
financial statements

Welland Medical Limited

For the year ended 31 December 2009

Company registration number 02170535

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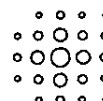
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Welland Medical Limited, Company number 02170535

Financial Statements

Year ended 31 December 2009

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Welland Medical Limited, Company number 02170535

Officers and Professional Advisers

The Board of Directors

N D Piercey
C J Raper
D J Margetts
C D Primett
S L Farbrother

Company Secretary

S Bryden

Registered Office

Cavell House
Knives Beech Way
High Wycombe
Buckinghamshire
HP10 9QY

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Statutory Auditor
31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

Bankers

Barclays Bank plc
16 High Street
High Wycombe
Buckinghamshire
HP11 2BG

Solicitors

Rawlings & Co
Vintner House
4 High Street
High Wycombe
Buckinghamshire
HP11 2AZ

Welland Medical Limited, Company number 02170535

The Directors' Report

Year ended 31 December 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009

Principal activities and business review

The principal activity of the company during the year was the manufacture and distribution of stoma care products

Turnover grew by 24% to £13.6 million and exceeded expectations. Growth shown in prior years continued in both UK and export markets, with increasing volumes from both existing and new markets. The company continues to invest to develop and upgrade its manufacturing facilities and product portfolio with sustained growth from new products launched during 2008.

Gross profits decreased as market prices increased in key raw materials. These cost increases were only partly offset by gains from sales to Euro-based customers. Increases in general overheads were kept to a minimum.

Department of Health reviews addressing the supply of medical consumables to the National Health Service, which began in 2005, were concluded in 2009. These reviews will result in a small reimbursement price decrease being implemented from 1 April 2010.

The company continues to monitor exchange rate movements closely, due to the potential impact of fluctuations on its trade both with customers and suppliers. Raw materials used in the manufacturing process are largely oil based and prices are affected by fluctuations in the price of oil and movements in exchange rates. The company continues to improve machine efficiency and it is considered that further potential cost increases can be offset by improvements in productivity.

Despite these difficulties, the company is considered to be in a strong financial position and is well positioned to continue the trend of growth and profitability.

Results and dividends

The profit for the year, after taxation, amounted to £1,878,342. Particulars of dividends paid are detailed in note 14 to the financial statements.

Welland Medical Limited, Company number 02170535

The Directors' Report *(continued)*

Year ended 31 December 2009

Directors

The directors who served the company during the year were as follows

N D Piercey
C J Raper
D J Margetts
C D Primett
S L Farbrother

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Welland Medical Limited, Company number 02170535

The Directors' Report *(continued)*

Year ended 31 December 2009

Auditor

MacIntyre Hudson LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006

Registered office
Cavell House
Knaves Beech Way
High Wycombe
Buckinghamshire
HP10 9QY

Signed by order of the directors


S Bryden
Company Secretary

Approved by the directors on 15 March 2010

Welland Medical Limited, Company number 02170535

Independent Auditor's Report to the Shareholders of Welland Medical Limited

Year ended 31 December 2009

We have audited the financial statements of Welland Medical Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Welland Medical Limited, Company number 02170535

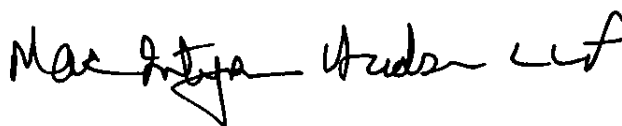
Independent Auditor's Report to the Shareholders of Welland Medical Limited (continued)

Year ended 31 December 2009

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



PATRICK BYRNE FCA
(Senior Statutory Auditor)
For and on behalf of
MACINTYRE HUDSON LLP
Statutory Auditor and Chartered Accountants

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

15 March 2010

Welland Medical Limited, Company number 02170535

Profit and Loss Account

Year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	1	13,602,300	10,912,211
Cost of sales		8,477,425	6,530,044
Gross profit		5,124,875	4,382,167
Distribution costs		413,994	345,840
Administrative expenses		2,070,851	1,565,728
Operating profit, being profit on ordinary activities before taxation	2	2,640,030	2,470,599
Tax on profit on ordinary activities	5	761,688	708,378
Profit on ordinary activities after taxation, being profit for the financial year		<u>£1,878,342</u>	<u>£1,762,221</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

