

The Binding Site Corporation Limited  
Annual report and financial statements  
for the year ended 30 September 2010

Registered number 06979672



## **Annual report and financial statements for the year ended 30 September 2010**

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# **The Binding Site Corporation Limited**

## **Directors and advisors for the year ended 30 September 2010**

### **The Board of Directors**

A R Bradwell  
T J Sykes

### **Registered office**

8 Calthorpe Road  
Edgbaston  
Birmingham  
West Midlands  
B15 1QT

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Bankers**

National Westminster Bank plc  
1 St Phillips Place  
Birmingham  
B3 2PP

### **Solicitors**

Martineau Johnson  
1 Colmore Square  
Birmingham  
B4 6AA

# The Binding Site Corporation Limited

## Directors' report for the year ended 30 September 2010

The directors have pleasure in presenting their annual report and audited consolidated financial statements of the company and group for the year ended 30 September 2010

### Principal activities, trading review and future developments

The principal activity of the company and group is the manufacture and supply of medical diagnostic products

On 31 August 2009 the Company acquired The Binding Site Group Limited and its subsidiaries, this transaction has been accounted for as a merger using reverse acquisition accounting

The group sales derive from two main areas. The first is immunodeficiency tests, predominantly Freelite, which is a unique diagnostic test used to measure ratios of free lightchain protein in serum which is associated with such diseases as myeloma cancer. The company has introduced the testing regime to the market and exceptional growth was achieved in this area. The other main area was the supply of autoimmune diagnostic tests, an example of which is rheumatoid arthritis, under a supply agreement to Instrument Laboratories (UK) Limited. Further details on this supply agreement are held in the annual report of The Binding Site Group Limited. This contract was largely completed by September 2010.

During the year the group opened subsidiaries in the Czech Republic, Belgium and Italy to increase sales growth rates.

In terms of financial performance the group achieved a ratio of gross profit to sales of 80% (2009 75%). Around 43% of the company's sales are in US dollars whereas most of the cost of production is in pounds sterling. The group continues to make a considerable investment in overhead and support areas to continue to stimulate demand for Freelite.

Further areas of expansion included investment in research and development and investment in production processes to support future expansion.

During 2010/11, the group will continue to expand its core business activities through strong trading supported by continued selective investment.

Growth is expected to continue to be driven by the take-up of the Freelite product.

### Key Performance Indicators

The group uses performance monitors across all subsidiaries, and in aggregate, in order to understand the development and performance of the business. The key KPIs are growth in sales of Freelite, growth in sales for the ongoing business and Group EBITDA vs budget at constant currency.

	2009/10 Management Accounts	Budget
	£'000	£'000
Sales – Total ongoing business	40,535	42,507
EBITDA (less one-off costs)	10,981	11,129
	% Actual vs Prior Year	
Sales Growth – Ongoing business	22%	

# **The Binding Site Corporation Limited**

## **Directors' report for the year ended 30 September 2010 (continued)**

### **Research and development**

The group continues to invest in research and development, progressing major long term projects as well as introducing new product developments during the year. A new product, Hevylite, which is a complementary product to the group's Freelite test continues to be developed.

### **Results and dividends**

The consolidated trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements. The directors have not recommended a dividend.

### **Directors**

The directors who served the company during the year and at the date of this report, were as follows:

A R Bradwell

T J Sykes

J P Southern

M D Culwick

C De Rohan

(appointed 21 June 2010 and resigned 9 July 2010)

(appointed 4 January 2011)

(appointed 6 December 2010)

### **Directors' indemnities**

The Company maintains liability insurance for its directors and officers. Following shareholder approval the Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate measures put in place to monitor and mitigate them. The key business risks affecting the group are set out below:

#### **a) Competition**

The group operates in a competitive market particularly concerning price and quality. This results not only in downward pressure on our margins in certain areas, but also in the risk that we will not meet our customers/consumers expectations. We undertake weekly and monthly reviews to constantly monitor quality standards and to ensure they are being met.

#### **b) Employees**

The group's performance depends on its managers and staff. The resignation of key individuals and any inability to recruit people with the right experience and skills from the local community could adversely affect the group's results. To mitigate these issues the group operates a training programme for all employees and has implemented a number of reward schemes linked to the company's results and individual performance that are designed to retain key individuals.

#### **c) Supply chain**

Given the group's dependence on certain specialised raw materials, our purchasing section continually monitors supplier performance and actively seeks to ensure alternative supplies are available where possible.

#### **d) Environment**

The environmental impact of the group's activities is monitored as part of its routine activities and the group actively manages to ensure it meets its environmental commitments.

# **The Binding Site Corporation Limited**

## **Directors' report for the year ended 30 September 2010 (continued)**

### **Financial risk management**

The group's operations expose it to a variety of financial risks that include exchange risk, credit risk, liquidity risk and interest rate risk. The group uses external derivative financial instruments to manage these risks as appropriate.

The group has implemented policies that require appropriate assessment of credit limits for potential customers before sales are made.

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets are bank balances at variable interest rates and cash balances.

### **Payment of creditors**

The group's policy is to agree payment terms with individual suppliers and abide by such terms. Creditors' days for the group as at 30 September 2010 were 18 days (2009: 17 days). The company itself has no external trade creditors.

### **Employees**

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

In order to recognize the contribution made by employees in the company, it supports them in ways such as the operation of a nursery vouchers scheme and the payment of discretionary bonuses.

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its performance. Employees have access to the company intranet which gives company performance information as well as regular meetings with their managers.

# **The Binding Site Corporation Limited**

## **Directors' report for the year ended 30 September 2010 (continued)**

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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 the directors' report and financial statements for each financial year. Under that law the directors have elected to prepare the company's 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 its profit or loss for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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,
- 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.

