

**MOLECULAR DEVICES LIMITED**

**Report and Accounts**

**31 December 1998**



# Molecular Devices Limited

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Registered No. 2807736

## **DIRECTORS**

J Keegan  
T Harkness  
R Graham

## **SECRETARY**

D A Harrison

## **AUDITORS**

Ernst & Young  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

## **BANKERS**

Barclays Bank PLC  
International Branch  
68 Knightsbridge  
London SW1X 7NT

Bank of America  
London Branch  
1 Abbe Street  
London E1 8DE

## **SOLICITORS**

Baker & McKenzie  
100 New Bridge Street  
London EC4V 6JA

## **REGISTERED OFFICE**

Unit 6, Raleigh Court  
Rutherford Way  
Crawley  
West Sussex RH10 2PD

DIRECTORS' REPORT

The directors report and audited accounts for the year ended 31 December 1998.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS**

The company sells and performs repairs and servicing of proprietary, high-performance bioanalytical measurement systems and associated consumable reagents that are developed by the parent undertaking, Molecular Devices Corporation, a company that is incorporated in the United States of America. The products are used in many aspects of the therapeutic development process, from drug discovery and clinical research through manufacturing and quality control.

**RESULTS AND DIVIDENDS**

The profit for the year before tax amounted to £1,023,790 (1997 - £454,647).

The directors do not recommend the payment of a dividend.

**FUTURE DEVELOPMENTS**

The company continues to sell and perform repairs and servicing on its specialist equipment and anticipates that it will continue to make a significant contribution to the turnover and profit before tax of the group.

**YEAR 2000 COMPLIANCE**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks. The cost of implementing the action plans will not be material and will be subsumed into the recurring costs of the company as they arise.

**DIRECTORS AND THEIR INTERESTS**

The directors and their interests in the share capital of the company were as follows:

		<i>At 31 December 1998</i>	<i>At 31 December 1997</i>
		<i>ordinary shares</i>	<i>ordinary shares</i>
D Hadfield	(resigned 31 May 1998)	-	-
R Graham	(appointed 17 June 1998)	-	-
J Keegan	(appointed 22 May 1998)	-	-
T Harkness	(appointed 9 July 1998)	-	-

**AUDITORS**

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

*D. Nairn* Company Secretary

*2.2.2001*

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 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;
- 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.

**REPORT OF THE AUDITOR** To the members of Molecular Devices Limited

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3 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**

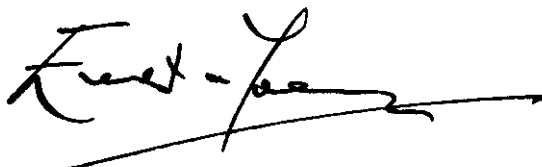
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditor  
London

  
5<sup>th</sup> February 2001

# Molecular Devices Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	Notes	1998 £	1997 £
<b>TURNOVER</b>	2	4,339,012	2,886,670
Cost of sales		2,523,175	1,547,380
Gross profit		1,815,837	1,339,290
Administrative expenses		808,901	892,241
<b>OPERATING PROFIT</b>	3	1,006,936	447,049
Bank interest receivable		16,854	7,598
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,023,790	454,647
Taxation	5	322,100	150,000
<b>RETAINED PROFIT FOR THE YEAR</b>	12	701,690	304,647

### RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the above profit.

# Molecular Devices Limited

## BALANCE SHEET

at 31 December 1998

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	6	34,953	54,051
<b>CURRENT ASSETS</b>			
Stocks	7	221,064	263,232
Debtors	8	1,755,576	1,250,323
Cash at bank and in hand		341,034	171,955
		<u>2,317,674</u>	<u>1,685,510</u>
<b>CREDITORS: amounts falling due within one year</b>	9	1,111,260	1,199,884
<b>NET CURRENT ASSETS</b>		<u>1,206,414</u>	<u>485,626</u>
		<u>1,241,367</u>	<u>539,677</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	10,000	10,000
Profit and loss account	11	1,231,367	529,677
		<u>1,241,367</u>	<u>539,677</u>



Director

2-2-2001

## NOTES TO THE ACCOUNTS at 31 December 1998

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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

#### *Depreciation*

The cost of fixed assets is written off by equal annual instalments over their expected useful lives at the following annual rates:

Leasehold improvements	-	20%
Computer equipment and software	-	33%
Office furniture and equipment	-	20%
Laboratory and demonstration equipment	-	20%

#### *Stocks*

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

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Leasing commitments*

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### *Cash flow statement*

The company has taken advantage of the exemption in FRS 1 (revised) from producing a statement of cash flows on the grounds that it is a small company.



