

Transform Holdings Limited

Report and Financial Statements

For the year ended 30 September 2011

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COMPANIES HOUSE

Transform Holdings Limited

Directors

P G Dunion
H B Ainley
N M I Robertson

Secretary

J N Rouch

Appointed 1st December 2010

Auditors

Ernst & Young LLP
100 Barbican Square
Manchester M2 3EY

Bankers

Lloyds Banking Group plc
25 Gresham Street
London EC2V 7HN

Solicitors

Macfarlanes
20 Cursitor Street
London EC4A 1LT

Registered Office

The Abbey Pines
192 Altrincham Road
Manchester M22 4RZ

Directors' report

The directors present their report and financial statements for the year ended 30 September 2011

Results and dividends

The company did not trade during the year and made neither a profit or a loss (2010 – profit of £30,546,000)

Principal activities and review of the business

The company is a holding company

The principal activity of the group is cosmetic surgery and related procedures

Post Balance Sheet Events

Subsequent to the year end, new information has come to light regarding implants previously approved for use by the Medical and Healthcare products Regulatory Agency (MHRA) and carrying a European CE mark of quality which were manufactured by a French company, Poly Implant Prothèse (PIP). These implants were widely used in the cosmetic surgery industry as an approved device until they were banned by the MHRA in 2010 as it was discovered that PIP had deviated from the approved silicone in the manufacturing process. A subsidiary of the company, Transform Medical Group (CS) Limited, used these implants largely between 2004 and 2005 although very small numbers were used from 2006 until they were banned in 2010.

In an interim report dated January 2012 the Department of Health and MHRA advised that there were no medical grounds to suggest that patients fitted with PIP implants should routinely have them removed but recommended that they should return to their implant provider for a consultation if they are concerned. A final report after further extensive clinical analysis was released in June 2012 which concluded that there was no reason for the Department of Health to change its initial advice and that the implants did not pose a long term threat to human health and were not toxic or carcinogenic.

In line with its standard policy, the subsidiary company is offering a consultation with a surgeon at no cost to its former PIP patients and then treatment at no economic gain to the subsidiary for those who wish to have their PIP implants removed after their consultation.

The legal implications around the use of PIP implants are untested and it is extremely uncertain as to whether there will be any proven claims against the subsidiary and if so the extent to which any liabilities or costs may be recovered under insurance policies held by the subsidiary or from other third parties or by legal redress. The directors have reviewed the potential liability in respect of this matter in view of the reports issued by Department of Health and MHRA, the past procedures carried out by the subsidiary and consultations carried out with patients following the release of the reports and have concluded that at this time that no provision is required in the financial statements.

Directors

The directors who served during the year were as follows

N J Curry – resigned 1st December 2010

P G Dunion

H B Ainley

N M I Robertson

Disclosure of information to the auditors

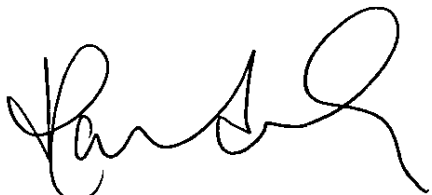
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

On behalf of the Board

A handwritten signature in black ink, appearing to read 'H B Ainley', with a stylized, cursive script.

H B Ainley

Director
29th June 2012

Statement of directors' responsibilities

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 group and the company and of the profit or loss of the group 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 proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Transform Holdings Limited

We have audited the financial statements (the "financial statements") of Transform Holdings Limited for the year ended 30 September 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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 and group'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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (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 Report and Financial Statements 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 affairs of the company as at 30 September 2011 and of its result 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.

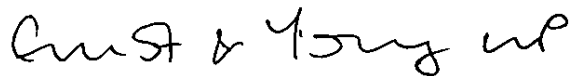
Independent auditors' report

to the members of Transform Holdings Limited

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



Alastair John Richard Nuttall (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester
29th June 2012

Profit and loss account

for the year ended 30 September 2011

	<i>Notes</i>	<i>2011 £000</i>	<i>2010 £000</i>
<i>Investment income</i>	2	-	30,546
<i>Profit on ordinary activities before taxation</i>		-	30,546
<i>Tax</i>	5	-	-
<i>Profit for the financial year</i>		-	30,546

Statement of Total Recognised Gains and Losses

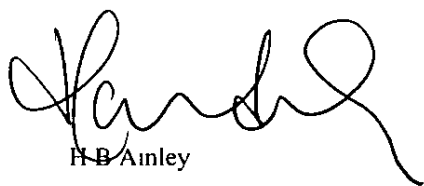
	<i>2011 £000</i>	<i>2010 £000</i>
<i>Profit for the financial year</i>	-	30,546
<i>Total recognised gains and losses relating to the year</i>	-	30,546

Balance sheet

at 30 September 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Fixed asset investments	6	941	941
Current assets			
Debtors	7	4,013	4,013
Net current assets		4,013	4,013
Total assets less current liabilities		4,954	4,954
Capital and reserves			
Called up share capital	8	-	-
Share premium account	9	382	382
Profit and loss account	9	4,572	4,572
Shareholders' funds	10	4,954	4,954

