

2807756

Molecular Devices Limited

Report and Accounts

31 December 1996



Molecular Devices Limited

Registered No. 2807736

DIRECTORS

D Hadfield

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

SOLICITORS

Baker and 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 submit their report and audited accounts for the year ended 31 December 1996.

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.

The parent undertaking obtained a listing on the Nasdaq National Market in December 1995.

RESULTS AND DIVIDENDS

The profit for the year before tax amounted to £119,412 (1995 - £81,387).

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.

DIRECTORS AND THEIR INTERESTS

None of the directors during the year held an interest in the shares of the company. H Goldstein and J P Iuliano resigned as directors on 3 July 1997 and 16 October 1997 respectively. D Hadfield was appointed as a director on 23 July 1997.

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

Secretary

Deborah Haifon

29.1.98

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 AUDITORS
to the members of Molecular Devices Limited

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

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.

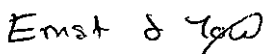
Basis of opinion

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditor
London

29 JAN 1998

Molecular Devices Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
TURNOVER	2	1,901,468	1,228,435
Cost of sales		1,075,727	686,739
Gross profit		825,741	541,696
Administrative expenses		708,746	460,309
OPERATING PROFIT	3	116,995	81,387
Bank interest receivable		2,417	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		119,412	81,387
Taxation	5	32,287	20,526
RETAINED PROFIT FOR THE YEAR	13	87,125	60,861

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the above profit (1995 - profit).

Molecular Devices Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	6	76,947	132,774
CURRENT ASSETS			
Stocks	7	126,597	56,034
Debtors	8	388,613	391,666
Cash at bank and in hand	9	159,611	188,799
		674,821	636,499
CREDITORS: amounts falling due within one year	10	515,645	616,063
NET CURRENT ASSETS		159,176	20,436
TOTAL ASSETS LESS CURRENT LIABILITIES		236,123	153,210
PROVISIONS FOR LIABILITIES AND CHARGES	11	1,093	5,305
		235,030	147,905
CAPITAL AND RESERVES			
Called up share capital	12	10,000	10,000
Profit and loss account	13	225,030	137,905
		235,030	147,905

Director

D. Hadfield 1-26-98
D. HADFIELD

Molecular Devices Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	120,864	181,640
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,417	-
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		2,417	-
TAXATION			
Corporation tax paid		(20,096)	(21,079)
TAX PAID		(20,096)	(21,079)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(33,616)	(83,914)
Proceeds from sale of tangible fixed assets		57,406	26,684
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		23,790	(57,230)
NET CASH INFLOW BEFORE FINANCING		126,975	103,331
FINANCING			
Repayment of borrowings		(156,163)	-
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	9	(29,188)	103,331

NOTES TO THE ACCOUNTS
at 31 December 1996

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.

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.

	1996 £	1995 £
Sales of instruments, parts and consumables	1,712,708	1,143,474
Repairs and servicing	188,760	84,961
	<u>1,901,468</u>	<u>1,228,435</u>
UK	1,681,706	807,794
Europe	219,762	420,641
	<u>1,901,468</u>	<u>1,228,435</u>

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 1996

3. OPERATING PROFIT

(a) Operating profit is stated after charging:

	1996 £	1995 £
Depreciation	31,227	37,553
Auditors' remuneration	5,000	5,000
Operating lease rentals		
-motor vehicles	24,892	25,266
-land and buildings	13,500	13,500

(b) Reconciliation of operating profit to net cash inflow from operating activities:

	1996 £	1995 £
Operating profit	116,995	81,387
Depreciation	31,227	37,553
Decrease/(increase) in debtors	3,053	(316,647)
Increase in stocks	(70,563)	(9,874)
Increase in creditors	39,342	394,501
Loss/(profit) on disposal of fixed assets	810	(5,280)
	<u>120,864</u>	<u>181,640</u>

4. STAFF COSTS

	1996 £	1995 £
Wages and salaries	252,211	180,124
Social security costs	24,129	19,421
	<u>276,340</u>	<u>199,545</u>

The average number of employees during the year was 7 (1995 - 6).

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

5. TAXATION

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 27% (1995 - 25%)	36,499	20,095
Overprovision in previous year	-	(796)
Deferred taxation	(4,212)	1,227
	<u>32,287</u>	<u>20,526</u>

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 1996

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 1996	12,966	14,345	81,101	53,259	25,433	187,104
Additions	-	1,666	27,682	4,068	200	33,616
Disposals	-	(833)	-	-	-	(833)
Transfer to stock	-	-	(81,101)	-	-	(81,101)
At 31 December 1996	12,966	15,178	27,682	57,327	25,633	138,786
Depreciation:						
At 1 January 1996	3,298	4,303	23,695	19,830	3,204	54,330
Charge for the year	2,593	2,910	1,271	15,920	8,533	31,227
Disposals	-	(23)	-	-	-	(23)
Transfer to stock	-	-	(23,695)	-	-	(23,695)
At 31 December 1996	5,891	7,190	1,271	35,750	11,737	61,839
Net book value:						
At 31 December 1996	7,075	7,988	26,411	21,577	13,896	76,947
At 1 January 1996	9,668	10,042	57,406	33,429	22,229	132,774

7. STOCKS

	<i>1996</i>	<i>1995</i>
	£	£
Parts	29,667	56,034
Demonstration equipment	96,930	-
	126,597	56,034

8. DEBTORS

	<i>1996</i>	<i>1995</i>
	£	£
Trade debtors	274,387	371,986
Prepayments	7,712	1,251
Other debtors	106,514	18,429
	388,613	391,666

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 1996

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

	1996 £	1995 £
At 1 January	188,799	85,468
Net cash (outflow)/inflow	(29,188)	103,331
At 31 December	159,611	188,799

10. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Trade creditors	20,334	14,484
Amounts due to ultimate parent undertaking	323,519	479,682
Current corporation tax	36,499	20,096
Other taxes and social security costs	7,162	16,968
Other creditors	31,848	31,848
Accruals and deferred income	96,283	84,833
	515,645	616,063

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts at the full amount is as follows:

	1996 £	1995 £
Capital allowances in advance of depreciation	1,093	5,305
	1,093	5,305
	1996 £	1995 £
At 1 January	5,305	4,078
(Release)/increase in the year	(4,212)	1,227
At 31 December	1,093	5,305

12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1996 £	1995 £	1996 £	1995 £
£1 ordinary shares	10,000	10,000	10,000	10,000

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 1996

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 1995	10,000	77,044	87,044
Profit for the year	-	60,861	60,861
At 1 January 1996	10,000	137,905	147,905
Profit for the year	-	87,125	87,125
At 31 December 1996	10,000	225,030	235,030

14. OTHER FINANCIAL COMMITMENTS

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>1996 £</i>	<i>Land and buildings 1995 £</i>	<i>1996 £</i>	<i>Other 1995 £</i>
Operating leases which expire:				
within one year	-	-	8,740	8,032
in two to five years	13,500	13,500	10,908	13,224
	13,500	13,500	19,648	21,256

15. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's ultimate parent undertaking is Molecular Devices Corporation, a company incorporated in the 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.