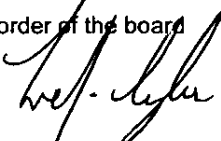
### **Statement of disclosure of information to auditors**

In the case of each director in office at the date the directors' report is approved, the following applies

(a) so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



T J Sykes  
Director

6 April 2011

# **Independent auditors' report to the members of The Binding Site Corporation Limited**

We have audited the group and parent company financial statements ('the financial statements') of The Binding Site Corporation Limited for the year ended 30 September 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Cash Flow Statement, and the related notes. 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).

## **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities set out on page 5 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **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 group and parent 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.

## **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2010 and of the group's profit and cash flows 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 The Binding Site Corporation Limited (continued)**

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Matthew Mullins (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
6 April 2011

# The Binding Site Corporation Limited

## Consolidated profit and loss account for the year ended 30 September 2010

		Year ended 30 September 2010			Year ended 30 September 2009*		
		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	41,991	4,444	46,435	34,881	17,353	52,234
Cost of sales		(7,219)	(1,985)	(9,204)	(6,801)	(6,189)	(12,990)
<b>Gross profit</b>		<b>34,772</b>	<b>2,459</b>	<b>37,231</b>	<b>28,080</b>	<b>11,164</b>	<b>39,244</b>
Administrative expenses		(27,997)	-	(27,997)	(25,944)	(2,863)	(28,807)
Other operating income	3	121	-	121	133	-	133
<b>Operating profit</b>	4	<b>6,896</b>	<b>2,459</b>	<b>9,355</b>	<b>2,269</b>	<b>8,301</b>	<b>10,570</b>
Exceptional items	3			-			62,824
Interest receivable and similar income	7			465			485
Interest payable and similar charges	8			(419)			(532)
<b>Profit on ordinary activities before taxation</b>				<b>9,401</b>			<b>73,347</b>
Taxation (charge)/credit on profit on ordinary activities	9			(2,864)			(1,165)
<b>Profit on ordinary activities after taxation</b>				<b>6,537</b>			<b>72,182</b>
Minority interests	24			(128)			(277)
<b>Profit for the year attributable to members of parent company</b>	27			<b>6,409</b>			<b>71,905</b>

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historic cost equivalents

\*Restated – see note 1

# The Binding Site Corporation Limited

## Consolidated statement of total recognised gains and losses for the year ended 30 September 2010

	Year ended 30 September 2010	Year ended 30 September 2009*
	£'000	£'000
Profit for the period attributable to the members of the parent company	6,409	71,905
Actuarial loss on pension scheme	(1,071)	(349)
Deferred taxation on actuarial loss	300	98
Exchange rate translation difference	61	722
<b>Total recognised gains for the period</b>	<b>5,699</b>	<b>72,376</b>
Prior year adjustment	20,268	-
<b>Total gains and losses recognised since last annual report</b>	<b>25,967</b>	<b>72,376</b>

\*Restated – see note 1

# The Binding Site Corporation Limited

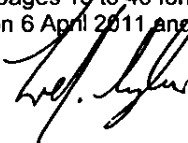
## Consolidated balance sheet as at 30 September 2010

	Note	2010 £'000	2009* £'000
<b>Fixed assets</b>			
Intangible assets	12	6,886	5,562
Tangible assets	13	28,118	3,788
		<b>35,004</b>	<b>9,350</b>
<b>Current assets</b>			
Stock	15	5,426	5,038
Debtors	16	7,505	8,372
Cash at bank and in hand		2,366	12,375
		<b>15,297</b>	<b>25,785</b>
<b>Creditors amounts falling due within one year</b>	17	<b>(11,613)</b>	<b>(4,518)</b>
<b>Net current assets</b>		<b>3,684</b>	<b>21,267</b>
<b>Provisions for liabilities and charges</b>	18	<b>(346)</b>	<b>-</b>
<b>Total assets less current liabilities</b>		<b>38,342</b>	<b>30,617</b>
<b>Creditors amounts falling due after one year</b>	20	<b>(1,100)</b>	<b>-</b>
<b>Net assets excluding pension liability</b>		<b>37,242</b>	<b>30,617</b>
<b>Pension liability</b>	22	<b>(1,040)</b>	<b>(251)</b>
<b>Net assets including pension liability</b>		<b>36,202</b>	<b>30,366</b>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Share premium	26	9	-
Merger reserve	26	52,899	52,899
Reverse acquisition reserve	26	(106,419)	(106,419)
Profit and loss account	26	88,820	83,121
<b>Total The Binding Site Corporation Limited shareholders' funds</b>	27	<b>35,309</b>	<b>29,601</b>
<b>Minority interests</b>	24	<b>893</b>	<b>765</b>
<b>Total shareholders' funds</b>		<b>36,202</b>	<b>30,366</b>

\*Restated – see note 1

The notes on pages 13 to 46 form part of these financial statements. These financial statements were approved by the directors on 6 April 2011 and are signed on their behalf by

T J Sykes  
Director



# The Binding Site Corporation Limited

## Company balance sheet as at 30 September 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Investments	14	141,792	118,724
<b>Current assets</b>			
Stock	15	70	-
Debtors	16	143	-
Cash at Bank		8	-
		221	-
<b>Creditors amounts falling due within one year</b>	17	(7,301)	(1,285)
<b>Net current liabilities</b>		(7,080)	(1,285)
<b>Total assets less current liabilities and net assets</b>		134,712	117,439
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Share premium	26	9	-
Merger reserve	26	52,899	52,899
Profit and loss account	26	81,804	64,540
<b>Total shareholders' funds</b>	27	134,712	117,439

The notes on page 17 to 46 form part of these financial statements

These financial statements were approved by the directors on 6 April 2011 and are signed on their behalf by

T J Sykes  
Director

The Binding Site Corporation Limited company number is 06979672

# The Binding Site Corporation Limited

## Consolidated cash flow statement for the year ended 30 September 2010

	Note	2010 £'000	2009* £'000
<b>Net cash inflow from operating activities</b>	29	<b>12,530</b>	<b>12,847</b>
Returns on investments and servicing of finance	29	88	(47)
Taxation	29	(445)	(3,073)
Capital expenditure and financial investment	29	(26,560)	(3,096)
Acquisitions and disposals	29	(1,590)	73,430
Dividends	11	(1,012)	(64,566)
Financing	29	6,993	(6,150)
<b>(Decrease)/increase in cash</b>	30	<b>(9,996)</b>	<b>9,345</b>

\*Restated – see note 1

# **The Binding Site Corporation Limited**

## **Notes to the financial statements for the year ending 30 September 2010 (continued)**

### **Notes to the financial statements for the year ended 30 September 2010**

#### **1 Principal accounting policies**

##### **Basis of accounting**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. These financial statements are for the year ended 30 September 2010.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. Reverse acquisition accounting is used where this matches the substance of the transaction. Intragroup transactions and balances are eliminated on consolidation. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of the exemption available under section 408 of the Companies Act 2006.

