

SUNRISE MEDICAL HOLDINGS LIMITED

Report and Financial Statements

1 July 2011



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SUNRISE MEDICAL HOLDINGS LIMITED

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SUNRISE MEDICAL HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Riley
E O'Brien
T J Rossnagel
R F Smith

SECRETARY

P Riley

REGISTERED OFFICE

Sunrise Business Park
High Street
Wollaston
Stourbridge
West Midlands
DY8 4PS

AUDITORS

Deloitte LLP
Statutory Auditors
Birmingham, United Kingdom

SUNRISE MEDICAL HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 1 July 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is acting as an investment and management services company. Future developments are likely to be in similar fields.

The director's report has been prepared in accordance with the provisions applicable to companies entitled to the small company's exemption.

The results for the year are as follows	2011	2010
	£'000	£'000
Profit/(Loss) on ordinary activities after taxation	7,854	(1,322)

LIQUIDITY

The company's activities are described above. The directors believe the company is structured to successfully manage and control the business risks it faces as an integral part of the broader Sunrise Medical group, despite the current economic uncertainty. Should it be required, the company will receive the support of fellow group companies in managing future cash flows, although such support is not confirmed as being legally binding. On this basis the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future and they can therefore continue to adopt the going concern basis in preparing the annual report and accounts.

DIVIDEND

The directors do not recommend the payment of a dividend (2010: £Nil).

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

REAPPOINTMENT OF AUDITORS

Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P Riley

Secretary

Date 29 March 2012

SUNRISE MEDICAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNRISE MEDICAL HOLDINGS LIMITED

We have audited the financial statements of Sunrise Medical Holdings Limited for the year ended 1 July 2011 which comprises the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. 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 members, 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 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 explained more fully in the Directors' Responsibilities Statement, 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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 1 July 2011 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 matter 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.

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 returns adequate for our audit have not been received from branches not visited by us, 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

David Hall, FCA

David Hall FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, United Kingdom

29 March 2012

SUNRISE MEDICAL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 1 July 2011

	Note	2011 £ 000	2010 £ 000
Administrative costs	5	(13,861)	(9)
OPERATING LOSS	4	(13,861)	(9)
Income from investments	7	23,300	-
Interest payable and similar charges	6	(1,727)	(1,657)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		7,712	(1,666)
Tax on profit/(loss) on ordinary activities	8	142	344
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	15	7,854	(1,322)

All results derive from continuing operations. There are no recognised gains and losses other than the result for the financial years. Accordingly, no statement of total recognised gains and losses is given.

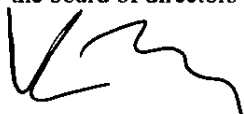
SUNRISE MEDICAL HOLDINGS LIMITED

BALANCE SHEET

1 July 2011

	Note	£ 000	2011 £ 000	£ 000	2010 £ 000
FIXED ASSETS					
Investments	9		21,200		35,049
CURRENT ASSETS					
Debtors	10	16,476		2,593	
CREDITORS: amounts falling due within one year	12	(18)		(8,953)	
NET CURRENT ASSETS / (LIABILITIES)			<u>16,458</u>		<u>(6,360)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			37,658		28,689
CREDITORS: amounts falling due after more than one year	13		(20,491)		(19,376)
NET ASSETS			<u><u>17,167</u></u>		<u><u>9,313</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		8,285		23,000
Profit and loss account	15		<u>8,882</u>		<u>(13,687)</u>
EQUITY SHAREHOLDERS' FUNDS	16		<u><u>17,167</u></u>		<u><u>9,313</u></u>

The financial statements of Sunrise Medical Holdings Limited (Registration Number 4651691) were approved by the board of directors and authorised for issue on 29 March 2012. They were signed by



P Riley

Director

SUNRISE MEDICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 July 2011

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and have been applied consistently throughout the year and the preceding year. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is a wholly owned subsidiary of Sunrise Medical Holdings Inc and is included in that company's consolidated financial statements.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by the Urgent Issues Task Force (UITF) abstract No. 43 "The interpretation of equivalence for the purposes of section 401 of the Companies Act 2006" because it is a wholly owned subsidiary of Sunrise Medical Holdings Inc which prepared publicly available consolidated financial statements that incorporate the results of the company and are drawn up in accordance with the Seventh Directive.

Cash flow statement

The Company has taken advantage of the exemption granted by Financial Reporting Standard 1 - 'Cash Flow Statements' and does not therefore provide a cash flow statement as it is a wholly owned subsidiary of Sunrise Medical LLC, the accounts of which are publicly available.

