

Synergy Health US Holdings Limited

**Directors' report and financial
statements**

Registered number 07570745

Period ended 31 March 2013

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Company information

Directors

G Hill
RM Steeves
JP Turner
T Mason

Secretary

DR Stubbins (Resigned 30 July 2013)
T Mason (Appointed 30 July 2013)

Registered number

07570745 (England and Wales)

Registered office

Ground Floor Stella
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6NX

Auditors

KPMG Audit Plc
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Directors' report

The directors present their directors' report and financial statements for the period ended 31 March 2013

Business review

The principal activity of the Company is to act as an intermediate holding company

Directors

The directors who held office during the period and to the date of this report were as follows

G Hill
RM Steeves
JP Turner
T Mason

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditor of the Company for the coming year

By order of the board



G Hill
Director

14 November 2013

Ground Floor Stella
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6NX

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Report of the independent auditors to the members of Synergy Health US Holdings Limited

We have audited the financial statements of Synergy Health US Holdings Limited for the period to 31 March 2013 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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, and express an opinion on, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 March 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with UK 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 period 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.

Tim Widdas (Senior Statutory Auditor)

14 November 2013

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Profit and loss account
for the period ended 31 March 2013

	<i>Note</i>	2013 \$000	2012 \$000
Interest receivable and similar income	2	84	-
Interest payable and similar charges	3	(2,273)	(1,496)
Administrative expenses		(515)	(50)
		<hr/>	
Loss on ordinary activities before taxation		(2,704)	(1,546)
Tax on loss on ordinary activities	4	-	-
		<hr/>	
Loss on ordinary activities after taxation	10	(2,704)	(1 546)

All amounts relate to continuing activities

There were no recognised gains or losses in the current period other than those disclosed in the profit and loss account and therefore no statement of recognised gains and losses has been presented

Balance sheet
as at 31 March 2013

	Note	2013	2012
		\$000	\$000
Fixed assets			
Investments	5	73,909	50,100
Current Assets			
Debtors	6	21,707	-
Creditors amounts falling due within one year	7	(80,516)	(41,896)
Net current liabilities		(58,809)	(41,896)
Net assets		<u>15,100</u>	<u>8,204</u>
Capital and reserves			
Called-up share capital	8	31	14
Share Premium	9	19,319	9,736
Profit and loss account	9	(4,250)	(1,546)
Shareholders' funds	10	<u>15,100</u>	<u>8,204</u>

These financial statements were approved by the board of directors on
and were signed on its behalf by

14 November 2013



G Hill
Director

Company number – 07570745

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements are presented in US dollars. This is the functional and presentational currency of the Company.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Synergy Health plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Synergy Health plc, within which this Company is included, can be obtained from the address given in note 11.

Going concern

The financial statements have been prepared on a going concern basis (notwithstanding net current liabilities of \$58,809,000 which include a net intercompany creditor of \$51,807,000). The entity does not trade, however, it has the support of its parent undertaking in order to meet liabilities as they fall due. As with any company placing reliance on other group entities, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements they have no reason to believe that it will not do so.

Foreign currency

Transactions denominated in foreign currencies are translated into US dollars at the exchange rate ruling at the date of transaction and monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the balance sheet date. All gains and losses on translation are included in the profit and loss account.

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off for any permanent diminution in value of investment.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

2 Interest receivable and similar income

	2013 \$000	2012 \$000
Interest receivable from group companies	<u>84</u>	<u>-</u>

3 Interest payable and similar income

	2013 \$000	2012 \$000
Interest payable to group companies	<u>2,273</u>	<u>1,496</u>

4 Tax on loss on ordinary activities

Taxation is based on the loss for the period and comprises

	2013 \$000	2012 \$000
<i>Current tax</i>		
Total tax charge	<u>-</u>	<u>-</u>
The current tax charge for the period is lower (2012 lower) than the standard rate of corporation tax in the UK of 24% (2012 26%). The difference is explained below		
Loss on ordinary activities before taxation	<u>(2,704)</u>	<u>(1,546)</u>
Tax on loss on ordinary activities before tax at 24% (2012 26%)	(649)	(402)
Expenses not deductible for tax purposes	124	13
Surrender of group losses	525	389
Total current tax charge	<u>-</u>	<u>-</u>

5 Fixed asset investments

Investments in Group undertakings are

	2013 \$000	2012 \$000
Opening balance	50,100	-
Additions	24,011	50,100
Adjustment	(202)	-
Closing balance	<u>73,909</u>	<u>50,100</u>

During the period, the Company acquired 100% of the issued shares of SRI/Surgical Express Inc ('SRI'), a NASDAQ-listed healthcare business incorporated in Florida, as part of its strategy to enter the HSS market. Since acquisition the company has been renamed Synergy Health North America, Inc. The total consideration paid was \$24,011,000.

Notes (continued)

5 Fixed asset investments (continued)

During the prior period, the Company acquired 100% of the issued shares of MSI Surgical LLP, a company incorporated in the US and provides sterilisation services. The total consideration paid was \$6,500,000.

During the prior period, the Company acquired all of the members' interest of BeamOne LLC, an applied sterilisation business incorporated in the US. The total consideration paid was \$43,398,000. During the year an adjustment of \$202,000 was made due to a change in the deferred contingent consideration.

The Company holds directly 100% of the issued share capital of the following subsidiaries

	Equity owned by the Company %	Country of incorporation	Principal activity
Synergy Health AST LLC	100	US	Medical device sterilisation
Synergy Health North America, Inc	100	US	Hospital Sterilisation
Synergy Health New York, LLC	100	US	Hospital Sterilisation

6 Debtors

	2013 \$000	2012 \$000
Amounts owed by group undertakings	21,707	-

7 Creditors: amounts falling due within one year

	2013 \$000	2012 \$000
Bank overdraft	7,002	50
Deferred consideration	-	16,600
Amounts due to other group companies	73,514	25,246
	80,516	41,896

8 Called up share capital

	2013 \$000	2012 \$000
<i>Issued and fully paid</i>		
31,346 (2012: 14,444) ordinary shares of \$1 each	31	14

During the year the company issued 16,902 ordinary shares of \$1 each for a total consideration of \$9.6 million.

Notes (continued)

9 Share premium and reserves

	Share Premium \$000	Profit and loss account \$000
Opening balance	9 736	(1,546)
Loss for the period	-	(2,704)
Issue of shares	9,583	-
Closing balance	19,319	(4,250)

10 Reconciliation of movements in shareholders' funds

	2013 \$000	2012 \$000
Loss for the financial period	(2,704)	(1,546)
Retained loss	(2,704)	(1,546)
Issue of shares	9,600	9,750
Net movement in shareholders' funds	6,896	8,204
Opening shareholders' funds	8,204	-
Closing shareholders' funds	15,100	8 204

11 Ultimate parent company

The ultimate parent company is Synergy Health plc, a company incorporated in the United Kingdom

The results of Synergy Health US Holdings Limited are only included in the consolidated financial statements of Synergy Health plc. Consequently the Company is exempt under the terms of FRS 8 from disclosing details of transactions with Synergy Health plc or other entities that are part of the Synergy Health group.

Copies of the consolidated financial statements of Synergy Health plc can be obtained from the following address:

Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6NX

12 Related party transactions

In accordance with paragraph 3(c) of FRS 8 'Related party transactions' the Company is exempt from disclosing details or arrangements with other companies in the Synergy Health Group.

13 Contingent liabilities

The Company operates as part of a Group of companies headed by Synergy Health plc. The Company, along with a number of other Group companies, has provided guarantees to lenders to Synergy Health plc.