

# **Med-Lab Limited**

## **Directors' report and financial statements**

**31 March 2005**

Registered number 540182



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COMPANIES HOUSE 23/12/2005

# Med-Lab Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 14

# Med-Lab Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

### Principal activities

The principal activity of the company is the distribution of chemicals and fuel testing equipment to the aerospace and petroleum industries.

### Business review

The results for the year are shown in the profit and loss account on page 5. The company continued to trade satisfactorily during the year, and with a strong financial position we look forward to another rewarding year.

### Dividend and transfer to reserves

Ordinary dividends of £125,000 were declared and paid during the year (2004: £169,500). The profit for the year of £139,529 has been transferred to reserves (2004: £183,964).

### Directors and directors' interests

The directors who held office during the year were as follows:

CJ Snowdon - Chairman  
RJK Beaumont  
RS King  
M Knight  
AB Moss

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. The interests of CJ Snowdon and RJK Beaumont in the shares of the ultimate holding company are disclosed in the accounts of that company.

The other directors who held office at the end of the financial year had the following interests in the ordinary shares of the ultimate holding company, as recorded in the register of directors' share and debenture interests.

	Beneficial interest in shares	Conditional rights to shares	Performance related share options	SAYE Scheme options
<b>RS King</b>				
At start and end of year	305	-	-	2,199
Granted in year	-	-	-	1,300
Lapsed in year	-	-	-	(702)
Rights issue adjustment *	-	-	-	88
Acquired in year	260	-	-	-
At end of year	565	-	-	2,885

# Med-Lab Limited

## Directors' report (continued)

	Beneficial interest in shares	Conditional rights to shares	Performance related share options	SAYE Scheme options
<b>M Knight</b>				
At start of year	364	617	29,154	4,678
Granted in year	-	-	7,307	-
Lapsed in year	-	-	(10,705)	-
Rights issue adjustment *	-	-	1,720	276
Acquired in year	121	-	-	-
At end of year	485	617	27,476	4,954
<b>AB Moss</b>				
At start of year	4,205	1,950	253,528	4,678
Granted in year	-	3,488	38,310	-
Lapsed in year	-	-	(167,584)	-
Rights issue adjustment *	-	-	14,968	276
Acquired in year	3,459	-	-	-
At end of year	7,664	5,438	139,222	4,954

\* adjustments made to reflect the 1 for 3 rights issue undertaken by UMECO plc in April 2004.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint KPMG Audit Plc as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board

*Steve S. Bowers*

SJ Bowers  
Secretary

Concorde House  
24 Warwick New Road  
Leamington Spa  
Warwickshire  
CV32 5JG

1 June 2005

# Med-Lab Limited

## Statement of 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 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.

## Independent auditors' report to the members of Med-Lab Limited

We have audited the financial statements on pages 5 to 14.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

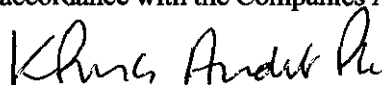
### *Basis of audit opinion*

We conducted our audit in accordance with 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.

### *Opinion*

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



**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
Birmingham

1 June 2005

# Med-Lab Limited

## Profit and loss account

for the year ended 31 March 2005

	<i>Note</i>	<b>2005</b> £	<b>2004</b> £
<b>Turnover</b>	2	2,225,583	2,538,417
Cost of sales		(1,163,669)	(1,338,537)
<b>Gross profit</b>		1,061,914	1,199,880
Administrative expenses		(684,330)	(697,925)
<b>Operating profit</b>		377,584	501,955
Interest receivable	4	26	2,453
Interest payable	5	-	(1,301)
<b>Profit on ordinary activities before taxation</b>	3	377,610	503,107
Tax on profit on ordinary activities	8	(113,081)	(149,643)
<b>Profit for the financial year</b>		264,529	353,464
Dividends	9	(125,000)	(169,500)
<b>Retained profit for the year</b>		139,529	183,964
Retained profit brought forward		1,589,637	1,405,673
<b>Retained profit carried forward</b>		1,729,166	1,589,637

The results shown in the profit and loss account derive wholly from continuing operations.

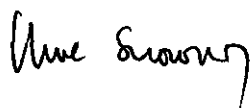
Other than the profit for the year, the company had no recognised gains or losses in either the current or preceding year.

