

**ULTRALASE ACQUISITIONS LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2010**



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# **ULTRALASE ACQUISITIONS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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# **ULTRALASE ACQUISITIONS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A Veverka  
J C Hughes  
M N Korolkiewicz  
R Nevins

#### **SECRETARY**

R Nevins

#### **REGISTERED OFFICE**

3 The Embankment  
Sovereign Street  
Leeds  
LS1 4BJ

#### **BANKERS**

National Westminster Bank plc  
Leeds City Office  
8 Park Row  
Leeds  
LS1 1QS

#### **SOLICITORS**

Cobbetts LLP  
1 Whitehall Riverside  
Leeds  
LS1 4BN

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds  
United Kingdom

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## **ULTRALASE ACQUISITIONS LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year to 31 December 2010

#### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The company's principal activity is the management activities of a holding company

On 18 February 2010 Ultralase Acquisitions Limited was sold to CLVC Group Limited which is jointly owned by the existing banking syndicate and management

On 10 March 2010, bank debt totalling £17 million was novated from the group headed by Ultralase Acquisitions Limited to CLVC Group Limited, as part of a group refinancing exercise, and converted to equity, resulting in a capital contribution of £17m. As a result of the financial restructuring the liability to Ultralase Finance Limited of £120m and liability of £2m to Ultralase Group Limited, has also been waived. This has resulted in a corresponding capital contribution

The company's key measures of effectiveness of its operations are the financial and operational performance of its trading subsidiaries, with key measurements being sales and operating profit before depreciation and amortisation. Sales were £42.3m for the company and its subsidiaries for the year ended 31 December 2010 compared to £40.3m in 2009. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

A key performance indicator for the business focuses on the quality of clinical results in vision correction for the company and its subsidiaries. For patients treated in 2010, 99.1% of patients achieved driving standard vision or better compared to 98.2% in 2009. This figure relates to the recorded outcomes of all 2010 laser treatments.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The current economic situation and competitive pressure in the market is a continuing risk for the enlarged group headed by CLVC Group Limited ("group"). The group manages this risk by forming and maintaining strong relationships with all customers, investing in latest technologies and best practice in regard to customer care, which the group feels it is uniquely experienced to provide. The group also strives to continually improve levels of service and technical expertise on offer to its customers.

The availability of consumer finance is also a risk for the group and the group mitigates this risk by ensuring that there are a minimum of two providers contracted to the group.

Economic conditions continue to be challenging in our core markets. Procedure volume in our industry is highly correlated with consumer confidence and with this index at low levels the demand for our core services has stabilised but not recovered to previous levels. This is a global reality for our industry, although some markets are affected more than others.

The directors are taking appropriate action to mitigate the effects of the poor market conditions as outlined above and ensure that the company and group has adequate liquidity and financing to support its projected level of trading and related funding requirements. Action has been taken to rationalise the company and group's cost base appropriately in line with the prevailing market conditions. Further details regarding the going concern basis of preparation and company's funding position, as well as the ongoing process of working with the company's bankers to put in place appropriate debt facilities to meet the company's funding requirements for a period of at least 12 months are set out in note 1.

Trading for the company and group in the first quarter of 2012 has been in line with expectations. The brand strategy of the group remains unchanged as we continue to drive value by strengthening the core business through operational improvement, developing a broader range of ophthalmic services and entering new markets where profitable growth opportunities exist. To execute this strategy we continue to invest in our brand, in our clinical leadership and in our people.

#### **CURRENT TRADING AND OUTLOOK**

Details regarding the going concern basis of preparation and Company's funding position, as well as the ongoing process of working with the parent company's bankers to put in place renewed and continued debt facilities to meet the Company's funding requirements for a period of at least 12 months are set out in note 1.

#### **ENVIRONMENT**

The group is committed to preventing any possible adverse effects upon the environment and people, arising from its activities. It therefore operates contracts with third parties to deal effectively with clinical waste, and also operates paper recycling initiatives.

# ULTRALASE ACQUISITIONS LIMITED

## DIRECTORS' REPORT

### EMPLOYEES

The group policy is to keep employees informed on matters relevant to them as employees through regular meetings and briefings

### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### DIVIDENDS AND TRANSFERS TO RESERVES

The loss on ordinary activities after taxation was £10,986,850 (2009 £7,747,491), and this was removed from reserves. The directors do not recommend payment of a dividend and propose that the retained loss for the year be transferred from reserves.

