

REPORT AND ACCOUNTS

TP LIMITED

31 December 2002



LD5
COMPANIES HOUSE

L5375PNN

0986
31/10/03

TP LIMITED
Registered No. SC5366

DIRECTORS

P Hooley
C K Lomax
P R Chambers

SECRETARY

Smith & Nephew Nominee Services Ltd

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE

George House
50 George Square
Glasgow G2 1RR

TP LIMITED
DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2002.

Activities and review of operations

The principal activity of the Company is acting as an investment holding and administration company for companies within the Smith & Nephew group.

Results and dividends

The profit for the year attributable to shareholders amounts to £15,015,000 (2001: £60,015,000). The directors recommend payment of a interim dividend of £15,000,000 (2001: £60,000,000).

Directors

The Directors of the Company at the date of this report are shown on page 1.

Directors' interests

None of the Directors has any beneficial interest in the shares of the Company. P Hooley is a Director of the ultimate parent company, Smith & Nephew plc, in whose accounts his interests in that company are shown. The interests of the other directors, who were directors as at 31st December 2002, in the share capital of the ultimate holding company were as follows:-

	Ordinary Shares		Options over Ordinary Shares	
	At 31/12/02	At 01/01/02	At 31/12/02	At 01/01/02
P.R. Chambers	6,795	3,952	40,238	33,547
C.K. Lomax	30,609	33,609	134,835	118,835

The options granted under Executive and Employee Share Option Schemes are exercisable between 2003 and 2011 at prices ranging between 124p and 409.5p per share. During the year, under the rules of Smith & Nephew plc's Share Option Schemes, P.R. Chambers was granted 9,521 Share Options and exercised 2,830 Share Options. C.K. Lomax was granted 16,000 Share Options.

There were no other notifiable interests.

TP LIMITED
DIRECTORS' REPORT

Charitable and Political Contributions

The Company made no charitable or political contributions in the year (2001: nil).

Statement of Directors' responsibilities for 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 that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

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

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the members at the AGM.

By order of the Board

PR Ellis

Smith & Nephew Nominee Services Limited
Secretary

Date **30 OCT 2003**

TP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TP LIMITED

We have audited the company's financial statements for the year ended 31 December 2002, which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

Date *31 October 2003*

TP LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Income from shares in group undertakings		15,000	60,000
Other income		198	404
Administrative expenses		(178)	(384)
OPERATING PROFIT	2	15,020	60,020
Interest receivable	3	1	2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,021	60,022
Taxation	4	(6)	(7)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		15,015	60,015
Dividends	5	(15,000)	(60,000)
PROFIT FOR THE YEAR		15	15

All of the activities of the Company are continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the profit attributable to shareholders of the Company of £15,015,000 in the year ended 31 December 2002 (£60,015,000 in the year ended 31 December 2001).

TP LIMITED
BALANCE SHEET
at 31 December 2002

	Notes	2002 £000	2001 £000
FIXED ASSETS			
Investments	7	521,637	521,637
		-----	-----
		521,637	521,637
CURRENT ASSETS			
Debtors due within one year	8	15,000	-
Debtors due after more than one year	8	390,854	390,854
Cash at bank and in hand		244	243
		-----	-----
		406,098	391,097
		-----	-----
CREDITORS: amounts falling due within one year	9	(403,096)	(388,110)
		-----	-----
NET CURRENT ASSETS		3,002	2,987
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		524,639	524,624
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	10	157,344	157,344
Share premium account	11	364,637	364,637
Capital redemption reserve	11	2,229	2,229
Profit and loss account	11	429	414
		-----	-----
EQUITY SHAREHOLDER'S FUNDS	11	524,639	524,624
		=====	=====



C K Lomax
Director

30 OCT 2003

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2002

1. ACCOUNTING POLICIES

Accounting Convention

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

The financial statements present information about the Company as an individual undertaking and not about its group. The Company is a wholly owned subsidiary of a body registered in England and Wales and is therefore exempt from the requirement to prepare group accounts under Section 228 of the Companies Act 1985.

Basis of preparation

FRS 17 – Retirement benefits. The transitional arrangements will be phased over the three years ending December 2001, December 2002 and December 2003 respectively. Full details can be found in the accounts of the ultimate parent company. The pension cost figures in these accounts comply with SSAP 24.

