

Report of the Directors and
Financial Statements
for the Year Ended 30 June 2001
for
New Splint Plc



New Splint Plc

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for the Year Ended 30 June 2001

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New Splint Plc

Company Information
for the Year Ended 30 June 2001

DIRECTORS:

L N Salter
P H Virgin
H D Link

SECRETARY:

O Salter

REGISTERED OFFICE:

9 Murrell Green Business Park
London Road
Hook, NR Basingstoke
Hampshire
RG27 9GR

REGISTERED NUMBER:

2090807

AUDITORS:

Pridie Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey GU2 4HS

New Splint Plc

Report of the Directors for the Year Ended 30 June 2001

The directors present their report with the financial statements of the company for the year ended 30 June 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the wholesale and retail distribution of orthopaedic and other health care products.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of 3.20 per share.

The total distribution of dividends for the year ended 30 June 2001 will be £160,000.

DIRECTORS

The directors during the year under review were:

L N Salter
P H Virgin
H D Link

The beneficial interests of the directors holding office on 30 June 2001 in the issued share capital of the company were as follows:

	30.6.01	1.7.00
Ordinary £1 shares		
L N Salter	20,000	20,000
P H Virgin	20,000	20,000
H D Link	10,000	10,000

INTRODUCTION OF THE EURO

The potential impact and the costs of the changeover to the Euro are not expected to be significant.

CREDITOR PAYMENT POLICY

It is the Company's policy to agree terms of transactions, including payment terms, with suppliers and, provided suppliers perform in accordance with the agreed terms, it is the Company's normal practice that payment is made accordingly.

The number of days outstanding between receipt of invoices and date of payment calculated by reference to the amount owed to trade creditors at the year end as a proportion of amounts invoiced by suppliers during the year was 94 days.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

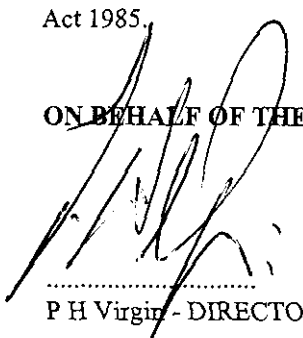
New Splint Plc

Report of the Directors
for the Year Ended 30 June 2001

AUDITORS

The auditors, Pridie Brewster, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
P H Virgin - DIRECTOR

Dated:

New Splint Plc

Report of the Independent Auditors to the Shareholders of
New Splint Plc

We have audited the financial statements of New Splint Plc for the year ended 30 June 2001 on pages five to seventeen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

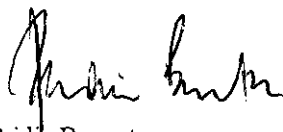
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Pridie Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey GU2 4HS

Dated: 11.9.01

New Splint Plc

Profit and Loss Account
for the Year Ended 30 June 2001

		30.6.01	30.6.00
	Notes	£	£
TURNOVER		4,503,260	3,545,703
Cost of sales		2,103,389	1,646,224
GROSS PROFIT		2,399,871	1,899,479
Administrative expenses		2,001,498	1,545,777
OPERATING PROFIT	3	398,373	353,702
Interest receivable and similar income		14,017	9,697
		412,390	363,399
Interest payable and similar charges	4	9,118	12,788
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		403,272	350,611
Tax on profit on ordinary activities	5	95,333	80,355
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		307,939	270,256
Dividends	6	160,000	160,000
		147,939	110,256
Retained profit brought forward		396,489	286,233
RETAINED PROFIT CARRIED FORWARD		£544,428	£396,489

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

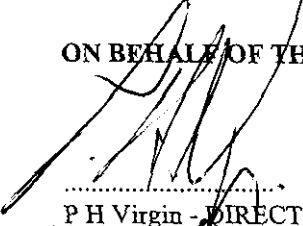
The company has no recognised gains or losses other than the profits for the current and previous years.

