

# **Oral Hygiene Innovations Ltd**

## **Report and Financial Statements**

30 April 2004



# Oral Hygiene Innovations Ltd

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Registered No: 3340715

## **Director**

J D Hull

## **Secretary**

S Berry

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **Bankers**

Bank of Scotland Plc  
54-62 Sauchiehall Street  
Glasgow  
G2 3AH

## **Solicitors**

M and A  
Kenneth Pollard House  
5-19 Cowbridge Road East  
Cardiff  
CF11 9AB

## **Registered office**

Lister House  
11-12 Wimpole Street  
London  
W1G 9ST

## Director's report

The director presents his report and financial statements for the year ended 30 April 2004.

### Results and dividends

The loss for the year amounted to £21. The director does not recommend the payment of any dividends.

### Principal activities and review of the business

The principal activity of the company during the year was the supply of oral hygiene products.

The director believes that the company is soundly based to trade profitably in the future.

On 9 January 2004, the entire issued share capital of the company's parent undertaking was acquired by The James Hull Group PLC through the issue by The James Hull Group PLC of one share of the same class in consideration for each share acquired.

On 1 July 2005, the Group concluded a financial restructuring with the bank and its shareholders. Full details of the restructuring are included in Note 16.

### Director

The director who served the company during the year was J D Hull. The director had no interest in the share capital of the company. The interest of J D Hull in the shares of the ultimate parent undertaking, The James Hull Group PLC is as follows:

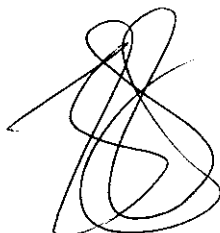
	<i>Ordinary shares of 10p each</i>	
	<i>At 30 April 2004</i>	<i>At date of incorporation</i>
J D Hull	2,841,720	2,841,720

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

J D Hull  
Director



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## **Statement of director's responsibilities in respect of the financial statements**

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 Oral Hygiene Innovations Ltd**

We have audited the company's financial statements for the year ended 30 April 2004 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 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 director and auditors**

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 director 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.

## **Independent auditors' report**

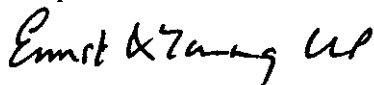
**to the members of Oral Hygiene Innovations Ltd (continued)**

### ***Fundamental uncertainty- going concern***

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the fundamental uncertainty as to whether or not the company is a going concern. In order to continue as a going concern, the company is dependent on The James Hull Group PLC group of companies achieving revenue growth and synergistic cost savings sufficient to enable it to operate within its facilities. The financial statements do not include any adjustments that would result should the going concern basis not be appropriate. It is not practical to quantify the adjustments that might be required, but should any adjustments be required they may be significant. In view of the significance of this fundamental uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 April 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

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## Profit and loss account

for the year ended 30 April 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	2	151,186	101,550
Cost of sales		117,796	83,058
<b>Gross profit</b>		33,210	18,492
Administrative expenses		25,313	15,966
<b>Operating profit</b>	3	7,897	2,526
Interest payable	5	7,918	3,529
<b>Loss on ordinary activities before taxation</b>		(21)	(1,003)
Tax on loss on ordinary activities	6	—	—
<b>Loss for the financial year</b>		(21)	(1,003)

## Statement of total recognised gains and losses

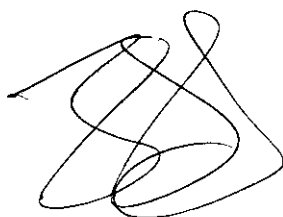
There are no recognised gains or losses other than the loss of £21 attributable to the shareholders for the year ended 30 April 2004 (2003 - loss of £1,003).

# Balance sheet

at 30 April 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	7	16,485	2,071
<b>Current assets</b>			
Stocks	8	33,367	26,946
Debtors	9	127,705	36,363
		161,072	63,309
<b>Creditors: amounts falling due within one year</b>	10	195,921	83,723
<b>Net current liabilities</b>		(34,849)	(20,414)
<b>Total assets less current liabilities</b>		(18,364)	(18,343)
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account	13	(18,366)	(18,345)
<b>Equity shareholders' funds</b>	13	(18,364)	(18,343)

J D Hull  
Director



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## Notes to the financial statements

at 30 April 2004

### 1. Accounting policies

#### **Basis of preparation**

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

The company's ultimate parent undertaking, The James Hull Group PLC, has agreed to provide sufficient funds to enable the company to continue operating and to meet its liabilities as they fall due for the foreseeable future.

The group is in the early stages of consolidation of dental practices and has made further losses during the year. These losses are expected to continue until the group can achieve profitability through revenue growth and synergistic savings at acquired practices.

During the year, the group raised additional finance through the issue of 'A' preference shares for cash consideration of £5,000,000, reduced by £427,000 of legal and professional fees relating to the issue. Following the year end, the group completed a financial restructuring, as summarised in Note 16. In the director's opinion, this restructuring provides sufficient financing to fund the group's operations until it becomes profitable.

On this basis, the director is confident that the company will be able to meet its liabilities as and when they fall due for the foreseeable future and has therefore prepared these financial statements on a going concern basis. However, there remains some uncertainty over the ability of the group to achieve the necessary revenue growth and synergistic cost savings to enable it to operate within its facilities and therefore over the applicability of the going concern basis of preparation.

If the going concern basis of preparation were not applicable, adjustments would be required to these financial statements. These adjustments would include reclassifying fixed assets as current assets, restating the carrying value of assets at their recoverable amount, and making provisions for further liabilities that might arise. It is not practical to quantify these adjustments, but they would be significant.