##### **Prior year restatement**

On 31 August 2009 the company acquired The Binding Site Group Limited and its subsidiary undertakings. In the prior year this was accounted for as an acquisition rather than reverse acquisition accounted, in error. Although the legal form of this transaction was an acquisition of The Binding Site Group Limited group, the substance is the reverse of this. Accordingly, the 2009 consolidated comparative balances have been restated to apply reverse acquisition accounting. The restated 2009 consolidated profit and loss account now includes the full year's results of The Binding Site Group Limited group. This restatement has increased reported consolidated profits for the 2009 year by £71,527,000 from £378,000 to £71,905,000. Net assets at 30 September 2009 have reduced by £24,025,000 principally due to the elimination of goodwill, and a reverse acquisition reserve of £106,419,000 has been recognised, with consolidated retained profit and loss reserve increasing by £82,394,000 to £83,121,000. This is a departure from the requirements of the Companies Act 2006 that is required to enable the accounts to provide a true and fair view. The key features of this basis of consolidation are: the consolidated profit and loss account includes the results of The Binding Site Group Limited group for the 12 months to 30 September 2009 and of the company from the date of acquisition (results of the company prior to this date were immaterial), the consolidated profit and loss reserves of the Group are based on the pre-acquisition profit and loss reserves of The Binding Site Group Limited, and, the company has been consolidated from the date of the reverse acquisition based on the fair values of the assets and liabilities at that date, which were immaterial.

##### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Revenue from sales of diagnostic kits and equipment are recognised when the goods are sent to the customer. Revenue from laboratory consumables and reagents is recognised when the diagnostic kits are sent to the customer. Revenue from the equipment sale is recognised when sent to the customer.

##### **Research and development**

Research and development expenditure is written off in the period in which it is incurred, except for expenditure on fixed assets used for research and development purposes, which is capitalised and written off over the estimated useful lives of the assets, and certain development expenditure, which is capitalised and amortised in line with the estimated life of the resultant commercial product. Fixed assets used in research and development activities are written off in line with the depreciation policies below.

##### **Goodwill**

Goodwill is the fair value of the consideration paid for acquiring a company or other assets that is in excess of the fair value of the assets and liabilities acquired.

# **The Binding Site Corporation Limited**

## **Notes to the financial statements for the year ending 30 September 2010 (continued)**

### **1 Principal accounting policies (continued)**

#### **Intangible asset amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill is amortised over the useful economic life of the asset, estimated to be between 5 and 20 years  
Development expenditure is amortised over 5 years

#### **Fixed assets**

All fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the estimated useful economic life of that asset as follows

Land & buildings	- 1 33% to 5% straight line
Plant & machinery (general)	- 25% straight line
Plant & Machinery (instruments)	- 17% straight line
Fixtures & fittings	- 25% straight line
Computer equipment	- 25% straight line
Motor vehicles	- 25% straight line

#### **Investments**

In the parent company's own balance sheet, shares in the subsidiary companies are stated at cost less provision for impairment as applicable

In calculating the total consideration of the investment both actual and deferred consideration are taken into account. Where the deferred consideration is payable in cash, the liability is discounted to its present value. Where the deferred consideration is contingent and dependent on future trading performance, an estimate of the present value of the likely consideration payable is made. This contingent deferred consideration is re-assessed annually. The difference between the present value and the total amount payable at a future date gives rise to a finance charge which is charged to the profit and loss account and credited to the liability over the period in which the consideration is deferred.

#### **Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost comprises direct material and labour costs together with the relevant factory overheads (including depreciation) on the basis of normal activity levels. Raw materials and bought-in-goods are valued on a first in first out basis.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

# **The Binding Site Corporation Limited**

## **Notes to the financial statements for the year ending 30 September 2010 (continued)**

### **1 Principal accounting policies (continued)**

#### **Leases and hire purchase agreements**

Assets held under finance leases and hire purchase agreements and the related lease and purchase obligations are recorded in the balance sheet at the fair value of the assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

#### **Pensions – Defined contribution scheme**

The Binding Site Group Limited operates a defined contribution pension scheme, and The Binding Site Inc operates a 401(K) scheme. These require contributions to be made to a separately administered fund. The annual contributions payable are charged to the profit and loss account.

#### **Pensions – Defined benefit scheme**

The Binding Site Group Limited also operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the group. The scheme is now closed to new and existing members.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate. Pension scheme assets are valued at market value at the balance sheet date. Any pension scheme deficit is recognised in full on the balance sheet. The deferred tax relating to a defined benefit asset/liability is offset against the defined benefit asset/liability and not included with other deferred tax assets or liabilities. However, pension scheme surpluses are not recognised until the surplus is certain to result in a repayment of the asset.

Further details are given in note 22.

#### **Deferred taxation**

Deferred taxation is a measure of the tax consequences of past transactions and events, and is recognised in these financial statements as an asset or liability accordingly. 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 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.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 1 Principal accounting policies (continued)

#### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The results of overseas subsidiaries are translated into sterling using an average rate for the period. Their assets and liabilities are translated into sterling using the rates of exchange ruling at the balance sheet date.

#### Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the options concerned is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes Method (BSM). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, and measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately.