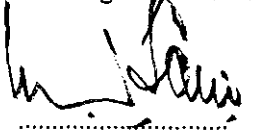
New Splint Plc

Balance Sheet
30 June 2001

		30.6.01		30.6.00	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		316,754		332,504
CURRENT ASSETS:					
Stocks	8	447,903		519,040	
Debtors	9	756,108		562,212	
Cash at bank and in hand		629,074		396,992	
		1,833,085		1,478,244	
CREDITORS: Amounts falling due within one year	10	1,473,045		1,258,032	
NET CURRENT ASSETS:			360,040		220,212
TOTAL ASSETS LESS CURRENT LIABILITIES:			676,794		552,716
CREDITORS: Amounts falling due after more than one year	11		82,366		106,227
			£594,428		£446,489
CAPITAL AND RESERVES:					
Called up share capital	15		50,000		50,000
Profit and loss account			544,428		396,489
SHAREHOLDERS' FUNDS:	17		£594,428		£446,489

ON BEHALF OF THE BOARD:


.....
P H Virgin - DIRECTOR


.....
L N Salter - DIRECTOR

Approved by the Board on 28 Sep 01

New Splint Plc

Cash Flow Statement
for the Year Ended 30 June 2001

		30.6.01		30.6.00	
	Notes	£	£	£	£
Net cash inflow					
from operating activities	1		524,199		317,812
Returns on investments and					
servicing of finance	2		4,899		(3,091)
Taxation			(80,355)		(86,113)
Capital expenditure	2		15,759		(23,531)
Equity dividends paid			(160,000)		(160,000)
			<u>304,502</u>		<u>45,077</u>
Financing	2		(72,420)		(68,233)
Increase/(Decrease) in cash in the period			<u><u>£232,082</u></u>		<u><u>£(23,156)</u></u>
Reconciliation of net cash flow					
to movement in net funds	3				
Increase/(Decrease)					
in cash in the period		232,082		(23,156)	
Cash outflow					
from decrease in					
debt and lease financing		<u>76,973</u>		<u>68,233</u>	
Change in net funds resulting					
from cash flows			309,055		45,077
New finance leases			(34,116)		(79,590)
Movement in net funds in the period			<u>274,939</u>		<u>(34,513)</u>
Net funds at 1 July			<u>218,899</u>		<u>253,412</u>
Net funds at 30 June			<u><u>£493,838</u></u>		<u><u>£218,899</u></u>

The notes form part of these financial statements

New Splint Plc

Notes to the Cash Flow Statement
for the Year Ended 30 June 2001

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30.6.01 £	30.6.00 £
Operating profit	398,373	353,702
Depreciation charges	67,107	90,636
Profit on sale of fixed assets	(33,000)	(20,575)
Decrease/(Increase) in stocks	71,137	(108,538)
(Increase)/Decrease in debtors	(193,896)	61,758
Increase/(Decrease) in creditors	214,478	(59,171)
Net cash inflow from operating activities	524,199	317,812

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	30.6.01 £	30.6.00 £
Returns on investments and servicing of finance		
Interest received	14,017	9,697
Interest paid	(4,554)	(2,450)
Interest element of hire purchase payments	(4,564)	(10,338)
Net cash inflow/(outflow) for returns on investments and servicing of finance	4,899	(3,091)
Capital expenditure		
Purchase of tangible fixed assets	(17,241)	(122,106)
Sale of tangible fixed assets	33,000	98,575
Net cash inflow/(outflow) for capital expenditure	15,759	(23,531)
Financing		
New loan taken out in year	-	60,000
Loan repayments in year	(13,169)	(39,000)
Capital element of hire purchase rental payments	(59,251)	(89,233)
Net cash outflow from financing	(72,420)	(68,233)