### DIRECTORS

The directors who served the company during the year and subsequently were as follows

A Veverka  
J C Hughes  
M N Korolkiewicz  
R Nevins (appointed 18 March 2010)

### CHARITABLE CONTRIBUTIONS

During the year the group made charitable donations of £nil

### AUDITOR

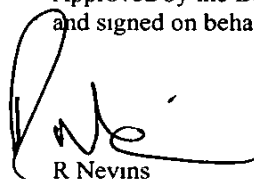
Each of the persons who is a director at the date of approval of this report confirms that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



R Nevins  
Secretary

27 April 2012

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## **ULTRALASE ACQUISITIONS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 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 accounting 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTRALASE ACQUISITIONS LIMITED**

We have audited the financial statements of Ultralase Acquisitions Limited for the year ended 31 December 2010 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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**

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 annual report 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 the company's affairs as at 31 December 2010 and of its loss 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.

### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is party to cross guarantees in respect of this company's debt facility which is used to fund the Group's activities. These facilities include several financial covenants which have been breached. Waivers have been received to date for these covenant breaches and discussions with lenders regarding revised covenants and any additional facilities in line with the Group's updated financial position are progressing but have not yet been concluded. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

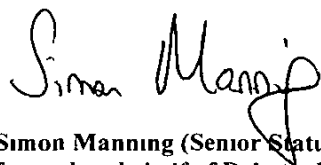
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTRALASE ACQUISITIONS 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



**Simon Manning (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Leeds, United Kingdom

27 April 2012



## ULTRALASE ACQUISITIONS LIMITED

### PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £	2009 £
<b>TURNOVER</b>		-	-
Cost of sales		-	-
		<u>-</u>	<u>-</u>
<b>GROSS PROFIT</b>		-	-
Administrative expenses		(6,464,526)	(1,194,001)
<b>OPERATING LOSS</b>	3	(6,464,526)	(1,194,001)
Interest payable and similar charges	4	(4,522,324)	(6,553,490)
		<u>(10,986,850)</u>	<u>(7,747,491)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(10,986,850)	(7,747,491)
Tax on loss on ordinary activities	5	-	-
		<u>-</u>	<u>-</u>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	13	<u>(10,986,850)</u>	<u>(7,747,491)</u>

All results are derived from continuing operations

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2010

There are no recognised gains and losses for the current or preceding financial year, other than as stated in the profit and loss account


# ULTRALASE ACQUISITIONS LIMITED

## BALANCE SHEET 31 December 2010

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	6	55,405,302	55,422,464
<b>CURRENT ASSETS</b>			
Debtors	7	505,304	507,013
Cash at bank and in hand		2,051	-
		<u>507,355</u>	<u>507,013</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(8,601,514)</u>	<u>(129,783,263)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(8,094,159)</u>	<u>(129,276,250)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		47,311,143	(73,853,786)
<b>CREDITORS: amounts falling due after more than one year</b>	9	(63,815,800)	(71,134,835)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11	<u>(750,000)</u>	<u>-</u>
<b>NET LIABILITIES</b>		<u>(17,254,657)</u>	<u>(144,988,621)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	3,593,696	3,593,686
Capital contribution	13	138,720,804	-
Profit and loss account deficit	13	<u>(159,569,157)</u>	<u>(148,582,307)</u>
<b>TOTAL EQUITY SHAREHOLDERS DEFICIT</b>		<u>(17,254,657)</u>	<u>(144,988,621)</u>

These financial statements of Ultralase Acquisitions Limited, registered number 6468119, were approved by the Board of Directors on 27 April 2012

Signed on behalf of the Board of Directors

  
A Veverka  
Director

# ULTRALASE ACQUISITIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior year.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention.

#### **Preparation of accounts – going concern basis**

The Company, along with other Group subsidiaries, are guarantors of the company's debt facility. The debt facility consists of a term loan of £61m, a revolving credit facility of £4m and accrued interest. The debt facilities are due for renewal on 30 June 2013. The debt facility includes certain financial covenants relating to earnings, interest cover and capital expenditure for the combined CLVC Group Limited. The lenders receive regular financial updates.