Liquidity and going concern

The company's activities are described in the directors' report. The directors believe the company is structured to successfully manage and control the business risks it faces as an integral part of the broader Sunrise Medical group, despite the current economic uncertainty. Should it be required, the company will receive the support of fellow group companies in managing future cash flows, although such support is not confirmed as being legally binding. On this basis the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future and they can therefore continue to adopt the going concern basis in preparing the annual report and accounts.

Investments

Fixed asset investments are recorded at cost less provision for impairment.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions, or where there are forward currency contracts, at the contracted rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date, or the forward currency contracted rate, whichever is applicable. These translation differences are dealt with in the profit and loss account.

SUNRISE MEDICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 July 2011

2. DIRECTORS' EMOLUMENTS

Mr T Rossnagel and Mr R Smith are overseas directors and it is not practicable to apportion their remuneration between the companies of which they are directors

Mr E O'Brien and Mr P Riley were employees of Sunrise Medical Ltd and their remuneration costs were borne by that company from 1 July 2007. It is not practicable to apportion their remuneration between the companies

3. INFORMATION REGARDING EMPLOYEES

No staff have been employed in the year by the company (2010 Nil)

4. OPERATING LOSS

The operating loss of £13,861,000 (2010 loss of £9,000) includes audit fees of £5,000 (2010 £9,000). In addition, fees of £5,000 were paid to auditors for non-audit services relating to accounting advice in respect of the impairment in the carrying value of the subsidiary, Sunrise Medical Ltd. The operating loss also includes a charge of £13,849,000 arising as a result of this impairment.

5. ADMINISTRATIVE COSTS

	2011 £ 000	2010 £ 000
Professional fees	12	9
Impairment of investment	13,849	-
	<u>13,861</u>	<u>9</u>

6. INTEREST

	2011 £ 000	2010 £ 000
Interest payable and similar charges		
On loans from group undertakings	1,727	1,657
	<u>1,727</u>	<u>1,657</u>

7. INVESTMENT INCOME

	2011 £ 000	2010 £ 000
Income from fixed asset investments	23,300	-
	<u>23,300</u>	<u>-</u>

SUNRISE MEDICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 1 July 2011

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2011 £ 000	2010 £000
Current tax		
United Kingdom corporation tax at 27.75% (2010 28%)	-	-
Group Relief		
Current year	(465)	(406)
Prior year adjustment	323	62
Total current tax	(142)	(344)
Deferred taxation		
Current year	-	-
Tax (credit) on profit/(loss) on ordinary activities	(142)	(344)

Factors affecting tax credit in year

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 27.5% (2010 28%). The actual tax charge for the current and the previous periods differs from the standard rate for the reasons set out in the following reconciliation

	2011 £ 000	2010 £ 000
Profit / (Loss) on ordinary activities before taxation	7,712	(1,666)
Tax on profit / (loss) on ordinary activities at standard rate	2,121	(467)
Effects of		
Disallowed expenses and non-taxable income	(2,597)	-
Movement in losses not recognised	(570)	-
Capital gain transferred in	571	-
Group relief surrendered for no payment	10	61
Prior year adjustment	323	62
Current tax (credit)	(142)	(344)

On 27 July 2010 the Finance (No. 2) Act 2010 was enacted and reduced the headline corporation tax rate in the UK from 28% to 27% effective from 1 April 2011. Since that time Finance Act 2011 has further reduced the headline rate of corporation tax in the UK from 27% to 26%, also effective from 1 April 2011.

UK GAAP requires that only those laws enacted or substantively enacted by the balance sheet date taken into account in deciding on the appropriate tax rate. Ordinarily, as Finance (No. 3) Bill 2010-11 (now Finance Act 2011) did not complete its passage through the House of Commons until 5 July 2011, it would not normally be substantively enacted until that point. However, as the House of Commons passed a Budget resolution which falls within the provisions of the Provisional Collection of Taxes Act 1968 on 29 March 2011 regarding the 26% rate, it is considered to have statutory effect from that date.

Therefore these accounts only reflect the full change in rate from 28% to 26%. Current tax is therefore provided at a blended rate of 27.50% and deferred tax at 26%. For future periods a rate of 26% will be utilised for both current and deferred taxes.