Current Tax

Provision is made for the tax that would arise on the remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred Tax

There are no deferred tax assets or liabilities at the year end as there are no accelerated capital allowances or other timing differences in the Company.

Investments

Investments in subsidiary and associated undertakings are carried at cost unless, in the opinion of the Directors, there has been an impairment in value.

Pensions

The majority of the Company's employees are members of the Smith & Nephew UK Pension Fund, a defined benefit plan for the group's UK resident employees. Pension costs are charged to operating profit so as to spread the expense of providing future pensions to employees over their working lives with the group.

The Company's pension charge for the year is based on the schemes' funding rates.

The pension contributions are accounted for as defined contribution schemes as the Company is unable to identify its share of the underlying assets and liabilities in the scheme.

2. OPERATING PROFIT

Certain fees for audit and non-audit services provided by Ernst & Young LLP to the Company and its subsidiary undertakings have been borne by the ultimate parent company. It is not practicable to ascertain what proportion of such fees relate to the Company and its subsidiary undertakings.

3. INTEREST RECEIVABLE

	2002	2001
	£000	£000
On bank deposits	1	2
	<u>1</u>	<u>2</u>

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2002

4. TAXATION

The taxation charge based on the profit for the year comprises:

	2002	2001
	£000	£000
Current		
UK corporation tax charge	(6)	(7)
	<u> </u>	<u> </u>

The tax assessed for the period is lower than profit on ordinary activities before tax at the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2002	2001
	£000	£000
Current tax charge	6	7
Profit on ordinary activities before tax at 30% (2001: 30%)	4,506	18,007
	<u> </u>	<u> </u>
Difference	4,500	18,000
	<u> </u>	<u> </u>
Difference explained by:		
Untaxed income	4,500	18,000
	<u> </u>	<u> </u>
	4,500	18,000
	<u> </u>	<u> </u>

5. DIVIDENDS

	2002	2001
	£000	£000
Interim dividend paid	-	60,000
Final dividend proposed	15,000	-
	<u> </u>	<u> </u>

6. EMPLOYEES

The average number of employees during the year was three (2001: six).

Staff costs during the year amounted to:

	2002	2001
	£000	£000
Wages and salaries	139	271
Social security costs	14	30
Pension costs	6	11
	<u> </u>	<u> </u>
	159	312
	<u> </u>	<u> </u>

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2002

7. INVESTMENTS

Investments in subsidiary undertakings amounted to:

Cost	£000
At 1 January 2001, 31 December 2001 and 31 December 2002	<u>521,637</u>

In the opinion of the Directors, the aggregate value of the Company's investments is not less than the amount at which they are stated at above.

The principal subsidiary and associated undertakings at 31 December 2002 were as follows:

Company	Country of incorporation	Nature of business	No. of shares held	
			Directly	Indirectly
			%	%
Subsidiary undertakings:				
At 31 December 2002				
United Kingdom				
T J Smith & Nephew Limited	United Kingdom	Medical Devices	100%	
Smith & Nephew Trading Group Limited	United Kingdom	Holding	100%	
Smith & Nephew (Overseas) Limited	United Kingdom	Holding	100%	
Continental Europe				
Smith & Nephew GmbH	Austria	Medical Devices		100%
Smith & Nephew SA-NV	Belgium	Medical Devices		100%
Smith & Nephew A/S	Denmark	Medical Devices		100%
Smith & Nephew OY	Finland	Medical Devices		100%
Smith & Nephew SA	France	Medical Devices		100%
Smith & Nephew GmbH	Germany	Medical Devices		100%
Smith & Nephew Limited	Ireland	Medical Devices		100%
Smith & Nephew Srl	Italy	Medical Devices		100%
Smith & Nephew International S.A.	Luxembourg	Finance		100%
Primavera Luxembourg International S.A.	Luxembourg	Finance		100%
Smith & Nephew BV	Netherlands	Medical Devices		100%
Smith & Nephew A/S	Norway	Medical Devices		100%
Smith & Nephew Lda	Portugal	Medical Devices		100%
Smith & Nephew SA	Spain	Medical Devices		100%
Smith & Nephew AB	Sweden	Medical Devices		100%
Smith & Nephew AG	Switzerland	Medical Devices		100%
America				
Smith & Nephew Inc	Canada	Medical Devices		100%
Smith & Nephew SA de CV	Mexico	Medical Devices		100%
Smith & Nephew Inc	Puerto Rico	Medical Devices		100%
Smith & Nephew Inc	United States	Medical Devices		100%
Smith & Nephew Holdings Inc	United States	Finance		100%
Africa, Asia and Australasia				
Smith & Nephew Pty Limited	Australia	Medical Devices		100%
Smith & Nephew KK	Japan	Medical Devices		100%
Smith & Nephew Limited	Hong Kong	Medical Devices		100%
Smith & Nephew Healthcare Limited	India	Medical Devices		100%
Smith & Nephew Limited	Korea	Medical Devices		100%
Smith & Nephew Healthcare Sdn Berhad	Malaysia	Medical Devices		100%
Smith & Nephew Limited	New Zealand	Medical Devices		100%
Smith & Nephew Pte Limited	Singapore	Medical Devices		100%
Smith & Nephew Pty Limited	South Africa	Medical Devices		100%
Smith & Nephew Limited	Thailand	Medical Devices		100%
Smith & Nephew FZE	United Arab Emirates	Medical Devices		100%