#### **Cash flow statement**

The company has taken advantage of the exemption in FRS 1 (revised 1996) from the requirement to produce a cash flow statement.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Fixtures, fittings and equipment	- 15% per annum
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The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

at 30 April 2004

### 1. Accounting policies (continued)

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2. Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

The total turnover of the company for the year has been derived from its principal continuing activity wholly undertaken in the United Kingdom.

### 3. Operating profit

This is stated after charging:

	2004 £	2003 £
Auditors' remuneration - audit services	3,600	3,600
Depreciation of owned fixed assets	1,713	366

### 4. Staff costs

The company did not have any employees during the year. No remuneration was paid to the director.

### 5. Interest payable

	2004 £	2003 £
On amounts owed to group undertakings	7,918	3,529

## Notes to the financial statements

at 30 April 2004

### 6. Tax

#### (a) Factors affecting current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are reconciled below:

	2004 £	2003 £
Loss on ordinary activities before taxation	(21)	(1,003)
Loss on ordinary activities at 30% rate of tax	(6)	(301)
Depreciation in excess of capital allowances	6	5
Tax losses carried forward	-	296
Total current tax	-	-

#### (b) Factors that may affect future tax charges

The company has estimated losses of approximately £ 19,000 (2003 - £19,000) available for carry forward against future trading profits.

#### (c) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2004 £	2003 £
Depreciation in advance of capital allowances	276	307
Tax losses available	5,786	5,810
Unrecognised deferred tax asset	6,062	6,117

Deferred tax assets have not been recognised as they do not satisfy the recognition criteria of FRS 19.

## Notes to the financial statements

at 30 April 2004

### 7. Tangible fixed assets

	<i>Fixtures, fittings and equipment £</i>
Cost:	
At 1 May 2003	2,794
Additions	16,127
At 30 April 2004	<u>18,921</u>
Depreciation:	
At 1 May 2003	723
Provided during the year	1,713
At 30 April 2004	<u>2,436</u>
Net book value:	
At 30 April 2004	<u>16,485</u>
At 1 May 2003	<u>2,071</u>

### 8. Stocks

	<i>2004 £</i>	<i>2003 £</i>
Finished goods and goods for resale	<u>33,367</u>	<u>26,946</u>

### 9. Debtors

	<i>2004 £</i>	<i>2003 £</i>
Amounts owed by group undertakings	127,705	36,186
Other debtors	–	177
	<u>127,705</u>	<u>36,363</u>

### 10. Creditors: amounts falling due within one year

	<i>2004 £</i>	<i>2003 £</i>
Bank loans and overdrafts	17,590	8,783
Trade creditors	19,537	10,209
Amounts owed to group undertakings	153,575	56,026
Other taxation and social security	1,419	1,505
Other creditors	3,800	7,200
	<u>195,921</u>	<u>83,723</u>

The bank borrowings are secured by a fixed and floating charge over all the assets of the company.

## Notes to the financial statements

at 30 April 2004

### 11. Contingent liability

The company is a member of a group banking arrangement with other members of The James Hull Group Plc, and has given an unlimited cross guarantee on the bank overdraft and loan facilities of the group. The company has also given a debenture over the whole of its assets as security for the group banking facilities. As at 30 April 2004, the total amount outstanding in respect of these facilities was £15,284,888 (2003 - £15,447,729).

In addition, the company has given a second charge over its assets as security for a loan to its immediate parent undertaking, which at 30 April 2004 amounted to £2,500,000 (2003 - £2,500,000).

### 12. Share capital

		2004		Authorised 2003	
		£		£	
Ordinary shares of £1 each		1,000		1,000	
		<hr/>			
		<i>Allotted, called up and fully paid</i>			
		2004		2003	
	No.	£	No.	£	
Ordinary shares of £1 each	2	2	2	2	

### 13. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 May 2002	2	(17,342)	(17,340)
Loss for the year	—	(1,003)	(1,003)
At 30 April 2003	2	(18,345)	(18,343)
Loss for the year	—	(21)	(21)
At 30 April 2004	2	(18,366)	(18,364)

### 14. Related party transactions

The company has taken advantage of the exemption in FRS 8 from the requirement to disclose transactions with other members of the JDH Holdings Limited group on the grounds that publicly available consolidated financial statements are prepared by that company. Copies of the consolidated financial statements of JDH Holdings Limited can be obtained from the registered office at Lister House, 11-12 Wimpole Street, London, W1G 9ST.

### 15. Ultimate parent undertaking and controlling party

On 9 January 2004, the entire issued share capital of the company's immediate parent undertaking, JDH Holdings Limited was acquired by The James Hull Group PLC through the issue by The James Hull Group PLC of one share of the same class in consideration for each share acquired.

The ultimate parent undertaking at the year end was The James Hull Group PLC.

The ultimate controlling party at the year end was J D Hull, the director, who is the major shareholder of The James Hull Group PLC.

## Notes to the financial statements

at 30 April 2004

### 16. Post balance sheet event – Financial Restructuring

On 30 June 2005, the group concluded a financial restructuring which resulted in the following changes:

- (a) Repayment of the immediate parent undertaking's Mezzanine and Senior loans (excluding redemption premia of £580,000, of which £229,000 had been accrued in that company's financial statements at the balance sheet date) and drawdown of a new Senior loan of £13.75m to be repayable over 4 years with repayments commencing on 31 July 2006.
- (b) The immediate parent undertaking's existing £2.5m loan became interest free and will be repayable on the earlier of the sale or listing of the ultimate parent company or June 2009.
- (c) The share capital of the immediate parent undertaking, JDH Holdings Limited and of the ultimate parent undertaking, The James Hull Group PLC, was restructured. At the balance sheet date, redemption premia on share capital and dividends totalling £1,266,000 had been accrued in the immediate parent undertaking's financial statements but will no longer be payable.
- (d) A group working capital facility of up to £1.75m was put in place.