SUNRISE MEDICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 1 July 2011

9. FIXED ASSET INVESTMENTS

The company had the following investments at 1 July 2011

Name of subsidiary undertaking	Class of shares held	Proportion held	Nature of business
Sunrise Medical Limited *	Ordinary	100%	Manufacture and sale of healthcare products
Lomax Mobility Limited	Ordinary	100%	Dormant
Xiamen Lomax Industrial Co Ltd	Ordinary	80%	Manufacture of healthcare products

* Direct subsidiary of Sunrise Medical Holdings Limited

All of the above subsidiary undertakings, with the exception of Xiamen Lomax Industrial Co Ltd are incorporated in Great Britain and registered in England and Wales. Xiamen Lomax Industrial Co Ltd is incorporated and registered in China.

During the year two dormant subsidiaries, Medequip Sub 8 and Medequip Sub 9 Ltd, were dissolved.

Summary information on investments in subsidiary undertakings is as follows

	Shares in subsidiary undertakings £ 000
Cost	
At 2 July 2010 and 1 July 2011	35,049
Provisions	
At 2 July 2010	-
Impairment of Sunrise Medical Ltd	13,849
At 1 July 2011	13,849
Net Book Value	
At 2 July 2010	35,049
At 1 July 2011	21,200

SUNRISE MEDICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 July 2011

10. DEBTORS

	2011 £ 000	2010 £ 000
Amounts owed by group undertakings	16,476	2,593
	<u>16,476</u>	<u>2,593</u>

11. DEFERRED TAXATION

A deferred tax asset of £185,000 (2010 £779,000) in respect of losses carried forward has not been recognised, as there is no certainty that the asset will reverse in the foreseeable future

12. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £ 000	2010 £ 000
Amount owed to group undertakings & fellow group subsidiaries	1	8,948
Accruals	17	5
	<u>18</u>	<u>8,953</u>

Amounts owed to group undertakings are denominated in Sterling

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £ 000	2010 £ 000
Amount owed to group undertakings	20,491	19,376
	<u>20,491</u>	<u>19,376</u>

Amounts owed to group undertakings relate to a single loan denominated in Sterling at £17,236,000 and accrued interest of £3,255,000. The interest rate is 6.48% and the loan is repayable on 30 June 2015, therefore the full amount is due to be paid within five years.

SUNRISE MEDICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 July 2011

14. CALLED UP SHARE CAPITAL

	2011 £ 000	2010 £ 000
Authorised		
50,000,000 Ordinary shares of £1 each	50,000	50,000
Called up, allotted and fully paid		
8,285,000 Ordinary shares of £1 each (2010 23,000,000)	8,285	23,000

On 27 June 2011, pursuant to Section 641(1)(a) of the Companies Act 2006, the ordinary share capital of the company was reduced by £14,715,000 resulting in a corresponding increase to the profit and loss reserve

15. PROFIT AND LOSS ACCOUNT

	£ 000
Retained deficit brought forward	(13,687)
Capital reduction	14,715
Profit for the financial year	7,854
Retained surplus carried forward	8,882

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £ 000	2010 £ 000
Profit/(Loss) for the financial year	7,854	(1,322)
Net (reduction in)/addition to shareholders' funds	7,854	(1,322)
Opening shareholders' funds	9,313	10,635
Closing shareholders' funds	17,167	9,313

17. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption available under FRS 8 to dispense with the requirement to disclose transactions with fellow wholly-owned members of a group which produces consolidated financial statements that are publicly available. There were no transactions with Xiamen Lomax Industrial Co Ltd (an 80% holding)

18. CONTINGENT LIABILITIES

The company together with certain other United Kingdom companies has entered into cross guarantees with Barclays Bank plc in respect of the borrowings of the group companies concerned at the year end. There has been a refinancing of the Sunrise Medical global group post year end and the company is now party to cross guarantees with the group's bankers, a syndicate headed by Deutsche Bank.

SUNRISE MEDICAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 July 2011

19. ULTIMATE PARENT COMPANY

The company's ultimate parent company and controlling party is Sunrise Medical Inc, a company incorporated in the United States. However, Sunrise Medical Inc is ultimately owned by VSM Investors LLC, a venture capital company incorporated in the United States of America which owns 100% shares in the parent company. The company's immediate parent company is Sunrise Medical (Luxembourg) Investments Sàrl, a company incorporated in Luxembourg. The parent company of the smallest and largest group to consolidate financial statement is Sunrise Medical LLC. Copies of these financial statements may be obtained from Sunrise Medical Limited, High Street, Wollaston, Stourbridge, West Midlands, DY8 4PS.