At 31 December 2010 lenders formally waived a covenant default and the covenants were reset in February 2011. The Group was in breach of certain covenants at 30 September 2011, 31 December 2011 and 31 March 2012, however these breaches were again waived by lenders. Discussions with lenders regarding revised covenants and any additional facilities in line with the Group's updated financial position are progressing.

In light of the difficult trading conditions and the Group not meeting certain covenant measures as above, tighter operational control, close cash management and forecasting by the Directors have enabled early discussions to take place with the Group and Company's lenders regarding covenants and future cash requirements.

The lenders have agreed to defer certain hedge termination costs and accrued interest payments to 30 April 2012 and the Directors believe it is not the present intention of the lenders to accelerate repayment of these amounts or any other indebtedness under the Facilities Agreement on the expiry of the current waivers.

The Directors have prepared trading and cashflow forecasts for a period in excess of one year from the date of these financial statements for the Group and Company. The forecasts allow for reasonable sensitivity scenarios, which include assumptions based on the information available to the Directors at the time of approval of the financial statements regarding future trading conditions, operational improvements, the timing of future cash flows and the total financing level available to the Group. Under these forecasts the Group and company are able to operate within current facilities for a period in excess of one year from signing the accounts.

The discussions with lenders regarding the continued financing of the Group and company are progressing positively. On the basis of the discussions to date, the Directors are confident that appropriate facilities and revised covenants will be available to the Company, therefore the Directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

In the event of a change in the current stated intentions of the Group's bankers or adverse trading conditions significantly different to that forecasted, such that the negotiations did not conclude satisfactorily, the Directors would need to replace the previous bank facilities with new funding facilities appropriate to the Group's on going requirements and the availability of such alternative facilities remains uncertain.

The Directors have concluded that the combination of these circumstances represents a material uncertainty that may cast significant doubt upon the company's and the Group's ability to continue as a going concern, but given the current nature of discussions with lenders, the Directors have a reasonable belief that a solution will be procured. In the event circumstances changed, these financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

#### **Group accounts**

In accordance with Section 400(1) of the Companies Act 2006 the company has not prepared group accounts as it is a wholly owned subsidiary of CLVC Group, a company registered in England and Wales.

# ULTRALASE ACQUISITIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 1. ACCOUNTING POLICIES (continued)

#### Cash flow statement

The company is exempt from the requirements of FRS1 to include a cash flow statement as part of its accounts as it is a wholly owned subsidiary of a company preparing consolidated accounts which include a consolidated cashflow statement

#### Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value. Cost includes amounts representing the value of the underlying net assets acquired and purchased goodwill, the element relating to purchased goodwill is amortised over its estimated useful life of 20 years (see note below on goodwill and intangible fixed assets)

#### Goodwill and intangible fixed assets

For acquisitions of a business, including an interest in an associated undertaking, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets and amortised over a period of 20 years. A provision is made for any impairment.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non discounted basis.

#### Pension cost

The group does not administer a pension scheme. The pension cost charges represent contributions made by the group on behalf of employees towards personal pensions administered by other parties.

#### Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying value amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Finance costs are recognised in the profit and loss account over the terms of such instruments at a constant rate on the carrying amount.

#### Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

# ULTRALASE ACQUISITIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

### 2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	31 December 2010 £	31 December 2009 £
<b>Directors' emoluments</b>		
Salary	-	-
	-	-
	<u>-</u>	<u>-</u>

The directors were employed by and received remuneration for their services from Ultralase Group Limited upto 14 February 2010 and thereafter from CLVC Group Limited. These companies charged Ultralase Acquisitions Limited a total of £nil in the year to 31 December 2010 for Management Services.

	£	£
<b>Staff costs during the year</b>		
Wages and salaries	-	-
Social security costs	-	-
	-	-
	<u>-</u>	<u>-</u>

	No.	No.
<b>Average number of persons employed</b>		
Management and staff	-	-
	<u>-</u>	<u>-</u>

The company did not employ any staff during the course of the year. All staff were employed by subsidiary companies.