### 2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below.

	2010	2009*
	£'000	£'000
United Kingdom	7,265	3,617
Other European Union countries	15,369	17,082
United States of America	19,419	26,713
Rest of the world	4,382	4,822
	46,435	52,234

\*Restated – see note 1

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 3 Other operating income

	2010	2009*
	£'000	£'000
Other operating income	121	133

Other operating income relates to the income from an on-site nursery at The Binding Site Group Ltd

#### (a) Exceptional Items

	2010	2009*
	£'000	£'000
Cash proceeds	-	83,505
Disposal of goodwill	-	(13,776)
Assets sold	-	(4,031)
Disposal costs	-	(2,874)
Profit on disposal	-	62,824

\*Restated – see note 1

On 9 July 2009, the group sold its autoimmune business to Instrumentation Laboratories (UK) Limited to focus on the higher margin plasma protein business. During the prior period the autoimmune business is treated as a discontinued operation. The group entered an autoimmune products supply contract to Instrumentation Laboratories (UK) Limited from 9 July 2009 which was completed in the current period. This supply contract is also treated as a discontinued operation.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 4 Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009*
	£'000	£'000
Amortisation of goodwill (see note 12)	349	757
Amortisation of capitalised development costs	1,341	1,462
Depreciation of owned tangible fixed assets	1,417	1,392
Depreciation of assets held under hire purchase agreements	4	7
Profit / (Loss) on disposal of fixed assets	15	151
Non capitalised research and development expenditure	784	1,318
Auditors' remuneration		
- as auditor (company £10,000)	70	51
- tax advisory services	169	546
Operating lease costs		
- Plant and Machinery	46	34
- Other	532	573
Net loss on foreign currency translation	632	681
Equity settled share based payments	-	440

\*Restated – see note 1

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 5 Particulars of employees

The average monthly number of staff employed (including directors on service contracts) by the group during the period amounted to

	2010	2009*
Production staff	194	203
Sales and marketing staff	130	138
Administrative staff	154	150
	478	491

The aggregate payroll costs of the above were

	2010	2009*
	£'000	£'000
Wages and salaries	17,253	16,193
Social security costs	1,831	1,669
Pension costs – operating charges	833	849
Staff costs – operating charges	19,917	18,711

\*Restated – see note 1

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 6 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2010	2009*
	£'000	£'000
Emoluments receivable	402	364
Pension contributions to money purchase schemes	14	13
	416	377

No Directors exercised share options during the year

Emoluments of highest paid director

	2010	2009*
	£'000	£'000
Total emoluments (excluding pension contributions)	259	219

The number of directors who accrued benefits under company pension schemes was as follows

	2010	2009*
Money purchase scheme	1	1

\*Restated – see note 1

# **The Binding Site Corporation Limited**

## **Notes to the financial statements for the year ending 30 September 2010 (continued)**

### **7 Interest receivable and similar income**

	2010	2009*
	£'000	£'000
Bank interest receivable	111	188
Directors loan interest	-	2
Expected return of assets of defined pension schemes	354	295
	465	485

\*Restated – see note 1

### **8 Interest payable and similar charges**

	2010	2009*
	£'000	£'000
Interest payable on bank borrowing	41	237
Finance charge in respect of defined benefit pension schemes	378	295
	419	532

\*Restated – see note 1

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 9 Taxation on profit on ordinary activities

	2010	2009*
	£'000	£'000
<b>Current tax</b>		
UK Current tax charge/(credit)	426	1,864
Overseas current tax charge	854	507
Over provision in respect of prior years	(41)	(168)
<b>Total current tax</b>	<b>1,239</b>	<b>2,203</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,681	(1,038)
Adjustments in respect of prior periods	(56)	-
<b>Total deferred tax credit (note 19)</b>	<b>1,625</b>	<b>(1,038)</b>
<b>Tax credit on profit on ordinary activities</b>	<b>2,864</b>	<b>1,165</b>

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 9 Taxation on profit on ordinary activities (continued)

#### Factors affecting current tax charge for the period

The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK for the year of 28% (2009 28%) The differences are explained below

	2010	2009*
	£'000	£'000
Profit on ordinary activities before taxation	9,355	73,347
Tax charge on profit on ordinary activities at average rate of 28% (2009 28%)	2,619	20,537
Effects of		
Expenses / (income) not deductible for tax purposes	55	(19,476)
Capital allowances in excess of depreciation	(2)	17
Group relief surrendered	-	52
Over provision in respect of prior years	(41)	(168)
Losses utilised	(1,392)	1,241
Current tax credit for the period	1,239	2,203

\*Restated – see note 1

### 10 Profit attributable to members of the parent company

The company has taken advantage of Section 408 of the Companies Act 2006 not to publish its own profit and loss account The profit of the parent company in the year ended 30 September 2010 was £17,264,000 (2009 £64,540,000)

### 11 Dividends

No dividend has been recommended for the year ended 30 September 2010 In 2009 the company agreed to make a capital payment of £65,578,000 to acquire The Binding Site Group Limited group As this acquisition has been reflected in these accounts as a reverse acquisition (see note 1) this has been presented as a dividend even though the company did not legally pay a dividend

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 12 Intangible assets

Group	Development costs	Goodwill*	Total*
	£'000	£'000	£'000
<b>Cost</b>			
At 1 October 2009	5,264	2,264	7,528
Additions	1,885	1,129	3,014
<b>At 30 September 2010</b>	<b>7,149</b>	<b>3,393</b>	<b>10,542</b>
<b>Amortisation</b>			
At 1 October 2009	1,503	463	1,966
Charge for the period	1,341	349	1,690
<b>At 30 September 2010</b>	<b>2,844</b>	<b>812</b>	<b>3,656</b>
<b>Net book value</b>			
<b>At 30 September 2010</b>	<b>4,305</b>	<b>2,581</b>	<b>6,886</b>
At 30 September 2009	3,761	1,801	5,562

\*Restated – see note 1

Within goodwill additions for the year is £162,000 which relates to the purchase of intellectual property. This has been fully amortised in the year.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 13 Tangible fixed assets

