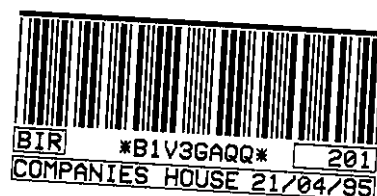


**Sunrise Medical Limited and
its subsidiary companies**

Directors' report and financial statements

30 June 1994

Registered number 933605



Sunrise Medical Limited and its subsidiary companies

Directors' report and financial statements

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Sunrise Medical Limited and its subsidiary companies

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 1994.

Principal activities

The principal activity of the company is the manufacture and distribution of manual wheelchairs, electric wheelchairs and vehicles, stair mounted elevators and vertical elevators, together with the research into and development of these products. Future developments are likely to be in the same field.

Business review

The results for the year are as follows:

| | 1994 £ | 1993 £ |
|-----------------------------------------------|-------------------|-------------------|
| Turnover | <u>31,598,543</u> | <u>26,145,275</u> |
| Profit on ordinary activities before taxation | <u>3,338,926</u> | <u>2,499,717</u> |

Fixed assets

The movement in tangible fixed assets is set out in note 11 to the financial statements.

Employees

The directors recognise the important role played by the company's employees in the achievement of its business goals. Recruitment, development, training and retention of employees are all essential requisites, combined with enlightened personnel policies.

The company recognises the benefits of keeping employees informed of the progress of its business and providing them with information on matters concerning them as employees. Various methods of providing information are used within the company including consultative and discussion meetings between management and staff and the distribution of internal circulars and newsletters.

It is the company's policy to give full and fair consideration to the recruitment of disabled people for vacancies that they are able to fill and, as far as possible, maintain the employment of existing employees who become disabled. Appropriate training is given so as to ensure suitable opportunities exist for each disabled person.

Research and development

The company continually incurs expenditure in the field of research and development in order to update and improve its products.

Sunrise Medical Limited and its subsidiary companies

Directors' report *(continued)*

Dividend

The directors do not recommend the payment of a dividend in respect of the year (1993: £Nil).

Directors

The directors who served during the year and afterwards were:

| | |
|--------------|-------------------------|
| RH Chandler | (Chairman) |
| B Payne | |
| RP Culhane | (resigned 4 July 1994) |
| P Riley | (appointed 1 July 1994) |
| J Cobbledick | |
| ID Burrows | |
| DL Hull | |
| R Lewis | (appointed 1 July 1994) |

Directors' interests

Mr RH Chandler is a director of the ultimate parent company, Sunrise Medical Inc, which is incorporated outside Great Britain and is not required to notify his interests in that company or any other company incorporated outside Great Britain to the company. He had no beneficial interest in the share capital of group companies incorporated in Great Britain.

Beneficial interests of the other directors who served during the year in the 50 cents common stock of Sunrise Medical Inc. are shown below:

| | Holding at 30 June 1994 | | Holding at 1 July 1993 | | Share option movements in year | |
|--------------|----------------------------|------------------|---------------------------|------------------|-----------------------------------|-----------|
| | Fully paid | Share options | Fully paid | Share options | Granted | Exercised |
| B Payne | 76,250 | 50,140 | 65,000 | 45,140 | 5,000 | - |
| RP Culhane | - | 8,000 | - | 7,000 | 1,000 | - |
| J Cobbledick | - | 4,140 | - | 5,640 | 1,000 | 2,500 |
| ID Burrows | - | 5,140 | - | 5,640 | 1,000 | 1,500 |
| DL Hull | - | 5,140 | - | 4,140 | 1,000 | - |

The above directors had no beneficial interest in the share capital of any other group company.

Directors' and officers' insurance

During the year the company maintained insurance of directors and officers against liabilities in relation to their duties.