### 3. OPERATING LOSS

	2010 £	2009 £
<b>Operating loss is stated after charging</b>		
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's account	7,800	6,000
Non audit fees		
Tax services	2,000	68,300
Other services	135,736	5,950
<b>Total fees</b>	<u>145,536</u>	<u>80,250</u>

# ULTRALASE ACQUISITIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank loans	2,324,720	4,964,401
Bank rolled-up interest	1,310,935	959,663
Amortisation of debt issue costs	886,669	629,426
	<u>4,522,324</u>	<u>6,553,490</u>

### 5. TAXATION ON ORDINARY ACTIVITIES

Current tax in respect of the year	2010 £	2009 £
UK corporation tax in respect of current year	-	-
	<u>-</u>	<u>-</u>
Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 28%)  
The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation

	2010 £	2009 £
Loss on ordinary activities before tax	<u>(10,986,850)</u>	<u>(7,747,491)</u>
Tax on loss on ordinary activities at standard rate	(3,076,318)	(2,169,297)
Expenses not deductible for tax purposes	1,157,318	63,810
Utilisation of losses	1,096,622	477,149
Losses unutilised in year	822,378	1,628,338
	<u>-</u>	<u>-</u>

# ULTRALASE ACQUISITIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

### 6. INVESTMENTS HELD AS FIXED ASSETS

	2010 £	2009 £
<b>Company</b>		
At 1 January	55,422,464	55,422,374
Additions	-	42,867
Impairment	(17,162)	(42,777)
At 31 December	<u>55,405,302</u>	<u>55,422,464</u>

The directors considered impairment indicators at the end of the reporting period and concluded no impairment review was required. Due to the current performance of the investments and the deterioration of the economy and market since that date the directors consider a significant impairment would now be required.

#### Direct subsidiary undertakings:

Investments in the subsidiary undertakings are as follows

Name of company	Country of Incorporation	Principal activity	Class and percentage Of shares held
Ultralase Limited	England & Wales	Vision Correction Surgery	Ordinary 100%
Allclear Cambridge Limited	Northern Ireland	Property Management	Ordinary 100%
Cambridge Eye Laser Centre Limited	England & Wales	Vision Correction Surgery	Ordinary 100%
Allclear Clinic Limited	Northern Ireland	Vision Correction Surgery	Ordinary 100%
The London Centre for Refractive Surgery Limited	England & Wales	Vision Correction Surgery	Ordinary 100%
Quality Healthcare (Waterford) Limited	Isle of Man	Vision Correction Surgery	Ordinary 100%
Ultralase Ireland Limited	Eire	Holding Company	Ordinary 100%

#### Indirect subsidiary undertakings.

Name of company	Country of Incorporation	Principal activity	Class and percentage Of shares held
The Corneal Laser Centre Limited	England & Wales	Dormant	Ordinary 100%
Nusight Limited	England & Wales	Dormant	Ordinary 100%
Ultralase Cork Limited	Eire	Vision Correction Surgery	Ordinary 100%
Ultralase Dublin Limited	Eire	Vision Correction Surgery	Ordinary 100%

## ULTRALASE ACQUISITIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

#### 7. DEBTORS

	2010 £	2009 £
Prepayments and accrued income	2,218	-
Other debtors	-	-
Amounts owed by group companies	503,086	507,013
	<u>505,304</u>	<u>507,013</u>

#### 8. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	17,625	-
Overdraft	-	159
Bank loans	-	1,120,574
Accruals and deferred income	228,382	1,190,049
Amounts due to group companies	8,355,507	127,472,481
	<u>8,601,514</u>	<u>129,783,263</u>

#### 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Bank loans	62,015,800	69,334,835
Other creditors	1,800,000	1,800,000
	<u>63,815,800</u>	<u>71,134,835</u>



# ULTRALASE ACQUISITIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

### 10 BANK LOANS

	2010 £	2009 £
Bank loans	62,179,820	74,363,098
Revolving credit facility	2,000,000	-
	<u>(2,164,020)</u>	<u>(3,907,689)</u>
Less issue costs	<u>62,015,800</u>	<u>70,455,409</u>

Bank loans are repayable as follows

Within one year	-	1,750,000
Between one and two years	-	2,300,000
Between two and five years	64,179,820	8,250,000
Greater than five years	-	60,383,885
Mezzanine rolled up interest	-	1,679,213
	<u>64,179,820</u>	<u>74,363,098</u>

The company's bank loan is made under Senior Debt facilities, which is split into a Term Loan Facility of £60.9m, a Revolving Facility of £4.0m and PIK interest charged in the accounting period. The maximum amount of these total facilities at 31 December 2010 is £66.2m.