Group	Freehold land & buildings	Long Leasehold land & buildings	Plant & machinery	Fixtures & fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 October 2009	3,808	-	4,293	1,786	440	10,327
Additions	207	23,767	1,347	324	177	25,822
Disposals	(2)	-	(114)	(16)	(33)	(165)
Currency effects	(9)	-	(10)	(2)	(1)	(22)
<b>At 30 September 2010</b>	<b>4,004</b>	<b>23,767</b>	<b>5,516</b>	<b>2,092</b>	<b>583</b>	<b>35,962</b>
<b>Depreciation</b>						
At 1 October 2009	1,841	-	3,182	1,251	265	6,539
Charge for the period	346	-	729	252	94	1,421
On disposals	-	-	(87)	(16)	(18)	(121)
Currency effects	1	-	3	1	-	5
<b>At 30 September 2010</b>	<b>2,188</b>	<b>-</b>	<b>3,827</b>	<b>1,488</b>	<b>341</b>	<b>7,844</b>
<b>Net book value</b>						
<b>At 30 September 2010</b>	<b>1,816</b>	<b>23,767</b>	<b>1,689</b>	<b>604</b>	<b>242</b>	<b>28,118</b>
At 30 September 2009	1,967	-	1,111	535	175	3,788

At the balance sheet date the directors did not consider there to be any material difference between net book value and market value in respect of the land and buildings

#### Hire purchase agreements

Included within the closing net book value nil relates to motor vehicles held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such amounts amounted to £4,000

# **The Binding Site Corporation Limited**

## **Notes to the financial statements for the year ending 30 September 2010 (continued)**

### **14 Investments**

	<b>Company</b>
	<b>£'000</b>
<b>Net book value</b>	
At 1 October 2009	118,724
Addition	23,068
<b>At 30 September 2010</b>	<b>141,792</b>

The addition in investments primarily relates to the acquisition of Nettleton Gate Limited. This company contains an office building to be used by the Group (see note 28)

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 14 Investments (continued)

#### Subsidiary undertakings

All controlled directly or indirectly by the company

	Country of incorporation	Holding	Proportion of voting rights held	Nature of business
The Binding Site Group Limited	UK	Ordinary shares	100%	Manufacture & supply of medical and biological products
The Binding Site Inc	USA	Ordinary shares	90%	Supply of medical and biological products
The Binding Site GmbH	Germany	Ordinary shares	90%	Supply of medical and biological products
The Binding Site VT Inc	USA	Ordinary shares	100%	Supply of antisera to the parent company
The Binding Site Surcursal Espana	Spain	Ordinary shares	100%	Supply of medical and biological products
The Binding Site S R O	Czech Republic	Ordinary shares	90%	Supply of medical and biological products
The Binding Site Benelux	Belgium	Ordinary shares	100%	Supply of medical and biological products
The Binding Site S R L	Italy	Ordinary shares	100%	Supply of medical and biological products
Nettleton Gate Limited	UK	Ordinary shares	100%	Property management company
Immunepeptides Limited	UK	Ordinary shares	100%	Holding of intellectual property
BDS Biologicals Limited	UK	Ordinary shares	100%	Dormant

The Binding Site Group Limited also operates a branch in France

Post year end the trade and assets of The Binding Site Surcasal Espana has been transferred into a branch of The Binding Site Group Limited

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 14 Investments (continued)

The capital and reserves at 30 September 2010, and profits and loss for the subsidiaries for the year ended on that date, were as follows

	2010	2009
	£'000	£'000
<b>Aggregate capital and reserves at 30 September 2010</b>		
The Binding Site Group Limited	13,966	26,442
The Binding Site Inc	7,419	6,408
The Binding Site GmbH	1,505	1,243
The Binding Site VT Inc	79	80
The Binding Site Surcursal Espana	(483)	(69)
The Binding Site S R O	106	-
The Binding Site Benelux	107	-
The Binding Site S R L	(10)	-
Nettleton Gate Limited	23,465	-
Immunepeptides Limited	-	-
BDS Biologicals Limited	-	-

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 14 Investments (continued)

	2010	2009
	£'000	£'000
<b>Profit/(loss) for the year ended 30 September 2010</b>		
The Binding Site Group Limited	5,503	75,441
The Binding Site Inc	950	2,558
The Binding Site GmbH	337	212
The Binding Site VT Inc	(1)	4
The Binding Site Surcursal Espana	(421)	(388)
The Binding Site S R O	80	-
The Binding Site Benelux	78	-
The Binding Site S R L	(18)	-
Nettleton Gate Limited (since acquisition)	(78)	-
Immunepeptides Limited	18	-
BDS Biologicals Limited	-	-

### 15 Stock

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Raw materials	499	1,051	-	-
Work in progress	3,526	3,067	-	-
Finished goods	1,401	920	70	-
	5,426	5,038	70	-

In 2009, £341,000 of unprocessed Anti-serum was categorised as raw materials. The Group believes that classifying Raw Anti-serum should be classed as work in progress is a more appropriate treatment. There is £392,000 Raw Anti-serum classified as work in progress in 2010.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 16 Debtors

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	6,635	6,145	-	-
Corporation taxation	-	752	-	-
Directors' loan account	-	244	-	-
Other debtors	290	234	143	-
Deferred taxation (note 19)	-	673	-	-
Prepayments and accrued income	580	324	-	-
	7,505	8,372	143	-

### 17 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade creditors	905	689	-	-
Corporation Taxation	602	-	-	-
Amount due under finance leases	150	-	-	-
Owed to group undertakings – The Binding Site Group Limited	-	-	277	26
Hire purchase agreements	-	16	-	-
Director loan	7,024	-	7,024	-
Deferred consideration relating to the purchase of The Binding Site Group Limited	-	-	-	1,259
Other creditors	-	1,089	-	-
Taxation and social security	527	333	-	-
Accruals and deferred income	2,405	2,391	-	-
	11,613	4,518	7,301	1,285

For further details of the director loan see note 33

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 18 Provisions for liabilities and charges

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Deferred taxation (note 19)	346	-	-	-

