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BDF Holdings Limited

Report and Financial Statements

Year Ended

31 January 2005

243495



BDO
BDO Stoy Hayward
Chartered Accountants

BDF Holdings Limited

Annual report and financial statements for the year ended 31 January 2005

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Directors

W R Charters
J E McKerchar
A D Charters
K D Loughran
J C Moore

Secretary and registered office

W R Charters, 64 Dalblair Road, Ayr, KA7 1UH

Company number

243495

Auditors

BDO Stoy Hayward LLP, 64 Dalblair Road, Ayr, KA7 1UH

Bankers

Bank of Scotland, 123 St. Vincent Street, Glasgow G2 5EA

Solicitors

McClure Naismith, 292 St Vincent Street, Glasgow, G2 5TQ

BDF Holdings Limited

Report of the directors for the year ended 31 January 2005

The directors present their report together with the audited financial statements for the year ended 31 January 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity is that of a management company.

In May 2003 BDF Holdings Limited acquired the entire issued share capital of BDF Healthcare Limited, a company incorporated in Scotland. The comparative figures are for a nine month period.

The directors are happy with progress made and are confident of satisfactory results for the current year.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

		'A' Ordinary shares of £1 each		'B' Ordinary shares of £1 each	
		31 January 2005	31 January 2004	31 January 2005	31 January 2004
W R Charters		78,000	78,000	-	-
J E McKerchar		85,500	85,500	-	-
A D Charters		-	-	37,500	37,500
K D Loughran		-	-	37,500	37,500
J W Smith	(resigned 27/9/04)	-	-	-	37,500
J C Moore	(appointed 27/1/05)	-	-	37,500	-

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 year. 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; 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 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 financial statements 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.

BDF Holdings Limited

Report of the directors for the year ended 31 January 2005 (*Continued*)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

W R Charters

A handwritten signature in black ink, appearing to be 'W R Charters', written over the printed name.

Company Secretary

21 April 2005

BDF Holdings Limited

Report of the independent auditors

To the shareholders of BDF Holdings Limited

We have audited the financial statements of BDF Holdings Limited for the year ended 31 January 2005 on pages 5 to 18 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

BDF Holdings Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Ayr

21 April 2005

BDF Holdings Limited**Profit and loss account for the year ended 31 January 2005**

	Note	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Turnover		-	-
Administrative expenses		35,987	178,455
Operating loss		(35,987)	(178,455)
Income from shares in group undertakings		400,000	1,200,000
Interest receivable	2	47,270	23,616
Interest payable and similar charges	3	(231,293)	(168,649)
Profit on ordinary activities before and after taxation for the financial year/period		179,990	876,512
Retained profit brought forward	11	876,512	-
Retained profit carried forward	11	1,056,502	876,512

All amounts relate to continuing activities.

All recognised gains and losses in the current year and prior period are included in the profit and loss account.

The notes on pages 8 to 18 form part of these financial statements.

BDF Holdings Limited**Balance sheet at 31 January 2005**

	Note	31 January 2005 £	31 January 2005 £	31 January 2004 £	31 January 2004 £
Fixed assets					
Fixed asset investments	6		5,650,000		5,650,000
Current assets					
Debtors	7	1,120,060		1,200,000	
Cash at bank and in hand		837,815		525,131	
		<u>1,957,875</u>		<u>1,725,131</u>	
Creditors: amounts falling due within one year	8	<u>3,131,373</u>		<u>3,058,619</u>	
Net current liabilities			<u>(1,173,498)</u>		<u>(1,333,488)</u>
Total assets less current liabilities			<u>4,476,502</u>		<u>4,316,512</u>
Creditors: amounts falling due after more than one year	9		<u>3,120,000</u>		<u>3,140,000</u>
			<u>1,356,502</u>		<u>1,176,512</u>
Capital and reserves					
Called up share capital	10		300,000		300,000
Profit and loss account	11		1,056,502		876,512
Equity shareholders' funds	12		<u>1,356,502</u>		<u>1,176,512</u>

The financial statements were approved by the Board on 21 April 2005.



A D Charters
Director

The notes on pages 8 to 18 form part of these financial statements.

