling due within one year</b>	12	(13,343)	(12,257)
<b>Net current assets</b>		429	2,014
<b>Total assets less current liabilities</b>		1,854	2,465
<b>Creditors: amounts falling due after more than one year</b>	13	(171)	(130)
Provision for liabilities and charges	14	(265)	(44)
<b>Net assets</b>		1,418	2,291
<b>Capital and reserves</b>			
Called up share capital	15	2,130	2,130
Profit and loss account	16	(712)	161
<b>Total shareholders' funds – equity interests</b>	17	1,418	2,291

Approved by the board on

  
K Damgaard-Iversen  
Director

27<sup>th</sup> January 2006

The notes on pages 7 to 18 form an integral part of these financial statements.

# **Toshiba Medical Systems Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2005**

### **1 Accounting policies**

#### **(1) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **(2) New accounting standards and changes in accounting policies**

FRS 17 - The Company has applied the transitional arrangements for adoption of the FRS. Accordingly no change has been made to the accounting policy but included in these financial statements are the disclosures required by FRS 17 (see Note 19).

#### **(3) Turnover**

Turnover represents the invoiced value of sales of goods accepted by the customer and excludes VAT.

#### **(4) Stocks**

All stocks are stated at the lower of cost and net realisable value.

#### **(5) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets in equal annual instalments over their estimated useful lives as follows:

Motor vehicles	3 years
Plant	5 years
Furniture, fixtures, fittings and office machines	5 years
Computer equipment	3 years

#### **(6) Equipment leased to customers**

Equipment leased to customers under operating leases is capitalised in accordance with (5) above. Operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

#### **(7) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies have been expressed in sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies have been translated into sterling at the average rate ruling during the year. All exchange gains and losses are dealt with in the profit and loss account.

#### **(8) Operating leases**

The rentals payable under operating lease agreements are charged to the profit and loss account on a straight-line basis, over the lease term.



# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### Accounting policies (Continued)

#### (9) Pension contributions

The company operates a defined benefit pension scheme with assets held in a trustee-administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the expected working lives of the pension scheme members currently in service. Any differences between the actuarial valuation of the scheme and the value of assets in the scheme are charged or credited to the profit and loss account over the expected working lives of the scheme members. Differences and payments to the scheme are treated as assets or liabilities in the balance sheet.

#### (10) Deferred taxation

Deferred taxation is provided in full in respect of timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets in respect of trading tax losses are only recognised where the tax losses are expected to be recovered. Deferred taxation provisions have not been discounted.

## 2 Turnover and profit before taxation

The turnover and profit/(loss) before taxation is wholly attributable to the one principal activity of the company: the sale of electrical, electronic and mechanical products and services in the medical field. Turnover and the profit before taxation arose wholly in the United Kingdom.

## 3 Operating (loss)/profit

	2005 £'000	2004 £'000
Operating profit is stated after charging/(crediting):		
Depreciation	341	136
Auditors' remuneration		
– Audit fees	33	30
– Non-audit fees	10	10
Operating lease rentals		
– Plant and machinery	1,912	1,904
– Other	306	107
Rental receivable under operating leases	39	38
Foreign exchange profit	(3)	(1)

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 4 Staff costs

	2005 £'000	2004 £'000
Wages and salaries	3,765	3,518
Social security costs	457	521
Other pension costs	329	303
	<b>4,551</b>	<b>4,342</b>

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

	Number	Number
Sales, distribution and service	70	69
Administration	15	16
	<b>85</b>	<b>85</b>

### 5 Directors and emoluments

	2005 £'000	2004 £'000
Directors' emoluments (excluding pension contributions)	195	193

Retirement benefits are accruing to one Director (2004: one) under a defined benefit pension scheme.

### 6 Net interest payable

	2005 £'000	2004 £'000
<b>Interest Income</b>		
From group undertakings	17	8
From third parties	15	9
<b>Interest Expense</b>		
To group undertakings	(105)	(89)
To third parties	-	(5)
	<b>(73)</b>	<b>(77)</b>

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 7 Taxation on ordinary activities

The taxation credit based on the profit for the year is made up as follows:

	2005 £'000	2004 £'000
Corporation tax at 30% (2004: 30%)	-	(105)
Adjustment in respect of prior periods	20	-
Deferred taxation	36	10
	<u>56</u>	<u>(95)</u>

The tax assessed for the period is higher than the United Kingdom standard rate of corporation tax of 30% (2004: 30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit/(Loss) on ordinary activities before taxation	<u>(817)</u>	<u>32</u>
Tax charge based on UK tax rate	(245)	10
Tax effect of the following items:		
Expenses not deductible for tax purposes	122	65
Capital allowances for period	(139)	(53)
Adjustment in respect of prior periods	20	(127)
Losses carried forward	262	-
Corporation tax charge for the period	<u>20</u>	<u>(105)</u>