Welland Medical Limited, Company number 02170535

Balance Sheet

31 December 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	6	1,694,519	1,304,531
Current assets			
Stocks	7	1,771,766	1,359,101
Debtors	8	3,163,596	3,308,053
Cash at bank and in hand		2,055,187	1,257,366
		6,990,549	5,924,520
Creditors: amounts falling due within one year	9	2,060,637	1,502,812
Net current assets		4,929,912	4,421,708
Total assets less current liabilities		6,624,431	5,726,239
Provisions for liabilities			
Deferred taxation	10	118,500	98,650
		<u>£6,505,931</u>	<u>£5,627,589</u>
Capital and reserves			
Called-up equity share capital	13	427,500	427,500
Profit and loss account	14	6,078,431	5,200,089
Shareholders' funds	15	<u>£6,505,931</u>	<u>£5,627,589</u>

These financial statements were approved by the directors and authorised for issue on 15 March 2010, and are signed on their behalf by



N D Piercey

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

Welland Medical Limited, Company number 02170535

Accounting Policies

Year ended 31 December 2009

Basis of accounting

The financial statements have been prepared under the historical cost convention

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

The turnover represents amounts receivable for goods and services net of Value Added Tax and trade discounts

Fixed assets

All fixed assets are initially recorded at cost, together with any incidental expenses of acquisition. Provision is made for impairment as appropriate

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Leasehold improvements	-	over the term of the lease
Plant and machinery	-	between 10% and 20% on cost
Fixtures, fittings and equipment	-	between 10% and 20% on cost

Stocks

Stock is stated at the lower of cost and net realisable value. In the case of goods for resale, cost means purchase price including transport and handling costs, less trade discounts, calculated on a first in first out basis

Net realisable value means estimated selling price (less trade discounts) less further costs to completion and all costs to be incurred in marketing, selling and distribution

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

Welland Medical Limited, Company number 02170535

Accounting Policies *(continued)*

Year ended 31 December 2009

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Welland Medical Limited, Company number 02170535

Notes to the Financial Statements

Year ended 31 December 2009

1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2009 £	2008 £
United Kingdom	6,387,107	5,663,405
Overseas	7,215,193	5,248,806
	<u>£13,602,300</u>	<u>£10,912,211</u>

2. Operating profit

Operating profit is stated after charging/(crediting)

	2009 £	2008 £
Depreciation of owned fixed assets	290,864	240,630
Auditor's remuneration		
- as auditor	12,300	12,100
Operating lease costs		
- Plant and equipment, including vehicles	76,632	75,121
- Other	384,775	258,811
Net profit on foreign currency translation	<u>(6,861)</u>	<u>(374,781)</u>

Welland Medical Limited, Company number 02170535

Notes to the Financial Statements

Year ended 31 December 2009

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2009 No	2008 No
Production staff	86	76
Sales and marketing	5	3
Management and administration	14	13
	<u>105</u>	<u>92</u>

The aggregate payroll costs of the above were

	2009 £	2008 £
Wages and salaries	2,981,109	2,495,477
Social security costs	282,787	244,080
Other pension costs	89,460	72,367
	<u>£3,353,356</u>	<u>£2,811,924</u>

4. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was

	2009 £	2008 £
Remuneration receivable	310,210	353,712
Value of company pension contributions to money purchase schemes	20,818	20,762
	<u>£331,028</u>	<u>£374,474</u>

Remuneration of highest paid director:

	2009 £	2008 £
Total remuneration (excluding pension contributions)	141,051	120,660
Value of company pension contributions to money purchase schemes	5,189	4,526
	<u>£146,240</u>	<u>£125,186</u>

Welland Medical Limited, Company number 02170535

Notes to the Financial Statements

Year ended 31 December 2009

4. Directors' remuneration (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	2009 No	2008 No
Money purchase schemes	<u>3</u>	<u>4</u>

5. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2008 - 28.50%)	754,951	6,225
Over provision in prior year	<u>(13,113)</u>	<u>-</u>
	741,838	6,225
Payment for group relief	-	714,803
Total current tax	<u>741,838</u>	<u>721,028</u>
Deferred tax		
Origination and reversal of timing differences (note 10)		
Capital allowances	18,200	(12,800)
Other	<u>1,650</u>	<u>150</u>
Total deferred tax (note 10)	<u>19,850</u>	<u>(12,650)</u>
Tax on profit on ordinary activities	<u>£761,688</u>	<u>£708,378</u>