BDF Holdings Limited**Cash flow statement for the year ended 31 January 2005**

	Note	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Net cash (outflow)/inflow from operating activities	15	(8,770)	390,314
Returns on investments and servicing of finance	16	(184,023)	(145,033)
Capital expenditure and financial investment	16	-	(5,650,000)
Cash outflow before financing		(192,793)	(5,404,719)
Financing	16	(33,254)	5,846,254
(Decrease)/increase in cash	17	(226,047)	441,535

The notes on pages 8 to 18 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a medium sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Interest receivable

	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Bank deposits	26,683	9,141
Loan interest recharged to subsidiary	20,587	14,475
	<u>47,270</u>	<u>23,616</u>

3 Interest payable and similar charges

	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Bank overdraft interest	2,643	1,508
Bank term loan	20,587	14,475
Interest on loan notes	208,063	152,666
	<u>231,293</u>	<u>168,649</u>

4 Employees

The average number of employees (including directors) during the year was 5 (2004 - 5).

The company incurred no staff costs during the year.

5 Taxation on profit on ordinary activities

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Profit on ordinary activities before tax	179,990	876,512
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	53,997	262,954
Effect of:		
Expenses not deductible for tax purposes	57	8,475
Non taxable group dividends	(120,000)	(360,000)
Surrendered to other group company	65,946	88,571
Current tax charge for period	-	-

6 Fixed asset investments

	Investment in subsidiaries £
<i>Cost</i>	
At 1 February 2004 and 31 January 2005	5,650,000

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

<i>Subsidiary undertakings</i>	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
BDF Limited	Scotland	Ordinary	100%	Manufacture and supply of medical textiles.
BDF Healthcare Limited	Scotland	Ordinary	100%	Manufacture and supply of medical textiles.

During May 2003 a share exchange agreement was carried out. The shareholders in BDF Healthcare Limited received a shareholding in BDF Holdings Limited and their shares in BDF Healthcare Limited were transferred to BDF Holdings Limited. BDF Healthcare Limited is now a subsidiary of BDF Holdings Limited. BDF Limited is a 100% fully owned subsidiary of BDF Healthcare Limited.

The following figures have been extracted from audited financial statements of the company's subsidiaries for the year ended 31 January 2005:

	Aggregate share capital and reserves		Profit for the period	
	31 January 2005	31 January 2004	31 January 2005	31 January 2004
	£	£	£	£
<i>Subsidiary undertakings</i>				
BDF Limited	1,587,365	1,531,067	306,298	482,505
BDF Healthcare Limited	135,669	102,403	433,266	662,944

7 Debtors

	31 January 2005 £	31 January 2004 £
Amounts owed by group undertakings	720,060	-
Dividends receivable	400,000	1,200,000
	<hr/>	<hr/>
	1,120,060	1,200,000
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	31 January 2005 £	31 January 2004 £
Bank loans and overdrafts (secured)	642,327	116,850
4% guaranteed loan stock	2,373,000	2,373,000
Amounts owed to group undertakings	58,000	503,465
Accruals and deferred income	58,046	65,304
	<hr/>	<hr/>
	3,131,373	3,058,619
	<hr/>	<hr/>

The bank borrowings are secured by a Bond and Floating Charge over the whole assets of the company together with a cross corporate guarantee provided by other group companies.

The 4% guaranteed loan stock is secured by a guarantee facility provided by the company's bankers. The maximum guarantee facility available is £2,373,000 and this is reduced by sums held in the cash collateral account. At 31 January 2005 sums held in the cash collateral account amounted to £837,815 (2004 - £525,131).

The 4% guaranteed loan stock is repayable on demand at its par value anytime from 8 May 2004 until 30 May 2013.

9 Creditors: amounts falling due after more than one year

	31 January 2005 £	31 January 2004 £
Bank loans	295,000	315,000
4% unsecured loan stock	2,825,000	2,825,000
	<u>3,120,000</u>	<u>3,140,000</u>

Maturity of debt:

	Loans and overdrafts 31 January 2005 £	Loans and overdrafts 31 January 2004 £
In one year or less, or on demand	3,015,327	2,489,850
In more than one year but not more than two years	20,000	20,000
In more than two years but not more than five years	60,000	60,000
In more than five years	3,040,000	3,060,000
	<u>3,120,000</u>	<u>3,140,000</u>

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	31 January 2005 £	31 January 2004 £
Loans	3,040,000	3,060,000

The bank loans are repayable by instalments, with the outstanding balance attracting interest at between 2.0% and 3.5% over the Bank of Scotland base rate. The bank loans are secured by a Bond and Floating Charge over the whole assets of the company together with a cross guarantee provided by other group companies.