Sunrise Medical Limited and its subsidiary companies

Directors' report *(continued)*

Charitable donations

The group made charitable donations of £7,647 during the year.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the board of directors on 11 April 1995 and signed on its behalf by:



P Riley
Secretary

Fens Pool Avenue
Brierley Hill
West Midlands
DY5 1QA

Sunrise Medical Limited and its subsidiary companies

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 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;
- state whether applicable 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham B3 2DL

Auditors' report to the members of Sunrise Medical Limited

We have audited the financial statements on pages 6 to 20.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

11 April 1995

Sunrise Medical Limited and its subsidiary companies

Consolidated profit and loss account for the year ended 30 June 1994

| | Note | 1994 £ | 1993 Restated £ |
|---------------------------------------------------------|------|--------------|-----------------------|
| Turnover | 2 | 31,598,543 | 26,145,275 |
| Change in stocks of finished goods and work in progress | | 305,139 | 2,921 |
| Raw materials and consumables | | (15,523,616) | (11,832,835) |
| Other external charges | | | |
| - ordinary | | (6,341,136) | (5,590,536) |
| - exceptional operating expenses | 6 | - | (373,246) |
| | | (6,341,136) | (5,963,782) |
| Staff costs | 3 | (5,893,405) | (5,346,500) |
| Depreciation of tangible fixed assets | 11 | (780,912) | (528,200) |
| Operating profit | | 3,364,613 | 2,476,879 |
| Other interest receivable and similar income | 4 | 20,626 | 28,527 |
| Interest payable and similar charges | 5 | (46,313) | (5,689) |
| Profit on ordinary activities before taxation | 7 | 3,338,926 | 2,499,717 |
| Tax on profit on ordinary activities | 9 | (1,123,363) | (952,264) |
| Retained profit for the financial year | 10 | 2,215,563 | 1,547,453 |
| Retained profit brought forward | | 4,985,067 | 3,437,614 |
| Retained profit carried forward | | 7,200,630 | 4,985,067 |

All of the above results relate to continuing activities.

There is no material difference between the results as disclosed in the profit and loss account and the results calculated on an unmodified historical cost basis.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the results for the year reported above.

Sunrise Medical Limited and its subsidiary companies

Consolidated balance sheet at 30 June 1994

| | Note | 1994 £ | £ | 1993 £ | £ |
|-------------------------------------------------------|------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 11 | 4,449,745 | | 3,887,364 | |
| Current assets | | | | | |
| Stocks | 13 | 3,219,743 | | 2,886,759 | |
| Debtors | 14 | 8,445,634 | | 6,010,227 | |
| Cash at bank and in hand | | 25,852 | | 645,010 | |
| | | <u>11,691,229</u> | | <u>9,541,996</u> | |
| Creditors: amounts falling due within one year | 15 | <u>(6,783,400)</u> | | <u>(6,279,349)</u> | |
| Net current assets | | <u>4,907,829</u> | | <u>3,262,647</u> | |
| Total assets less current liabilities | | <u>9,357,574</u> | | <u>7,150,011</u> | |
| Provisions for liabilities and charges | 16 | <u>(576,000)</u> | | <u>(584,000)</u> | |
| Net assets | | <u>8,781,574</u> | | <u>6,566,011</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 17 | 160,742 | | 160,742 | |
| Share premium | | 1,206,405 | | 1,206,405 | |
| Merger reserve | | 213,797 | | 213,797 | |
| Profit and loss account | | 7,200,630 | | 4,985,067 | |
| Shareholders' funds | | <u>8,781,574</u> | | <u>6,566,011</u> | |

These financial statements were approved by the board of directors on 11 April 1995 and signed on its behalf by:


P Riley

B Payne
Directors

Sunrise Medical Limited

Company balance sheet at 30 June 1994

| | Note | 1994 | | 1993 | |
|-------------------------------------------------------|------|-------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | | 4,449,745 | | 3,887,364 |
| Investments | 12 | | 1,080 | | 1,080 |
| | | | <u>4,450,825</u> | | <u>3,888,444</u> |
| Current assets | | | | | |
| Stocks | 13 | 3,219,743 | | 2,886,759 | |
| Debtors | 14 | 8,445,634 | | 6,010,227 | |
| Cash at bank and in hand | | 25,852 | | 645,010 | |
| | | <u>11,691,229</u> | | <u>9,541,996</u> | |
| Creditors: amounts falling due within one year | 15 | (6,784,480) | | (6,280,429) | |
| Net current assets | | | <u>4,906,749</u> | | <u>3,261,567</u> |
| Total assets less current liabilities | | | <u>9,357,574</u> | | <u>7,150,011</u> |
| Provisions for liabilities and charges | 16 | | (576,000) | | (584,000) |
| Net assets | | | <u>8,781,574</u> | | <u>6,566,011</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 160,742 | | 160,742 |
| Share premium | | | 1,206,405 | | 1,206,405 |
| Profit and loss account | | | 7,414,427 | | 5,198,864 |
| Shareholders' funds | | | <u>8,781,574</u> | | <u>6,566,011</u> |

These financial statements were approved by the board of directors on 11 April 1995 and signed on its behalf by:


P Riley

B Payne
Directors

Sunrise Medical Limited and its subsidiary companies

Consolidated cash flow statement for the year ended 30 June 1994

| | Note | 1994 £ | £ | 1993 £ | £ |
|---------------------------------------------------------------------------------------|------|-------------|---|-------------|---|
| Net cash inflow from operating activities | 21 | 1,954,074 | | 2,147,724 | |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | 20,626 | | 28,527 | |
| Interest paid | | (46,313) | | (5,689) | |
| Net cash (outflow)/inflow from returns on investments and servicing of finance | | (25,687) | | 22,838 | |
| Taxation | | | | | |
| Corporation taxation paid | | (1,207,135) | | (262,520) | |
| Investing activities | | | | | |
| Fixed asset additions | | (1,343,293) | | (1,445,458) | |
| Fixed asset disposal proceeds | | 2,883 | | 20,717 | |
| Net cash outflows from investing activities | | (1,340,410) | | (1,424,741) | |
| (Decrease)/increase in cash and cash equivalents | | (619,158) | | 483,301 | |
| Analysis of changes in cash and cash equivalents | | | | | |
| (Decrease)/increase in cash at bank and in hand | | (619,158) | | 483,301 | |

Sunrise Medical Limited and its subsidiary companies

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's financial statements:

Basis of accounting

The financial statements have been prepared in accordance with Applicable Accounting Standards and under the historical cost accounting rules.

Financial statements presentation

The group has adopted Financial Reporting Standard 3 - "Reporting Financial Performance" (FRS3) - issued by the Accounting Standard Board in October 1992, in the presentation of its 1994 financial statements. Figures for previous years have been restated on a comparable basis.

Basis of consolidation

The group financial statements include the assets and liabilities of all subsidiary undertakings as at 30 June 1994 together with the results of all subsidiary undertakings made up to that date.

A separate profit and loss account dealing with the results of the company only has not been presented as allowed by the Companies Act 1985.

Depreciation

Depreciation is provided so as to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives. The following annual rates on the straight line method are in force:

| | |
|-----------------------|------|
| Freehold buildings | 2½ % |
| Plant and machinery | 20 % |
| Office equipment | 20 % |
| Fixtures and fittings | 15 % |
| Motor vehicles | 25 % |
| Tooling | 33 % |

Freehold land is not depreciated.

Stocks

Stocks are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes production overheads and the attributable proportion of indirect overhead expenses.

Warranty costs

Warranty costs are charged to the profit and loss account as incurred and provision is made for further warranty claims anticipated at the year end in respect of sales during the year.

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the dates of the transactions. Balances denominated in foreign currencies are translated into sterling at the exchange rates approximating to those ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Leasing

The costs of operating leases are charged to the profit and loss account in the year in which they are incurred.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Goodwill

Goodwill relating to a business purchased by the company is written off immediately against reserves.