Welland Medical Limited, Company number 02170535

Notes to the Financial Statements

Year ended 31 December 2009

5. Taxation on ordinary activities *(continued)* (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28.50%)

	2009 £	2008 £
Profit on ordinary activities before taxation	2,640,030	2,470,599
Profit on ordinary activities by rate of tax	739,208	704,121
Effect of lower rates of tax	-	(2,325)
Expenses capitalised or not deductible for tax purposes	22,089	16,734
Depreciation in excess of capital allowances	(6,346)	2,498
Over provision in prior year	(13,113)	-
Total current tax (note 5(a))	£741,838	£721,028

6. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2009	171,482	3,223,762	549,575	3,944,819
Additions	34,868	594,950	51,034	680,852
At 31 December 2009	206,350	3,818,712	600,609	4,625,671
Depreciation				
At 1 January 2009	29,752	2,137,348	473,188	2,640,288
Charge for the year	22,409	239,944	28,511	290,864
At 31 December 2009	52,161	2,377,292	501,699	2,931,152
Net book value				
At 31 December 2009	£154,189	£1,441,420	£98,910	£1,694,519
At 31 December 2008	£141,730	£1,086,414	£76,387	£1,304,531

Welland Medical Limited, Company number 02170535

Notes to the Financial Statements

Year ended 31 December 2009

7. Stocks

	2009	2008
	£	£
Raw materials	866,967	796,624
Work in progress	331,202	256,382
Finished goods	573,597	306,095
	<u>£1,771,766</u>	<u>£1,359,101</u>

8. Debtors

	2009	2008
	£	£
Trade debtors	1,513,298	1,313,167
Amounts owed by group undertakings	1,016,015	1,000,350
Other debtors	522	269
Prepayments and accrued income	633,761	994,267
	<u>£3,163,596</u>	<u>£3,308,053</u>

9. Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	301,849	563,560
Amounts owed to group undertakings	602,914	622,114
Corporation tax	754,951	6,225
PAYE and social security	104,547	91,211
VAT	31,789	35,532
Other creditors	90,951	55,533
Accruals and deferred income	173,636	128,637
	<u>£2,060,637</u>	<u>£1,502,812</u>

10. Deferred taxation

The movement in the deferred taxation provision during the year was

	2009	2008
	£	£
Provision brought forward	98,650	111,300
Profit and loss account movement arising during the year	19,850	(12,650)
Provision carried forward	<u>£118,500</u>	<u>£98,650</u>

Welland Medical Limited, Company number 02170535

Notes to the Financial Statements

Year ended 31 December 2009

10. Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	114,400	96,200
Other timing differences	4,100	2,450
	<u>£118,500</u>	<u>£98,650</u>

11. Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	13,666	6,352	-	12,454
Within 2 to 5 years	163,150	85,021	54,665	56,492
After more than 5 years	182,988	-	346,138	-
	<u>£359,804</u>	<u>£91,373</u>	<u>£400,803</u>	<u>£68,946</u>

12. Related party transactions

In accordance with the exemption under Financial Reporting Standard No 8, the company does not disclose transactions with other wholly-owned subsidiaries within the Clinimed group. Copies of the group financial statements are publicly available.

13. Share capital

Authorised share capital:

	2009 £	2008 £
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Welland Medical Limited, Company number 02170535

Notes to the Financial Statements

Year ended 31 December 2009

13. Share capital *(continued)* Allotted, called up and fully paid

	2009		2008	
	No	£	No	£
427,500 Ordinary shares of £1 each	<u>427,500</u>	<u>427,500</u>	<u>427,500</u>	<u>427,500</u>

14. Profit and loss account

	2009 £	2008 £
Balance brought forward	5,200,089	4,937,868
Profit for the financial year	1,878,342	1,762,221
Equity dividends	<u>(1,000,000)</u>	<u>(1,500,000)</u>
Balance carried forward	<u>£6,078,431</u>	<u>£5,200,089</u>

15. Reconciliation of movements in shareholders' funds

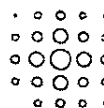
	2009 £	2008 £
Profit for the financial year	1,878,342	1,762,221
Equity dividends	<u>(1,000,000)</u>	<u>(1,500,000)</u>
Net addition to shareholders' funds	878,342	262,221
Opening shareholders' funds	5,627,589	5,365,368
Closing shareholders' funds	<u>£6,505,931</u>	<u>£5,627,589</u>

16. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £253,691 (2008 - £273,000)

17. Ultimate parent company

The directors consider that the ultimate parent company is CliniMed (Holdings) Limited which is registered in England



MacIntyre Hudson

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Find us

To find out more about the people behind the name visit
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Independent financial advisers
Contact your local office - see details above



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