### 19 Deferred taxation

The deferred taxation assets included in the balance sheet are as follows

	Group		Company	
	2010	2009*	2010	2009
	£'000	£'000	£'000	£'000
Included in debtors (note 16)	-	673	-	-
Included in provisions for liabilities and charges (note 18)	(346)	-	-	-
Included in net pension deficit (note 22)	404	98	-	-
<b>Total deferred taxation assets</b>	<b>58</b>	<b>771</b>	<b>-</b>	<b>-</b>

The movement in the deferred taxation account during the period was

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Balance brought forward	771	135	-	-
Balance acquired with Nettleton Gate Limited	612	-	-	-
Disposal	-	(500)	-	-
Profit and loss account credit	(1,625)	1,038	-	-
Deferred tax on actuarial losses	300	98	-	-
<b>Balance carried forward</b>	<b>58</b>	<b>771</b>	<b>-</b>	<b>-</b>

\*Restated – see note 1

The Finance Act (No 2) 2010 was substantively enacted on 20 July 2010 and includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. The deferred tax liability at 30 September 2010 has been re-measured accordingly.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 19 Deferred taxation (continued)

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. These changes, which were expected to be enacted separately each year, proposed reducing the rate by 1% per annum to 24% by 1 April 2014. These reductions have been amended by Budget 2011 on 23 March 2011. An additional reduction of 1% is proposed to the Financial Year beginning 1 April 2011 and rates will be reduced by three further one per cent cuts to 23% by the Financial Year beginning 1 April 2014.

The June 2010 Budget also included measures to reduce the rate of writing-down allowances on the main pool of plant and machinery expenditure to 18% and on the special rate pool to 8%, both with effect from 1 April 2012.

As at the balance sheet date these further proposed changes to rates and capital allowances had not been substantively enacted and, therefore, are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

### 20 Creditors: amounts falling due after one year

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amount due under finance leases	1,100	-	-	-

### 21 Loans and hire purchase

Creditors include finance instruments which are due for repayment as follows

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts repayable				
In one year or less or on demand	7,174	16	7,024	-
In more than 5 years	1,100	-	-	-
	8,274	16	7,024	-

### 22 Pension schemes and FRS 17 disclosure

The group operates a closed pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with insurance companies. The scheme was operated by The Binding Site Limited until 6 March 2009 when it was transferred to The Binding Site Group Limited. Although there was a surplus in the scheme at that time, this was not recognised as an asset in accordance with paragraph 37 of FRS 17 'Retirement Benefits'.

The pension cost to the company during the year was £nil relating to the defined benefit pension scheme. No additional top-up was made. Contributions to the money purchase scheme in the UK amounted to £441,000 (2009 £426,000). The US subsidiary operates a 401(K) scheme for its employees. Contributions to the scheme amounted to £380,000 (2009 £418,000).

The last full actuarial valuation of the defined benefit scheme was completed on 30 September 2008. The scheme is now closed to new and existing members.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 22 Pension schemes and FRS 17 disclosure (continued)

The actuarial report for the pension scheme was undertaken by Barnett Waddingham Actuaries and was determined by using the following major assumptions

	At 30 September 2010	At 30 September 2009
Discount rate	5.00%	5.60%
Expected return on assets (for the following year)	5.00%	5.54%
Salary increases	3.25%	3.25%
Inflation	3.25%	3.25%
LPI pension increases	3.25%	3.25%
Mortality pre-retirement	Standard tables P[M/F]A 2000 year of birth with long cohort minimum 1% pa improvements	Standard tables P[M/F]A 2000 year of birth with long cohort minimum 1% pa improvements
Mortality post retirement	Standard tables P[M/F]A 2000 year of birth with long cohort minimum 1% pa improvement	Standard tables P[M/F]A 2000 year of birth with long cohort minimum 1% pa improvement
Assumed retirement age	65	65

The actual return on assets net of expenses over the year to review date was 10.0%

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 22 Pension schemes and FRS 17 disclosures (continued)

The expected return on assets is taken by reference to the yields on corporate and non-UK Government debt, as appropriate to the Scheme's holdings of these instruments. This is 5.0% pa on bonds and 2.0% on cash.

#### a) Net pension liabilities

	2010 Value £'000	2009 Value £'000
Present value of Defined Benefit Obligation	(8,502)	(6,746)
Total market value of assets	7,058	6,397
<b>Deficit in the scheme</b>	<b>(1,444)</b>	<b>(349)</b>
Related deferred tax asset	404	98
<b>Net pension liability</b>	<b>(1,040)</b>	<b>(251)</b>

#### b) Expected returns on assets and liabilities

	Expected long-term return on assets	2010 Value £'000	Expected long-term return on assets	2009 Value £'000
Bonds	5.00%	6,953	5.60%	6,292
Cash	2.00%	105	2.00%	105
Total market value of assets		7,058		6,397

#### c) Amounts charged in profit and loss account

	2010 £'000	2009* £'000
Current service cost	-	-
Interest cost	378	295
Expected return on pension scheme assets	(354)	(295)
	24	-

\*Restated – see note 1

The expected return on the pension scheme assets is restricted to the interest cost in accordance with paragraph 67 of FRS17 'Retirement Benefits'. The surplus in the scheme acquired from The Binding Site Limited was not recognisable in accordance with paragraph 37 of FRS 17 'Retirement Benefits'.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 22 Pension schemes and FRS 17 disclosures (continued)

#### d) Changes in the present value of the defined benefit obligation

	2010	2009*
	£'000	£'000
Balance brought forward / acquired	6,746	4,228
Current service cost	-	-
Interest cost	378	295
Benefits paid	(8)	(14)
Actuational loss	1,386	2,237
<b>Closing defined benefit obligation</b>	<b>8,502</b>	<b>6,746</b>

#### e) Changes in the fair value of the scheme assets

	2010	2009*
	£'000	£'000
Balance brought forward / acquired	6,397	5,825
Expected return on assets	354	295
Contributions by employer	-	16
Benefits paid	(8)	(14)
Actuational gain on assets	315	275
<b>Closing fair value of scheme assets</b>	<b>7,058</b>	<b>6,397</b>