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29th June 2012



H B Ainley

Director

Notes to the financial statements

at 30 September 2011

1. Accounting policies

Basis of preparation

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

Going concern

As described in note 11, the company is party to a Group Banking Facility, comprising overdrafts and term loans, provided to Health & Surgical Holdings Limited ("the Group")

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility and agreed bank covenants for at least the next twelve months. The Group keeps longer term covenants under constant review and has a proactive approach with its bankers to ensure that they remain achievable in the context of identifiable business and market conditions. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and as a result the going concern basis of accounting has been adopted in preparing the group financial statements

Statement of cash flows

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose group financial statements are publicly available, is exempt from the requirement to draw up a statement of cash flows in accordance with FRS 1

Investments in subsidiaries

Tangible fixed assets in subsidiaries are valued at cost less provision for impairment

Deferred taxation

It is the group's policy not to pay for group relief taxation benefits obtained at individual company level

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

2. Investment Income

	2011 £000	2010 £000
Dividends received from subsidiary undertaking	-	30,546

3. Directors' remuneration

The directors did not receive any remuneration in respect of their services as directors of the company during the year (2010 – £nil)

Notes to the financial statements

at 30 September 2011

4. Auditors' remuneration

Auditors remuneration is borne by a fellow group undertaking

5. Tax

(a) Tax on result on ordinary activities

The tax charge is made up as follows

	2011 £000	2010 £000
<i>Current tax</i>		
UK corporation tax on the result for the year	-	-
Total current tax (note 7(b))	-	-
<i>Deferred tax</i>		
Deferred tax asset arising	-	-
Total deferred tax (note 13)	-	-
Tax on result on ordinary activities	-	-

(b) Factors affecting current tax result for the year

The tax assessed for the year is in line than the standard rate of corporation tax in the UK of 27% (2010 – 28%) The differences are explained below

	2011 £000	2010 £000
Result on ordinary activities before tax	-	30,546
Charge on ordinary activities multiplied by standard rate of corporation tax in the UK of 27% (2010 – 28%)	-	8,553
<i>Effects of</i>		
Disallowable expenses and non-taxable income	-	(8,553)
Current tax for the year (note 5(a))	-	-

(c) Factors that may affect future tax charges

There were no factors that may affect future tax charges

Notes to the financial statements

at 30 September 2011

6. Fixed asset investments

	<i>Shares in group undertakings £000</i>
Cost or valuation	
At 1 October 2010 and 30 September 2011	941

<i>Company name</i>	<i>Percentage of shareholding</i>	<i>Description</i>
Transform Medical Group (CS) Limited	100%	Cosmetic surgery and related procedures
Transform Property (Pines) Limited	100%	Management of property
Transform (Property) Limited	100%	Dormant
Transform Aesthetics Limited	100%	Retailer of cosmetic products

7. Debtors

	<i>Company 2011 £000</i>	<i>2010 £000</i>
Amounts owed by group undertakings	4,008	4,008
Tax recoverable	5	5
	<u>4,013</u>	<u>4,013</u>

8. Issued share capital

	<i>2011 No £000</i>	<i>2010 No £000</i>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100

9. Movement on Reserves

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 October 2010 and 30 September 2011	382	4,572	4,954

Notes to the financial statements

at 30 September 2011

10. Reconciliation of movement in shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	4,954	933
Profit for the year	-	30,546
Dividends Paid	-	(26,525)
Closing shareholders' funds	4,954	4,954

11. Contingent liabilities

Under the terms of the Group Facility Agreement entered into by Health and Surgical Holdings Limited and Lloyds Banking Group plc, Transform Holdings Limited has given a first and only legal charge over its property, and a first and only debenture and floating charge over all the group assets, property and undertaking, both present and future in favour of Lloyds Banking Group plc

In addition, each subsidiary in the Health and Surgical Holdings group have entered into a composite guarantee agreement with Health and Surgical Holdings Limited in connection with the group borrowings

At 30 September 2011, the group borrowings drawn down under this facility were £20,598,000 (2010 – 20,090,000)

12. Related party transactions

As a subsidiary of Health and Surgical Holdings Limited, the company has taken advantage of the exemption in FRS 8 'Related Party Transactions' not to disclose transactions with other members of the group headed in Health and Surgical Holdings Limited

There are no other transactions requiring disclosure under FRS 8

Notes to the financial statements

at 30 September 2011

13 Post Balance Sheet Events

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14. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Health and Surgical Holdings Limited and its ultimate parent undertaking and controlling party is Health and Surgical Holdings Limited.

The smallest and largest group of which Transform Medical Group (CS) Limited is a member and for which group financial statements are drawn up, is that headed by Health and Surgical Holdings Limited, whose head office is at 1st Floor, Havel House, 62-66 Queens Road, Reading, Berkshire RG1 4AP. The group financial statements of this group, which in the opinion of the directors is the controlling party, are available from the Registrar of Companies.