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

2 Turnover

Turnover represents amounts invoiced excluding value added tax. All of the group's turnover derives from its principal activity. The analysis of turnover by geographical destination is as follows:

| | 1994 £ | 1993 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 18,634,535 | 16,235,723 |
| Rest of Europe | 11,394,194 | 8,771,871 |
| North America | 1,112,340 | 816,571 |
| Other | 457,474 | 321,110 |
| | <u>31,598,543</u> | <u>26,145,275</u> |

3 Staff numbers and costs

The average number of employees (including directors) during the year, analysed by category, was as follows:

| | 1994 Number | 1993 Number |
|----------------|----------------|----------------|
| Management | 6 | 6 |
| Administration | 151 | 143 |
| Production | 187 | 166 |
| | <u>344</u> | <u>315</u> |

The aggregate payroll costs of these employees were as follows:

| | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 5,288,027 | 4,745,877 |
| Social security costs | 526,961 | 477,511 |
| Other pension costs | 78,417 | 123,112 |
| | <u>5,893,405</u> | <u>5,346,500</u> |

4 Other interest receivable and similar income

| | 1994 £ | 1993 £ |
|---------------------------|---------------|---------------|
| On short term deposits | 20,043 | 16,150 |
| Other interest receivable | 583 | 12,377 |
| | <u>20,626</u> | <u>28,527</u> |

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

5 Interest payable and similar charges

| | 1994 | 1993 |
|---------------------------------------------------------------------------------|---------------|--------------|
| | £ | £ |
| On bank loans and overdrafts and other loans wholly repayable within five years | 16,940 | 4,887 |
| On loans from group undertakings | 23,368 | 802 |
| Other interest payable | 6,005 | - |
| | <u>46,313</u> | <u>5,689</u> |

6 Exceptional operating expenses

This relates to a payment to a distributor for relinquishing their exclusive distribution rights.

7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:

| | 1994 | 1993 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Directors' emoluments (see note 8): | | |
| Remuneration as executives | 350,008 | 324,815 |
| Auditors' remuneration and expenses | | |
| Audit fees | 18,000 | 19,000 |
| Other | 10,423 | 18,393 |
| Operating leases: | | |
| Land and buildings | 5,000 | 5,708 |
| Plant and machinery | 414,771 | 438,083 |
| Research and development expenditure | <u>880,000</u> | <u>705,509</u> |

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

8 Directors' emoluments (excluding pension contributions)

The emoluments of the chairman were £Nil (1993: £Nil). The emoluments of the highest paid director were £114,950 (1993: £100,601). The emoluments of the directors who served during the year were within the following ranges:

| | | Number of directors | |
|----------|------------|---------------------|-------|
| | | 1994 | 1993 |
| £0 | - £ 5,000 | 1 | 1 |
| £45,001 | - £50,000 | - | 1 |
| £50,001 | - £55,000 | - | 1 |
| £55,001 | - £60,000 | 3 | 1 |
| £60,001 | - £65,000 | 1 | - |
| £65,001 | - £70,000 | - | 1 |
| £100,001 | - £105,000 | - | 1 |
| £110,001 | - £115,000 | 1 | - |
| | | <hr/> | <hr/> |

9 Taxation on profit on ordinary activities

The taxation charge based on the profit for the year is made up as follows:

| | 1994 | 1993 |
|------------------------------------------|-----------|----------|
| | £ | £ |
| UK corporation tax at 33% | 1,125,000 | 900,000 |
| Deferred taxation | 14,000 | 69,985 |
| Adjustments in respect of prior periods: | | |
| Corporation tax | 6,363 | (17,721) |
| Deferred tax | (22,000) | - |
| | <hr/> | <hr/> |
| | 1,123,363 | 952,264 |
| | <hr/> | <hr/> |

10 Company profit for the year

The group results include a profit of £2,215,563 (1993: £1,547,453) which has been dealt with in the financial statements of the parent company.