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2002

8. DEBTORS:	2002 £000	2001 £000
Amounts owed by other group undertakings	390,854	390,854
Dividends receivable	15,000	-
	<u>405,854</u>	<u>390,854</u>
Analysed as:		
Amounts due within one year	15,000	-
Amounts due after more than one year	390,854	390,854
	<u>405,854</u>	<u>390,854</u>

9. CREDITORS: amounts falling due within one year	2002 £000	2001 £000
Taxation	23	25
Amount due to ultimate parent company	388,041	388,053
Amount due to group undertakings	32	32
Dividends payable	15,000	-
	<u>403,096</u>	<u>388,110</u>

10. SHARE CAPITAL	Authorised 2002 and 2001 £000	Allotted, called up and fully paid 2002 and 2001 £000
Ordinary shares of £1 each	<u>159,695</u>	<u>157,344</u>

11. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Allotted, Called up and Fully paid £000	Share Premium £000	Capital Redemption Reserve £000	Retained Profits £000	Total Shareholder's Funds £000
Balance at 1 January 2001	157,344	364,637	2,229	399	524,609
Profit for the year	-	-	-	60,015	60,015
Dividends	-	-	-	(60,000)	(60,000)
As at 31 December 2001	<u>157,344</u>	<u>364,637</u>	<u>2,229</u>	<u>414</u>	<u>524,624</u>
Profit for the year	-	-	-	15,015	15,015
Dividends	-	-	-	(15,000)	(15,000)
As at 31 December 2002	<u>157,344</u>	<u>364,637</u>	<u>2,229</u>	<u>429</u>	<u>524,639</u>

12. CONTINGENT LIABILITIES

The Company, together with Smith & Nephew plc and certain fellow subsidiary undertakings, has entered into a guarantee with the National Westminster Bank plc in respect of the net overdrafts of the other parties to the guarantee. At 31 December 2002 the Company's contingent liability under the guarantee amounted to £12,100,000 (2001: £19,645,665).

13. CASH FLOW STATEMENT

The Company is not required to produce a cash flow statement. It is a wholly owned subsidiary of Smith & Nephew plc which prepares a consolidated cash flow statement in accordance with FRS1 (Revised).

14. PENSION COMMITMENTS

The majority of the Company's employees are members of the Smith & Nephew UK Pension Fund, a defined benefit plan which is funded by the payment of contributions. The Smith & Nephew Pension Fund is a separately administered trust fund.

The contributions to the Fund are determined with the advice of an independent qualified actuary on the basis of regular valuations.

The Company is unable to identify its share of underlying assets and liabilities. Full details of the scheme, including the existence of a surplus in the scheme and associated implications, can be found in the accounts of Smith & Nephew plc.

The total pension charge was £6,000 (2001: £11,000).

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are members of the Smith & Nephew plc group.

16. GROUP ACCOUNTS

The Company's immediate parent undertaking is Smith & Nephew plc, a company registered in England and Wales. In the Directors' opinion Smith & Nephew plc is also the Company's ultimate parent undertaking and controlling party. Copies of its group accounts, which include the Company, are available from 15 Adam Street, London, WC2N 6LA.