The 4% unsecured loan notes amounting to £2,825,000 are not redeemable until 30 May 2013, when they are redeemable in full.

10 Share capital

	31 January 2005 £	Authorised 31 January 2004 £	31 January 2005 £	Allotted, called up and fully paid 31 January 2004 £
<i>Equity share capital</i>				
'A' Ordinary shares of £1 each	187,500	187,500	187,500	187,500
'B' Ordinary shares of £1 each	112,500	112,500	112,500	112,500
	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

Both classes of ordinary shares rank *pari passu* in all respects including voting rights and rights to receive dividends and distributions whether of a capital or revenue nature except for some restrictions on transfer of the 'B' ordinary shares.

11 Reserves

	Profit and loss account £
At 1 February 2004	876,512
Profit for the year	179,990
	<u>1,056,502</u>
At 31 January 2005	<u>1,056,502</u>

12 Reconciliation of movements in shareholders' funds

	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Profit for the year	179,990	876,512
Issue of shares	-	300,000
	<hr/>	<hr/>
Net additions to shareholders' funds	179,990	1,176,512
Opening shareholders' funds	1,176,512	-
	<hr/>	<hr/>
Closing shareholders' funds	1,356,502	1,176,512
	<hr/>	<hr/>

13 Contingent liabilities

The company has guaranteed bank borrowings of its subsidiaries. At the year end the liabilities covered by these guarantees totalled £247,026 (2004 - £NIL).

Bank borrowings are secured by a cross corporate guarantee consisting of a Bond and Floating Charge over the whole assets of the company.

14 Related party disclosures

Controlling parties

No single party has overall control of the company. The directors of the company hold 92% of the issued share capital.

14 Related party disclosures (continued)

Related party transactions and balances

	Sales to related party £	Purchases from related party £	Amounts owed to related party £	Amounts owed by related party £
BDF Limited	-	-	58,000	-
BDF Healthcare Limited	-	-	-	720,060
2004				
BDF Limited	-	-	23,525	-
BDF Healthcare Limited	-	-	479,940	-

BDF Limited is a wholly owned subsidiary of BDF Healthcare Limited which is a wholly owned subsidiary of BDF Holdings Limited.

The loan stock referred to in notes 8 and 9 to the financial statements is held by directors of the company as follows ;

Loans and transactions concerning directors and officers of the company

	4% Guaranteed loan stock £	4% Unsecured loan stock £
W R Charters	1,469,000	1,469,000
J E McKerchar	904,000	904,000
	<u> </u>	<u> </u>

The directors loan stock holdings are unchanged from 2003.

15 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Operating loss	(35,987)	(178,455)
Decrease in debtors	479,940	-
(Decrease)/increase in creditors	(452,723)	568,769
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from operating activities	(8,770)	390,314
	<u> </u>	<u> </u>

16 Analysis of cash flows for headings netted in the cash flow statement

	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
Returns on investment and servicing of finance		
Interest received	47,270	23,616
Interest paid: other	(231,293)	(168,649)
	<u>(184,023)</u>	<u>(145,033)</u>
 Capital expenditure and financial investment		
Payments to acquire fixed asset investments	-	(5,650,000)
	<u>-</u>	<u>(5,650,000)</u>
 Financing		
Share capital issued	-	300,000
New loans	-	5,548,000
Loans repaid	(33,254)	(1,746)
	<u>(33,254)</u>	<u>5,846,254</u>

17 Reconciliation of net cash flow to movement in net debt

	Year ended 31 January 2005 £	9 Months to 31 January 2004 £
(Decrease)/increase in cash	(226,047)	441,535
Cash outflow/(inflow) from changes in debt	<u>33,254</u>	<u>(5,546,254)</u>
Movement in net debt	(192,793)	(5,104,719)
Opening net (debt)/funds	<u>(5,104,719)</u>	<u>-</u>
Closing net debt	<u>(5,297,512)</u>	<u>(5,104,719)</u>

18 Analysis of net debt

	At 1 February 2004 £	Cash flow £	Other non- cash items £	At 31 January 2005 £
Cash at bank and in hand	525,131	312,684	-	837,815
Bank overdrafts	(83,596)	(538,731)	-	(622,327)
		(226,047)		
Debt due within one year	(2,406,254)	33,254	(20,000)	(2,393,000)
Debt due after one year	(3,140,000)	-	20,000	(3,120,000)
Total	(5,104,719)	(192,793)	-	(5,297,512)