# Molecular Devices Limited

## NOTES TO THE ACCOUNTS

at 31 December 1998

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is all in respect of continuing activities.

	1998 £	1997 £
Sales of instruments, parts and consumables	3,914,628	2,572,389
Repairs and servicing	424,384	314,281
	<u>4,339,012</u>	<u>2,886,670</u>
UK	3,775,873	2,214,607
Europe	1,561,698	672,063
Outside Europe	1,441	-
	<u>4,339,012</u>	<u>2,886,670</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging:

	1998 £	1997 £
Depreciation	29,519	36,139
Auditors' remuneration	6,550	5,500
Operating lease rentals - plant and machinery	22,786	28,823
- land and buildings	13,500	13,500
Exchange loss	25,340	39,276
	<u>87,705</u>	<u>123,238</u>

### 4. STAFF COSTS

	1998 £	1997 £
Wages and salaries	333,953	358,646
Social security costs	33,345	32,027
	<u>367,298</u>	<u>390,673</u>

The average number of employees during the year was 8 (1997 - 8).

None of the directors of the company received any emoluments during the year.

### 5. TAXATION

	1998 £	1997 £
Based on the profit for the year:		
Corporation tax at 31% (1997 - 33%)	322,100	152,591
Overprovision in previous year	-	(1,498)
Deferred taxation	-	(1,093)
	<u>322,100</u>	<u>150,000</u>

# Molecular Devices Limited

## NOTES TO THE ACCOUNTS at 31 December 1998

### 6. FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Office furniture and equipment</i>	<i>Laboratory equipment</i>	<i>Computer equipment</i>	<i>Computer software</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 January 1998	12,966	15,178	29,620	66,919	25,633	150,316
Additions	-	-	1,422	8,999	-	10,421
At 31 December 1998	12,966	15,178	31,042	75,918	25,633	160,737
Depreciation:						
At 1 January 1998	8,485	10,226	7,098	50,327	20,129	96,265
Charge for the year	2,593	2,883	5,972	12,567	5,504	29,519
At 31 December 1998	11,078	13,109	13,070	62,894	25,633	125,784
Net book value:						
At 31 December 1998	1,888	2,069	17,971	13,025	-	34,953
At 1 January 1998	4,481	4,952	22,522	16,592	5,504	54,051

### 7. STOCKS

	<i>1998</i>	<i>1997</i>
	£	£
Finished goods	84,132	99,466
Demonstration equipment	136,932	163,766
	221,064	263,232

### 8. DEBTORS

	<i>1998</i>	<i>1997</i>
	£	£
Trade debtors	1,675,847	1,114,173
Amounts due from ultimate parent undertaking	-	90,269
Amounts due from fellow subsidiary	31,156	7,233
Other debtors	27,332	20,301
Prepayments	21,241	18,347
	1,755,576	1,250,323

# Molecular Devices Limited

## NOTES TO THE ACCOUNTS at 31 December 1998

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

	1998 £	1997 £
Trade creditors	28,858	26,828
Amounts due to ultimate parent undertaking	434,137	675,255
Corporation tax	323,192	152,591
Other taxes and social security costs	12,729	71,604
Other creditors	-	675
Accruals and deferred income	312,344	272,931
	<u>1,111,260</u>	<u>1,199,884</u>

### 10. SHARE CAPITAL

	1998 £	Authorised 1997 £	Allotted, called up and fully paid 1998 £	1997 £
£1 ordinary shares	10,000	10,000	10,000	10,000

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

	Share capital £	Profit and loss account £	Total £
At 1 January 1997	10,000	225,030	235,030
Profit for the year		304,647	304,647
At 31 December 1997	10,000	529,677	539,677
Profit for the year		701,690	701,690
At 31 December 1998	10,000	1,231,367	1,241,367

### 12. OTHER FINANCIAL COMMITMENTS

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	1998 £	Land and buildings 1997 £	1998 £	Other 1997 £
Operating leases which expire:				
within one year	9,000	-	7,792	2,095
in two to five years	-	13,500	12,457	18,122
	<u>9,000</u>	<u>13,500</u>	<u>20,249</u>	<u>20,217</u>

NOTES TO THE ACCOUNTS  
at 31 December 1998

**13. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS**

The company's ultimate parent undertaking is Molecular Devices Corporation, a company incorporated in the USA. Copies of Molecular Devices Corporation's accounts can be obtained from 1311 Orleans Drive, Sunnyvale, California 94089-1136, USA.

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Molecular Devices Corporation group.