The Term Loan Facility is repayable in full by 30 June 2013. The interest charge on the Term Loan Facility is split into two elements. PIK interest is charged at 2.5% of the Term Loan Facility. PIK interest is added to the Term Loan Facility. Cash payable interest is charged at 1% above LIBOR, plus any Mandatory Cost, if applicable. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

The maximum Term Loan Facility increases in line with the PIK interest element chargeable in the accounting period.

The Revolving Facility can be utilised as required up to a maximum balance of £4m. Interest is charged at 2.5% above LIBOR for any unutilised part of the facility and 5% above LIBOR for any utilised part.

The Senior Debt facilities have been hedged on an interest rate swap expiring on 30 June 2013 for an initial notional value of £49 million which fixes the debt and has a fair value at 31 December 2010 of £1m. The interest rate swap was terminated on 22 December 2011.

Loans are disclosed net of related finance costs in accordance with Financial Reporting Standard No 4.

# ULTRALASE ACQUISITIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

### 11 PROVISIONS FOR LIABILITIES AND CHARGES

	2010 £	2009 £
<b>Other</b>		
At 1 January	-	-
Charge to profit and loss account	750,000	-
<b>Balance at 31 December</b>	<u>750,000</u>	<u>-</u>
Deferred tax is provided as follows		
Capital allowances in excess of depreciation	-	-
Trading losses	-	-
Short term timing differences	-	-
<b>Provision for deferred tax</b>	<u>-</u>	<u>-</u>

There is an unprovided deferred tax asset at 31 December 2010 of £2,988,000 (2009 £1,641,000) in the company relating to revenue losses

### 12 CALLED UP SHARE CAPITAL

	2010 £	2009 £
<b>Authorised</b>		
3,593,696 (2009 3,593,686) ordinary shares of £1 each	<u>3,593,696</u>	<u>3,593,686</u>
<b>Allotted, called up and fully paid</b>		
3,593,696 (2009 3,593,686) ordinary shares of £1 each	<u>3,593,696</u>	<u>3,593,686</u>

On 10 March 2010 the authorised share capital of the company was increased £10 beyond the registered share capital, by the creation of 10 ordinary shares of £1 each

On the same date the 10 ordinary shares of £1 were issued at par

### 13 COMBINED STATEMENT OF MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDER DEFICIT

	Share capital £	Capital contribution £	Profit & Loss £	Total £
At 1 January	3,593,686	-	(148,582,307)	(144,988,621)
Capital contribution	-	138,720,804	-	138,720,804
Shares issued	10	-	-	10
Loss for the financial year	-	-	(10,986,850)	(10,986,850)
<b>At 31 December</b>	<u>3,593,696</u>	<u>138,720,804</u>	<u>(159,569,157)</u>	<u>(17,254,657)</u>

## **ULTRALASE ACQUISITIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2010**

#### **14. CONTINGENT LIABILITIES**

The company, along with other companies in the CLVC Group Limited group of companies, has granted the bank a debenture dated 25 February 2010 for securing all monies due or to become due from the company to the group's bankers. This created a first fixed charge over the Real Property, the Tangible Moveable Property, the Accounts, the Intellectual Property, any goodwill and rights in relation to the uncalled capital of the Company; the Investments, the Shares, all dividends, interest and other monies payable in respect of the Shares and all other Related Rights, and all Monetary Claims and all Related Rights other than any claims which are subject to a fixed charge or assignment. All companies in the debenture also assigns absolutely rights over the proceeds of any Insurance Policy and Related Rights, all rights and claims in relation to any Assigned Accounts, and the Specific Contracts. Each company in the debenture also grants a first floating charge over all its present and future assets and undertaking. The guarantee relates to the availability of borrowing facilities up to an amount of £66.2m in respect of the whole group.

#### **15. RELATED PARTY TRANSACTIONS**

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the CLVC Group Limited group of companies.

The company is a wholly owned subsidiary of CLVC Group Limited, a company registered in England and Wales, which is the ultimate parent company. Copies of the group financial statements of CLVC Group Limited are available from the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.