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 8 Tangible fixed assets

Cost	Plant and motor vehicles £'000	Fixtures and fittings £'000	Computer Equipment £'000	Leased Assets £'000	Total £'000
At 1 April 2004	294	200	770	202	1,466
Additions	38	1	52	1,224	1,315
At 31 March 2005	332	201	822	1,426	2,781

#### Depreciation

At 1 April 2003	235	174	573	33	1,015
Charge for the year	23	7	101	210	341
At 31 March 2004	258	181	674	243	1,356

#### Net book amount

At 31 March 2005	74	20	148	1183	1,425
At 1 April 2004	59	26	197	169	451

### 9 Stocks

Stocks represent finished goods held for resale and items used for demonstration purposes.

### 10 Debtors

	2005 £'000	2004 £'000
Trade debtors	9,159	5,311
Amounts owed by group undertakings	43	5,031
Corporation tax asset	30	118
Prepayments and accrued income	485	1,070
	<b>9,717</b>	<b>11,530</b>

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 11 Deferred tax liability

	£'000
At 1 April 2004	25
Provided in the year	(36)
Utilised in the year	-
At 31 March 2005	(11)

#### Deferred taxation

The deferred taxation liability together with the full potential asset for all timing differences is made up as follows:

	2005 £'000	2004 £'000
Accelerated capital allowances	(11)	25

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

	2005 £'000	2004 £'000
Bank Overdraft	-	165
Trade creditors	251	910
Amounts owed to group undertaking	8,315	7,294
Deferred tax liability /(asset) (see Note 11)	11	(25)
Other creditors	246	228
Taxation and social security	1,582	1,667
Accruals and deferred income	2,938	2,018
	<b>13,343</b>	<b>12,257</b>

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

	2005 £'000	2004 £'000
Deferred Income	171	130

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 14 Provision for liabilities and charges

	Legal provision £'000	Pension provision £'000	Total £'000
At 1 April 2004	-	44	44
Charge in the year	251	329	580
Cash contributions		(343)	(343)
Transfer to Trustee account		(16)	(16)
As at 31 March 2005	251	14	265

### 15 Called up share capital

	2005 £'000	2004 £'000
<b>Authorised:</b>		
2,150,000 shares of £1 each	2,150	2,150
<b>Allotted and fully paid:</b>		
2,130,000 shares of £1 each	2,130	2,130

### 16 Reserves - profit and loss account

	£'000
At 1 April 2004	161
Retained loss for the year	(873)
At 31 March 2005	(712)

### 17 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
(Loss)/Profit for the financial year	(873)	127
Opening shareholders' funds	2,291	2,164
Closing shareholders' funds	1,418	2,291

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 18 Operating lease commitments

At 31 March 2005 the company had the following annual commitments under non-cancellable operating leases:

	2005 £'000	2004 £'000
<b>Land and buildings:</b>		
Operating leases which expire		
Within one year	-	-
Within two to five years	-	-
After five years	299	94
	<b>299</b>	<b>94</b>
<b>Other:</b>		
Operating leases which expire		
Within one year	126	105
Within two to five years	1,604	239
After five years	189	1,573
	<b>1,919</b>	<b>1,917</b>

### 19 Pension commitments

The company operates a defined benefit pension scheme with assets held in a trustee-administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

# **Toshiba Medical Systems Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2005**

### **19 Pension commitments (continued)**

The company has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) below are those required by that standard. FRS 17 Retirement Benefits was issued in November 2000 and the information required under the transitional provisions of FRS 17 is set out in (b).

#### **(a) Pension Scheme**

The company operates a defined benefit occupational pension scheme. The assets of the scheme are held separately from the assets of the company and are administered by the trustees and managed professionally.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent actuarial valuation was carried out as at 1 April 2002 and assumed that investment returns would be 7% per annum up to retirement age and 5% per annum after retirement age, and that salaries would increase by 4.5% per annum. The valuation disclosed that the market value of the scheme's assets was £2,233,000 and that those assets represented 77% of the benefits that had accrued to members, after allowing for expected future increases in salaries. The company agreed to increase its contributions from the rate of 10.5% to 14.5% of pensionable earnings with effect from 1 April 2003, with the objective of eliminating the deficit over the average expected remaining lifetime of the current active membership. In addition, the company meets the cost of insuring the lump sum death in service benefit.

The pension cost for the year ended 31 March 2005 was 329,000 (2004: £303,000). The provision as at 31 March 2005 was £14,000 (2004: £44,000).



# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 19 Pension commitments (continued)

#### (b) FRS 17 disclosures

The information included in the accounts and in the above disclosure note follows the requirements of the existing standard for accounting for pension costs: SSAP24. However, a new accounting standard – has now been introduced and the information below is disclosed in accordance with the transitional provisions of FRS17.

	2005 £'000	2004 £'000	2003 £'000
Total market value of assets	3,746	3,007	2,066
Present value of the scheme's liabilities	(5,581)	(4,563)	(3,516)
Deficit in the scheme	(1,835)	(1,556)	(1,450)
Related deferred tax asset	551	467	435
Net pension liability	(1,284)	(1,089)	(1,015)

The value of the scheme's liabilities has been determined by a qualified actuary based on the results of the actuarial valuation and FRS17 calculations as at 31 March 2005 using the following assumptions:

	2005	2004	2003
Rate of increase in salaries	4.25%	4.25%	4.00%
Rate of increase in pensions in payment	2.50%	2.50%	2.25%
Rate of revaluation of pensions in deferment	2.50%	2.50%	2.25%
Discount rate	5.50%	5.60%	5.75%
Rate of price inflation	2.50%	2.50%	2.25%

The assets of the scheme and the expected rates of return were:

	2005		2004		2003	
	Expected long term return	Value at 31 March £'000	Expected long term return	Value at 31 March £'000	Expected long term return	Value at 31 March £'000
Cost						
Equities	7.50%	3,139	7.50%	2,490	8.50%	1,593
Bonds	5.50%	416	5.50%	415	5.75%	351
Other (Cash)	4.75%	191	4.00%	102	4.00%	122
Total market value of assets		3,746		3,007		2,066

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 19 Pension commitments (continued)

	Year end 31 March 2005	Year end 31 March 2004
<b>Amount Charged to Operating Profit</b>		
Current Service	371	282
Past Service cost	-	-
Settlements and curtailments	-	-
Total Operating Charge	371	282
<b>Amount charged to other finance income</b>		
Expected return on assets	229	178
Interest on scheme liabilities	(268)	(215)
Net charge	(39)	(37)
<b>Amount recognised in the Statement of Total Recognised Gains and Losses</b>		
Actual less expected return on assets	86	298
Experience gains/(losses) on liabilities	1	(49)
Effect of change in assumptions on liabilities	(299)	(339)
	(212)	(90)
<b>Movement in surplus during year</b>		
Deficit in scheme at 1 April 2004	(1,556)	(1,450)
Current service cost	(371)	(282)
Cash contribution	343	303
Past service costs	-	-
Other finance income	(39)	(37)
Actuarial gain	(212)	(90)
Deficit in scheme at 31 March 2005	(1,835)	(1,556)
<b>History of experience gains and losses</b>		
Difference between expected and actual returns on scheme assets:		
amount	86	298
% of assets at 31 March 2005	2%	10%
<b>Experience gains/(losses) on scheme liabilities</b>		
amount	1	(49)
% of liabilities at 31 March 2005	0%	(1%)
<b>Total actuarial gain/(loss)</b>		
amount	(212)	(90)
% of assets at 31 March 2005	(4%)	(2%)

# Toshiba Medical Systems Limited

## Notes to the Financial Statements for the Year Ended 31 March 2005

### 19 Pension commitments (continued)

If the net pension liability had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 March 2005 would be as follows:

	2005 £'000	2004 £'000
Net assets excluding pension liability	1,494	2,291
Net pension liability	(1,284)	(1,089)
Net assets including pension liability	210	1,202
Profit and loss reserve excluding pension liability	(636)	161
Net pension liability	(1,284)	(1,089)
Profit and loss reserve including pension liability	(1,920)	(928)

### 20 Contingent liabilities

The company holds a £20,000 guarantee with HM Customs and Excise in respect of VAT deferred on imports.

### 21 Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Toshiba Medical Systems Europe BV and is included in the consolidated financial statements of Toshiba Medical Systems Europe BV, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Toshiba Medical Systems Europe BV group.

### 22 Ultimate parent undertaking

The immediate parent undertaking is Toshiba Medical Systems Europe BV which is the smallest group to consolidate the results of the Company. Toshiba Medical Systems Europe BV financial statements can be obtained from Zilverstraat 1, 2718 RP, Zoetermeer, Netherlands.

The largest group to consolidate the results of the Company is Toshiba Corporation. Toshiba Corporation financial statements can be obtained from 1-1 Shibaura, 1 Chome, Minato-Ku, Japan.

The ultimate parent undertaking is Toshiba Corporation a company registered in Japan.