New Splint Plc

Notes to the Cash Flow Statement
for the Year Ended 30 June 2001

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.00 £	Cash flow £	Other non-cash changes £	At 30.6.01 £
Net cash:				
Cash at bank and in hand	396,992	232,082		629,074
	<u>396,992</u>	<u>232,082</u>		<u>629,074</u>
Debt:				
Hire purchase	(118,093)	59,251	(34,116)	(92,958)
Debts falling due within one year	(15,000)	-	-	(15,000)
Debts falling due after one year	(45,000)	17,722	-	(27,278)
	<u>(178,093)</u>	<u>76,973</u>	<u>(34,116)</u>	<u>(135,236)</u>
Total	<u>218,899</u>	<u>309,055</u>	<u>(34,116)</u>	<u>493,838</u>
Analysed in Balance Sheet				
Cash at bank and in hand	396,992			629,074
Hire purchase				
within one year	(56,866)			(42,423)
after one year	(61,227)			(50,535)
Debts falling due				
within one year	(15,000)			(15,000)
after one year	(45,000)			(27,278)
	<u>218,899</u>			<u>493,838</u>

New Splint Plc

Notes to the Financial Statements for the Year Ended 30 June 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Fixtures & Fittings	- 20% on cost
Motor vehicles	- 33% on cost
Office Equipment	- 20% on cost

Depreciation has not been provided on the Freehold Property as the building is maintained to a standard that no depreciation is required. In the Directors opinion any depreciation would be immaterial because the expected residual value and market value is not less than the book value.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Foreign Currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

New Splint Plc

Notes to the Financial Statements
for the Year Ended 30 June 2001

2. STAFF COSTS

	30.6.01	30.6.00
	£	£
Wages and salaries	1,320,751	899,310
Social security costs	149,792	104,660
Other pension costs	189,483	178,985
	<u>1,660,026</u>	<u>1,182,955</u>

The average monthly number of employees during the year was as follows:

	30.6.01	30.6.00
Directors	3	3
Administration	4	4
Sales	13	13
	<u>20</u>	<u>20</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.6.01	30.6.00
	£	£
Depreciation - owned assets	6,730	16,415
Depreciation - assets on hire purchase contracts	60,377	74,221
Profit on disposal of fixed assets	(33,000)	(20,575)
Auditors' remuneration	13,295	5,973
Directors' pensions	146,785	139,257
	<u>806,335</u>	<u>503,603</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	30.6.01	30.6.00
	£	£
Emoluments etc	404,063	252,038
Pension contributions to money purchase schemes	73,393	69,629
	<u>477,456</u>	<u>321,667</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.01	30.6.00
	£	£
Bank interest	4,554	2,450
Hire purchase interest	4,564	10,338
	<u>9,118</u>	<u>12,788</u>

New Splint Plc

Notes to the Financial Statements
for the Year Ended 30 June 2001

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	30.6.01	30.6.00
	£	£
UK corporation tax	94,123	80,355
Under provision in 2000	1,210	-
	95,333	80,355

UK corporation tax has been charged at 30% (2000 - 30%).

6. DIVIDENDS

	30.6.01	30.6.00
	£	£
Equity shares:		
Final Dividend Paid	160,000	160,000

7. TANGIBLE FIXED ASSETS

	Freehold property	Improvements to property	Fixtures & Fittings
	£	£	£
COST:			
At 1 July 2000	225,048	27,600	23,029
Additions	-	-	1,757
At 30 June 2001	225,048	27,600	24,786
DEPRECIATION:			
At 1 July 2000	-	5,520	18,727
Charge for year	-	5,520	518
At 30 June 2001	-	11,040	19,245
NET BOOK VALUE:			
At 30 June 2001	225,048	16,560	5,541
At 30 June 2000	225,048	22,080	4,302

New Splint Plc

Notes to the Financial Statements
for the Year Ended 30 June 2001

7. TANGIBLE FIXED ASSETS - continued

	<u>Motor vehicles</u>	<u>Office Equipment</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 July 2000	222,690	31,446	529,813
Additions	48,943	657	51,357
Disposals	(89,971)	-	(89,971)
At 30 June 2001	181,662	32,103	491,199
DEPRECIATION:			
At 1 July 2000	148,939	24,123	197,309
Charge for year	60,377	692	67,107
Eliminated on disposals	(89,971)	-	(89,971)
At 30 June 2001	119,345	24,815	174,445
NET BOOK VALUE:			
At 30 June 2001	<u>62,317</u>	<u>7,288</u>	<u>316,754</u>
At 30 June 2000	<u>73,751</u>	<u>7,323</u>	<u>332,504</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<u>Motor vehicles</u>
	£
COST:	
At 1 July 2000	222,690
Additions	48,943
Disposals	(89,971)
At 30 June 2001	181,662
DEPRECIATION:	
At 1 July 2000	148,939
Charge for year	60,377
Eliminated on disposals	(89,971)
At 30 June 2001	119,345
NET BOOK VALUE:	
At 30 June 2001	<u>62,317</u>
At 30 June 2000	<u>73,751</u>

