

REPORT AND ACCOUNTS

TP LIMITED

31 December 2003



8GT 84P88ZQV 0261
COMPANIES HOUSE 28/10/04

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 2003.

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 £32,015,000 (2002: £15,015,000). An interim dividend of £5,000,000 was paid during the year (2002: nil). The directors recommend payment of a second interim dividend of £27,000,000 (2002: £15,000,000).

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 31 December 2003, in the share capital of the ultimate holding company were as follows:-

	Ordinary Shares		Options over Ordinary Shares	
	At 31/12/03	At 01/01/03	At 31/12/03	At 01/01/03
P.R. Chambers	10,343	6,795	47,145	40,238
C.K. Lomax	23,604	30,609	132,335	134,835

The options granted under Executive and Employee Share Option Schemes are exercisable between 2004 and 2010 at prices ranging between 145p and 418p per share. During the year, under the rules of Smith & Nephew plc's Share Option Schemes, P.R. Chambers was granted 10,419 Share Options and exercised 3,512 Share Options. C.K. Lomax was granted 17,500 Share Options and exercised 20,000 Share Options.

There were no other notifiable interests.

TP LIMITED
DIRECTORS' REPORT

Employees

There was one employee of the Company during the year (2002: three).

Charitable and Political Contributions

The Company made no charitable or political contributions in the year (2002: 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

The company has passed elective resolutions pursuant to S379A of the Companies Act and accordingly the auditors will remain in office.

By order of the Board



Smith & Nephew Nominee Services Limited
Secretary

18 October 2004.

Date

TP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TP LIMITED

We have audited the company's accounts for the year ended 31 December 2003, which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 17. These accounts 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 accounts in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 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 2003 and of its result 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 *18 October 2004*

TP LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Income from shares in group undertakings		32,000	15,000
Other income		101	198
Administrative expenses		(81)	(178)
		-----	-----
OPERATING PROFIT	2 & 3	32,020	15,020
Interest receivable	4	1	1
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		32,021	15,021
Taxation	5	(6)	(6)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		32,015	15,015
Dividends	6	(32,000)	(15,000)
		-----	-----
RETAINED 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 shareholder of the Company of £32,015,000 in the year ended 31 December 2003 (£15,015,000 in the year ended 31 December 2002).

TP LIMITED
BALANCE SHEET
at 31 December 2003

	Notes	2003 £000	2002 £000
FIXED ASSETS			
Investments	8	521,637	521,637
		-----	-----
		521,637	521,637
CURRENT ASSETS			
Debtors	9	437,854	405,854
Cash at bank and in hand		245	244
		-----	-----
		438,099	406,098
		-----	-----
CREDITORS: amounts falling due within one year	10	(435,082)	(403,096)
		-----	-----
NET CURRENT ASSETS		3,017	3,002
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		524,654	524,639
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	11	157,344	157,344
Share premium account	12	364,637	364,637
Capital redemption reserve	12	2,229	2,229
Profit and loss account	12	444	429
		-----	-----
EQUITY SHAREHOLDER'S FUNDS	12	524,654	524,639
		=====	=====

C K Lomax

C K Lomax
Director

18th October 2004

1. ACCOUNTING POLICIES

Accounting Convention

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

The accounts 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 Company's employee is a member 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. AUDIT AND NON AUDIT SERVICES

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. DIRECTORS' REMUNERATION

All employment costs attributable to the directors are borne by a fellow group company.

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2003

4. INTEREST RECEIVABLE

	2003	2002
	£000	£000
On bank deposits	1	1
	==	==

5. TAXATION

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

	2003	2002
	£000	£000
Current		
UK corporation tax charge	(6)	(6)
	==	==

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% (2002 – 30%). The differences are explained below:

	2003	2002
	£000	£000
Current tax charge	(6)	(6)
Profit on ordinary activities before tax at 30% (2002: 30%)	9,605	4,506
	-----	-----
Difference	9,599	4,500
	=====	=====
 Difference explained by:		
Untaxed income	9,599	4,500
	-----	-----
	9,599	4,500
	=====	=====

6. DIVIDENDS

	2003	2002
	£000	£000
Interim dividend paid	5,000	-
Interim dividend proposed	27,000	15,000
	-----	-----
	32,000	15,000
	=====	=====

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2003

7. EMPLOYEES

The average number of employees during the year was one (2002: three).

Staff costs during the year amounted to:

	2003 £000	2002 £000
Wages and salaries	65	139
Social security costs	7	14
Pension costs	5	6
	-----	-----
	77	159
	===	===

8. INVESTMENTS

Investments in subsidiary undertakings amounted to:

Cost	£000
At 1 January 2002, 31 December 2002 and 31 December 2003	521,637
	=====

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 2003 were as follows:

Company	Country of incorporation	Nature of business	No. of shares held	
			Directly %	Indirectly %
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%

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2003

8. INVESTMENTS (continued)

Company	Country of incorporation	Nature of business	No. of shares held	
			Directly %	Indirectly %
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%

9. DEBTORS:

	2003 £000	2002 £000
Amounts owed by other group undertakings	410,854	390,854
Dividends receivable	27,000	15,000
	-----	-----
	437,854	405,854
	=====	=====
Analysed as:		
Amounts due within one year	27,000	15,000
Amounts due after more than one year	410,854	390,854
	-----	-----
	437,854	405,854
	=====	=====

10. CREDITORS: amounts falling due within one year

	2003 £000	2002 £000
Taxation	26	23
Amount due to ultimate parent company	408,024	388,041
Amount due to group undertakings	32	32
Dividends payable	27,000	15,000
	-----	-----
	435,082	403,096
	=====	=====

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2003

11. SHARE CAPITAL

	Authorised 2003 and 2002 £000	Allotted, issued and fully paid 2003 and 2002 £000
Ordinary shares of £1 each	159,695 =====	157,344 =====

12. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT IN RESERVES

	Allotted, Issued and Fully paid £000	Share Premium £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total Shareholder's Funds £000
Balance at 1 January 2002	157,344	364,637	2,229	414	524,624
Profit for the year	-	-	-	15,015	15,015
Dividends	-	-	-	(15,000)	(15,000)
	-----	-----	-----	-----	-----
As at 31 December 2002	157,344	364,637	2,229	429	524,639
Profit for the year	-	-	-	32,015	32,015
Dividends	-	-	-	(32,000)	(32,000)
	-----	-----	-----	-----	-----
As at 31 December 2003	157,344 =====	364,637 =====	2,229 =====	444 =====	524,654 =====

13. 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 2003 the Company's contingent liability under the guarantee amounted to £1,300,000 (2002: £12,100,000).

14. 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 FRS 1 (Revised).

15. PENSION COMMITMENTS

The Company's employee is a member 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.

15. PENSION COMMITMENTS (continued)

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 £5,000 (2002: £6,000).

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are members of the Smith & Nephew plc group.

17. 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.