# Med-Lab Limited

## Balance sheet at 31 March 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	10	176,978	183,717
Investments	11	105	105
		<u>177,083</u>	<u>183,822</u>
<b>Current assets</b>			
Stocks	12	110,606	101,573
Debtors	13	1,323,782	1,376,135
Cash at bank and in hand		285,339	167,035
		<u>1,719,727</u>	<u>1,644,743</u>
<b>Creditors falling due within one year</b>	14	<u>(150,002)</u>	<u>(217,799)</u>
<b>Net current assets</b>		1,569,725	1,426,944
<b>Total assets less current liabilities</b>		<u>1,746,808</u>	<u>1,610,766</u>
<b>Provisions for liabilities and charges</b>	15	<u>(12,392)</u>	<u>(15,879)</u>
<b>Net assets</b>		<u><u>1,734,416</u></u>	<u><u>1,594,887</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	5,250	5,250
Profit and loss account	17	1,729,166	1,589,637
<b>Equity shareholders' funds</b>	18	<u><u>1,734,416</u></u>	<u><u>1,594,887</u></u>

These financial statements were approved by the board of directors on 1 June 2005 and were signed on its behalf by:



**CJ Snowden**  
Director



# Med-Lab Limited

## 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 company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. As permitted under s228 of the Companies Act 1985 the company has not prepared group accounts. Accordingly, these accounts present information for the company only.

In accordance with FRS 1 (Revised), a cash flow statement has not been prepared on the grounds that the company is a wholly owned subsidiary of a company which presents a consolidated cash flow statement in its accounts. As the company is a wholly owned subsidiary of UMECO 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).

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold property	-	50 years
Plant and machinery	-	10 years
Office furniture and equipment	-	4 years
Motor vehicles	-	3 to 4 years

#### *Lease and hire purchase agreements*

Where the company enters into a lease or hire purchase agreement which entails taking substantially all the risks and rewards of ownership of an asset, the asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such agreements, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligation for future instalments. All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

#### *Pension costs*

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

# Med-Lab Limited

## Notes (continued)

### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### *Taxation*

The charge for taxation is based on the result for the period and includes full provision for taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

## 2 Analysis of turnover by geographical market

	2005 £	2004 £
United Kingdom	543,910	565,128
Europe	790,598	1,016,404
Middle East	236,879	273,812
Rest of the world	654,196	683,073
	<u>2,225,583</u>	<u>2,538,417</u>

## 3 Profit on ordinary activities before taxation

	2005 £	2004 £
<i>Profit on ordinary activities before taxation is stated after charging /(crediting):</i>		
Depreciation of tangible fixed assets:		
- assets owned	35,871	28,466
- assets held under hire purchase agreements	-	4,830
Auditors' remuneration - as auditors	9,996	8,754
Rentals payable under operating leases on land and buildings	4,250	4,250
Loss on foreign exchange translation	2,197	15,807
Profit on sale of tangible fixed assets	-	(2,440)
	<u></u>	<u></u>

# Med-Lab Limited

## Notes (continued)

### 4 Interest receivable

	2005 £	2004 £
Interest receivable on bank balances	26	2,453

### 5 Interest payable

	2005 £	2004 £
Finance charges payable in respect of finance leases and hire purchase contracts	-	1,301

### 6 Remuneration of directors

	2005 £	2004 £
Salary, bonus and benefits in kind	106,104	118,317

The company made contributions to defined contribution pension schemes on behalf of the directors' totalling £7,375 (2004: £6,822). Retirement benefits accrued to two (2004: two) of the directors under defined contribution pension schemes. During both the current and preceding years, no director exercised options over shares in the ultimate parent undertaking, UMECO plc.

### 7 Staff costs

The average number of persons (including directors) employed by the company during the period was as follows:

	2005 Number of employees	2004 Number of employees
Administration and distribution	21	20

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	396,601	392,850
Social security costs	38,230	36,742
Other pension costs	25,388	23,723
	460,219	453,315

# Med-Lab Limited

## Notes (continued)

### 8 Taxation on profit on ordinary activities

	2005 £	2004 £
Current taxation		
- current year UK taxation charge at 30% (2004: 30%)	116,568	150,500
Deferred taxation – current year	(3,026)	1,554
Deferred taxation – prior year	(461)	(2,411)
	<u>113,081</u>	<u>149,643</u>

The current tax charge for the year is above (2004: below) the standard rate of UK corporation tax. The reasons for this are as follows:

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>377,610</u>	<u>503,107</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax	113,283	150,932
Effects of:		
- expenses not deductible for tax purposes	259	1,122
- writing down allowances in excess of depreciation	3,026	(1,554)
	<u>116,568</u>	<u>150,500</u>