New Splint Plc

Notes to the Financial Statements
for the Year Ended 30 June 2001

8. STOCKS

	30.6.01	30.6.00
	£	£
Stock For Resale	320,309	457,910
Stock On Permanent Loan	127,594	61,130
	<u>447,903</u>	<u>519,040</u>

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.01	30.6.00
	£	£
Trade debtors	754,013	561,639
Other debtors	970	573
Prepayments	1,125	-
	<u>756,108</u>	<u>562,212</u>

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.01	30.6.00
	£	£
Bank loans and overdrafts (see note 12)	15,000	15,000
Hire purchase contracts (see note 13)	42,423	56,866
Trade creditors	516,082	430,686
Directors current accounts	22,796	22,796
Dividends proposed	160,000	160,000
V.A.T.	172,747	122,740
Other taxes & Social Security	57,089	23,464
Other creditors	40,847	-
Taxation	94,123	79,145
Accrued expenses	351,938	347,335
	<u>1,473,045</u>	<u>1,258,032</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.6.01	30.6.00
	£	£
Bank loans (see note 12)	31,831	45,000
Hire purchase contracts (see note 13)	50,535	61,227
	<u>82,366</u>	<u>106,227</u>

New Splint Plc

Notes to the Financial Statements
for the Year Ended 30 June 2001

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	30.6.01 £	30.6.00 £
Amounts falling due within one year or on demand:		
Bank loans	<u>15,000</u>	<u>15,000</u>
Amounts falling due between one and two years:		
Bank loans	<u>15,000</u>	<u>15,000</u>
Amounts falling due between two and five years:		
Bank loans	<u>16,831</u>	<u>30,000</u>

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	30.6.01 £	Hire purchase contracts 30.6.00 £
Gross obligations repayable:		
Within one year	47,475	64,515
Between one and five years	<u>59,034</u>	<u>69,838</u>
	<u>106,509</u>	<u>134,353</u>
Finance charges repayable:		
Within one year	5,052	7,649
Between one and five years	<u>8,499</u>	<u>8,611</u>
	<u>13,551</u>	<u>16,260</u>
Net obligations repayable:		
Within one year	42,423	56,866
Between one and five years	<u>50,535</u>	<u>61,227</u>
	<u>92,958</u>	<u>118,093</u>

New Splint Plc

Notes to the Financial Statements
for the Year Ended 30 June 2001

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

	30.6.01 £	Operating leases 30.6.00 £
Expiring:		
Within one year	17,006	2,717
Between one and five years	20,659	17,042
	<u>37,665</u>	<u>19,759</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.01 £	30.6.00 £
Bank loans	46,831	60,000

The long term bank loan is secured on the company's freehold property and by a fixed and floating charge over the company's assets.

15. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	30.6.01 £	30.6.00 £
100,000	Ordinary	£1	100,000	100,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.01 £	30.6.00 £
50,000	Ordinary	£1	50,000	50,000

16. TRANSACTIONS WITH DIRECTORS

H D Link is a shareholder in a company which supplies a substantial proportion of New Splint plc's stock. Purchases from this supplier amounted to £1,588,622 during the year (2000 - £1,382,875).

New Splint Plc

Notes to the Financial Statements
for the Year Ended 30 June 2001

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.01	30.6.00
	£	£
Profit for the financial year	307,939	270,256
Dividends	(160,000)	(160,000)
Net addition to shareholders' funds	147,939	110,256
Opening shareholders' funds	446,489	336,233
Closing shareholders' funds	594,428	446,489
Equity interests	594,428	446,489