The company intends to contribute £1,150,000 into an escrow account to provide additional security to the scheme in the year ending 30 September 2011

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 22 Pension schemes and FRS 17 disclosures (continued)

#### f) Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2010	2009*
	£'000	£'000
Actual return less expected return on pension scheme assets	315	275
Experience gains and losses arising on the scheme liabilities	-	(104)
Changes in assumptions underlying the present value of the scheme liabilities	(1,386)	(2,117)
	(1,071)	(1,946)
Change in surplus cap	-	1,597
Actuanal loss recognised in STRGL	(1,071)	(349)

#### g) History of experience gains and losses

	2010	2009
Difference between the expected and actual returns of scheme assets		
Amount (£'000)	315	275
Percentage of scheme assets	4.5%	4.2%
Experience gains and losses on scheme liabilities		
Amount (£'000)	-	(104)
Percentage of scheme liabilities	-	(1.5%)
Total amount recognised in Statement of Total Recognised Gains and Losses		
Amount (£'000)	(1,071)	(349)
Percentage of the present value of scheme liabilities	(12.6%)	(5.2%)

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 23 Share-based payments

Outlined below are the remaining valuations of all share options based on the assumptions outlined above

	Date of grant	Ordinary shares under option at 1 October 2009	Exercise price (£/share)	Lapsed	Ordinary shares under option at 30 September 2010
HD Carr-Smith	30 03 2006	1,024	247	-	1,024
PL Duncan	30 03 2006	1,024	247	-	1,024
A Rowland	30 03 2006	1,024	247	-	1,024
W Herzog	30 03 2006	1,024	247	-	1,024
G Mead	30 03 2006	1,024	247	-	1,024
R Rowland	30 03 2006	1,024	247	-	1,024
JP Southern	06 12 2006	1,024	366	(1,024)	-
TJ Sykes	30 03 2006	1,024	247	-	1,024

All share options are fully vested with no outstanding preference criteria and hence no charge was made to the profit and loss account in 2010 (2009 £440,000)

JP Southern waived his share options during 2010

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 24 Minority interests

	£'000
At 1 October 2009	765
Profit attributable to minority interests for the year	128
<b>Balance as at 30 September 2010</b>	<b>893</b>

### 25 Share capital

Authorised share capital	2010	2009
	£	£
105,000 Ordinary shares of £0.01 each	1,050	1,050
1,024 B shares of £0.01 each	10	-
13,000 C shares of £0.01 each	130	-

Allotted, called up and fully paid;	2010	2009		
	Number	£	Number	£
42,200 Ordinary shares of £0.01 each	42,200	422	42,200	422
B shares of £0.01 each	1,024	10	-	-
C shares of £0.01 each	13,000	130	-	-
		562		422

In the current period 1,024 B shares and 13,000 C shares were issued at nominal £0.01 each for total proceeds of £4,096 and £13,000 respectively. The authorised share capital was amended accordingly.

B shares give the right to the holder to participate in any equity value of the company that is in excess of £90,000,000. There is no right to receive distributions from the company. There are no voting rights attached to the shares.

C shares give voting rights to the holder, but there is no right to any distributions from the company.

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 26 Reserves

	Share premium	Reverse acquisition reserve	Merger reserve	Profit and loss account
Group	£'000	£'000	£'000	£'000
At 1 October 2009 – as previously reported	-	-	52,899	727
Prior year adjustment	-	(106,419)	-	82,394
At 1 October 2009 – as restated	-	(106,419)	52,899	83,121
Profit for the year	-	-	-	6,409
Arising on issue of new shares	9	-	-	-
Defined benefit pension scheme – actuarial loss	-	-	-	(1,071)
Deferred tax on actuarial loss	-	-	-	300
Exchange rate translation differences	-	-	-	61
<b>Balance carried forward at 30 September 2010</b>	<b>9</b>	<b>(106,419)</b>	<b>52,899</b>	<b>88,820</b>

	Share premium	Merger reserve	Profit and loss account
Company	£'000	£'000	£'000
At 1 October 2009	-	52,899	64,540
Profit for the year	-	-	17,264
Arising on issue of new shares	9	-	-
<b>Balance carried forward at 30 September 2010</b>	<b>9</b>	<b>52,899</b>	<b>81,804</b>

The merger reserve represents merger relief arising as a result of the application of section 612 of the Companies Act 2006 in respect of the acquisition of more than 90% of the nominal value of the equity shares of The Binding Site Group Limited

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 27 Reconciliation of movements in total shareholders' funds

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Profit for the financial period/year	6,409	71,905	17,264	64,540
Exchange rate translation amounts	61	722	-	-
New equity share capital subscribed	9	-	9	-
Dividend	-	(65,578)	-	-
Premium on issuance of new share capital	-	2,095	-	-
Defined benefit pension scheme – actuarial loss	(1,071)	(349)	-	-
Deferred tax on actuarial loss	300	98	-	-
Reserve arising on new equity share capital issue	-	-	-	52,899
Recognition of equity-settled share-based payments in the year	-	440	-	-
<b>Net addition to The Binding Site Corporation Limited shareholders' funds</b>	<b>5,708</b>	<b>9,333</b>	<b>17,273</b>	<b>117,439</b>
Opening The Binding Site Corporation Limited shareholders' funds – as previously reported	53,626	-	117,439	-
Prior year adjustment	(24,025)	20,268	-	-
Opening The Binding Site Corporation Limited shareholders' funds – as restated	29,601	20,268	117,439	-
<b>Closing The Binding Site Corporation Limited shareholders' funds</b>	<b>35,309</b>	<b>29,601</b>	<b>134,712</b>	<b>117,439</b>

# **The Binding Site Corporation Limited**

## **Notes to the financial statements for the year ending 30 September 2010 (continued)**

### **28 Acquisitions**

During the year the Group set up new subsidiaries The Binding Site S R O, The Binding Site Benelux, The Binding Site S R L and paid for £967,000 to acquire the trade, customer relationships and customer lists of the distribution company resulting in goodwill of £967,000