### 9 Dividends

	2005 £	2004 £
Equity dividends paid	<u>125,000</u>	<u>169,500</u>

# Med-Lab Limited

## Notes (continued)

### 10 Tangible fixed assets

	Long leasehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At start of year	180,437	216,852	58,676	455,965
Additions	-	29,132	-	29,132
At end of year	180,437	245,984	58,676	485,097
<i>Depreciation</i>				
At start of year	63,621	196,190	12,437	272,248
Charge for the year	4,068	15,086	16,717	35,871
At end of year	67,689	211,276	29,154	308,119
<i>Net book value</i>				
At end of year	112,748	34,708	29,522	176,978
At start of year	116,816	20,662	46,239	183,717

### 11 Fixed asset investments

	2005 £	2004 £
Cost at start and end of period	105	105

Unlisted investments of £105 at the start and end of the year comprise the whole of the issued ordinary capital of Med-Lab (O.M.) Limited, a dormant company registered in England and Wales.

# Med-Lab Limited

## Notes (continued)

### 12 Stocks

	2005 £	2004 £
Finished goods	<u>110,606</u>	<u>101,573</u>

### 13 Debtors

	2005 £	2004 £
<i>Amounts falling due within one year</i>		
Trade debtors	177,485	399,042
Amounts owed by other Group companies	788	2,305
Other debtors	8,008	3,434
	<u>186,281</u>	<u>404,781</u>
<i>Amounts falling due after more than one year</i>		
Amounts owed by ultimate holding undertaking	1,137,501	971,354
	<u>1,323,782</u>	<u>1,376,135</u>

### 14 Creditors falling due within one year

	2005 £	2004 £
Trade creditors	44,073	66,034
Amounts owed to parent undertaking	11,043	11,043
Amounts owed to ultimate holding undertaking	4,557	5,136
Amounts owed to other Group companies	2,609	3,190
Other creditors including tax and social security	51,705	87,132
Accruals and deferred income	36,015	45,264
	<u>150,002</u>	<u>217,799</u>

Other creditors including tax and social security comprise:

	2005 £	2004 £
Corporation tax payable	40,394	75,120
Other taxes and social security	11,311	12,012
	<u>51,705</u>	<u>87,132</u>

# Med-Lab Limited

## Notes (continued)

### 15 Provisions for liabilities and charges

#### *Deferred tax*

	2005 £	2004 £
Opening balance	15,879	16,736
Profit and loss account credit	(3,487)	(857)
Closing balance	<u>12,392</u>	<u>15,879</u>

The closing balance is analysed as follows:

	2005 £	2004 £
Capital allowances in excess of depreciation	17,382	20,476
Other timing differences	(4,990)	(4,597)
	<u>12,392</u>	<u>15,879</u>

The liabilities are based upon a rate of 30% (2004: 30%).

### 16 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
5,250 ordinary shares of £1 each	<u>5,250</u>	<u>5,250</u>

### 17 Profit and loss account

	2005 £
Balance brought forward	1,589,637
Profit for the year	<u>139,529</u>
Balance carried forward	<u>1,729,166</u>

# Med-Lab Limited

## Notes (continued)

### 18 Movements in shareholders' funds

	2005 £	2004 £
Retained profit for the year	139,529	183,964
Opening shareholders' funds	1,594,887	1,410,923
	<hr/>	<hr/>
Closing shareholders' funds	1,734,416	1,594,887
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### 19 Contingent liabilities

A contingent liability for bank guarantees given in the normal course of business at 31 March 2005 amounted to £57,154,953 (2004: £24,090,976). The company had contingent liabilities in respect of bonds given by its bankers amounting to £60,000 (2004: £60,000).

### 20 Commitments

#### *Annual commitments under non-cancellable operating leases*

	2005 £	2004 £
Leases on land and buildings expiring after 5 years	4,250	4,250
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### 21 Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £25,388 (2004: £23,723). There were no outstanding contributions to the fund at 31 March 2005 (2004: £nil).

### 22 Ultimate holding company

The company's ultimate holding company is UMECO plc, which is incorporated in Great Britain and registered in England and Wales.

The results of the company for the year are included in the consolidated accounts of UMECO plc which are available to the public and may be obtained from UMECO plc, Concorde House, 24 Warwick New Road, Leamington Spa, Warwickshire, CV32 5JG.

No other group accounts include the results of the company.