During the year the Group purchased Nettleton Gate Limited for £23,000,000 The company owns a building that will be occupied by the Group's UK operations

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 29 Notes to the cash flow statement

#### Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£'000	£'000
Operating profit	9,355	10,570
Amortisation of goodwill	349	757
Amortisation of development costs and write offs	1,341	1,462
Depreciation	1,421	1,399
Deferred consideration movement	-	(278)
Profit on sale of fixed assets	(15)	(151)
Equity settled share-based payment	-	440
Increase in stocks	(407)	(684)
Increase in debtors	(681)	(310)
Increase/(decrease) in creditors	1,167	(358)
<b>Net cash inflow from operating activities</b>	<b>12,530</b>	<b>12,847</b>

#### Returns on investments and servicing of finance

	2010	2009
	£'000	£'000
Interest received	111	190
Interest paid	(23)	(237)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>	<b>88</b>	<b>(47)</b>

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 29 Notes to the cash flow statement (continued)

#### Taxation

	2010	2009
	£'000	£000
Purchase of tax losses	(613)	-
Taxation recovered / (paid)	168	(3,073)
	(445)	(3,073)

#### Capital expenditure and financial investment

	2010	2009
	£'000	£'000
Payments to acquire tangible fixed assets	(24,572)	(1,092)
Payments to acquire intangible assets	(162)	-
Sale of tangible fixed assets	59	179
Expenditure on capitalised development	(1,885)	(2,183)
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(26,560)</b>	<b>(3,096)</b>

#### Acquisitions and disposals

	2010	2009
	£'000	£'000
Payment to acquire subsidiary (28)	(967)	-
Disposal proceeds of TBS Limited	-	83,505
Disposal costs incurred	-	(2,874)
Deferred consideration paid	(623)	(7,201)
<b>Net cash (outflow)/inflow from acquisitions and disposals</b>	<b>(1,590)</b>	<b>73,430</b>

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 29 Notes to the cash flow statement (continued)

#### Financing

	2010	2009
	£'000	£'000
Increase in loans	7,000	-
Decrease in loans	-	(8,241)
Capital element of hire purchase payments	(16)	(4)
Issue of ordinary share capital	9	2,095
<b>Net cash inflow from financing</b>	<b>6,993</b>	<b>(6,150)</b>

### 30 Reconciliation of net cash flow to movement in net debt

	2010	2009
	£'000	£'000
Increase in cash in the period	(9,996)	9,345
Foreign exchange effects	(13)	80
New finance lease arising on acquisition	(1,250)	-
(Increase)/decrease in loans	(7,000)	8,241
Decrease in hire purchase amounts	16	4
Change in net debt	(18,243)	17,670
Net funds at beginning of the period	12,359	(5,311)
<b>Net (debt) / funds at 30 September 2010</b>	<b>(5,884)</b>	<b>12,359</b>

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 30 Reconciliation of net cash flow to movement in net debt (continued)

#### Analysis of changes in net debt

	At 1 October 2009	Cash flows	Other non-cash changes	At 30 September 2010
	£'000	£'000	£'000	£'000
<b>Net cash</b>				
Cash at bank less overdraft	12,375	(9,996)	(13)	2,366
<b>Debt</b>				
Hire purchase within 1 year	(16)	16	-	-
Debt due within 1 year	-	(7,000)	-	(7,000)
Finance leases due within 1 year	-	-	(150)	(150)
Finance leases due after 1 year	-	-	(1,100)	(1,100)
<b>Net debt as at 30 September 2010</b>	<b>12,359</b>	<b>(16,980)</b>	<b>(1,263)</b>	<b>(5,884)</b>

### 31 Commitments and contingencies

At 30 September 2010 the group committed to make the following annual payments in respect of non-cancellable operating leases

Land & buildings	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Leases expiring within one year	1	-	-	-
Leases expiring within two to five years	274	313	-	-
Leases expiring after five years	-	-	-	-
<b>Annual operating leases payments</b>	<b>275</b>	<b>313</b>	<b>-</b>	<b>-</b>

# The Binding Site Corporation Limited

## Notes to the financial statements for the year ending 30 September 2010 (continued)

### 31 Commitments and contingencies (continued)

Other	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Leases expiring within one year	121	83	-	-
Leases expiring within two to five years	216	209	8	8
Leases expiring after five years	-	-	-	-
Annual operating leases payments	337	292	8	8

#### Capital commitments

As at 30 September 2010, the Group had commitments of £113k (2009 nil) relating to a lift for the new building

### 32 Ultimate parent undertaking and controlling party

AR Bradwell is the ultimate controlling party

### 33 Related party transactions

During the prior period the company received a loan from The Binding Site Group Limited of £64,566,000. The loan was repaid during the period.

On 21 August 2009 a director was advanced a loan from The Binding Site Group Limited of £247,000 in order to exercise share options over 1,000 shares in The Binding Site Group Limited. On 31 August 2009 the director sold these shares to The Binding Site Corporation Limited and the loan was repaid.

As part of the purchase of The Binding Site Group Limited by the company during the prior period, the company entered into the following transactions with the directors and parties closely connected to the directors:

	Directors	Closely connected parties
	£'000	£'000
Shares in The Binding Site Group Limited purchased for cash	1,259	53,906
Shares in The Binding Site Group Limited exchanged for shares in the company	50,128	2,771

During the period the group purchased Immunepeptides Limited from a director. In exchange the group waived a debt of £162,000 owed by the director. This loan was included in the £244,000 loan discussed below.

At the end of the prior period a director owed the group £244,000. This increased to £322,000 during the year, but was repaid in full by the year end.

During the period a director advanced a loan to the company of £7,000,000. Interest accrues on this loan at a rate of 4.5% and the loan is repayable on the shorter of 3 years or 3 months repayable on demand.

During the year a number of directors were issued B and C shares. Further details are given in note 25.