The movement in the profit and loss account for the company during the year is set out below:

| | £ |
|-------------------------------|-----------|
| At beginning of year | 5,198,864 |
| Profit for the financial year | 2,215,563 |
| | <hr/> |
| At end of year | 7,414,427 |
| | <hr/> |

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

11 Tangible fixed assets

| Group and company | Freehold land and buildings £ | Motor vehicles, plant and machinery £ | Fixtures, fittings, tools and office equipment £ | Total £ |
|---------------------------------------|----------------------------------------|---------------------------------------------------|-----------------------------------------------------------------|------------|
| Cost | | | | |
| At beginning of year | 2,481,292 | 1,291,032 | 2,317,254 | 6,089,578 |
| Additions | 255,789 | 298,048 | 789,456 | 1,343,293 |
| Disposals | - | (1,275) | - | (1,275) |
| At end of year | 2,737,081 | 1,587,805 | 3,106,710 | 7,431,596 |
| Gross amount of depreciable assets | 2,577,912 | 1,587,805 | 3,106,710 | 7,272,427 |
| Depreciation | | | | |
| At beginning of year | 280,292 | 613,691 | 1,308,231 | 2,202,214 |
| Charge for the year | 64,937 | 229,209 | 486,766 | 780,912 |
| Eliminated on disposals | - | (1,275) | - | (1,275) |
| At end of year | 345,229 | 841,625 | 1,794,997 | 2,981,851 |
| Net book value | | | | |
| At 30 June 1994 | 2,391,852 | 746,180 | 1,311,713 | 4,449,745 |
| At 30 June 1993 | 2,201,000 | 677,341 | 1,009,023 | 3,887,364 |

Capital commitments

Commitments for capital expenditure at 30 June were as follows:

| | 1994 £ | 1993 £ |
|-------------------------------------------------------------|-----------|-----------|
| Contracted for but not provided in the financial statements | 82,500 | 169,166 |

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

12 Investments

Shares in subsidiary undertakings:

| | Cost £ | Provisions £ | Net book value £ |
|------------------------------|------------------|--------------------|------------------------|
| At beginning and end of year | <u>1,267,147</u> | <u>(1,266,067)</u> | <u>1,080</u> |

| Name of subsidiary undertaking | Class of shares held | Nature of business |
|--------------------------------|----------------------------|-----------------------|
| Minivator Limited | Ordinary | Dormant |
| Bec Mobility Limited | Ordinary | Dormant |

Both subsidiary undertakings are 100% owned, incorporated in Great Britain and registered in England and Wales.

13 Stocks

| | Group and company | |
|-------------------------------|-------------------|------------------|
| | 1994 | 1993 |
| | £ | £ |
| Raw materials and consumables | 1,739,417 | 1,711,572 |
| Work in progress | 1,050,000 | 716,977 |
| Finished goods | 430,326 | 458,210 |
| | <u>3,219,743</u> | <u>2,886,759</u> |

14 Debtors

| | Group and company | |
|----------------------------------------|-------------------|------------------|
| | 1994 | 1993 |
| | £ | £ |
| Trade debtors | 5,848,797 | 5,034,964 |
| Amounts owed by group undertakings: | | |
| Parent company and fellow subsidiaries | 1,742,298 | 621,631 |
| Other debtors | 629,040 | 204,745 |
| Prepayments and accrued income | 225,499 | 148,887 |
| | <u>8,445,634</u> | <u>6,010,227</u> |

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

15 Creditors: amounts falling due within one year

| | Group | | Company | |
|-------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| | 1994 | 1993 | 1994 | 1993 |
| | £ | £ | £ | £ |
| Trade creditors | 3,655,760 | 3,129,771 | 3,655,760 | 3,129,771 |
| Amounts owed to group undertakings: | | | | |
| Subsidiaries of the company | - | - | 1,080 | 1,080 |
| Parent company and fellow subsidiaries | 423,474 | 398,996 | 423,474 | 398,996 |
| Other creditors including taxation and social security | 1,501,526 | 1,521,087 | 1,501,526 | 1,521,087 |
| Accruals | 1,202,640 | 1,229,495 | 1,202,640 | 1,229,495 |
| | <u>6,783,400</u> | <u>6,279,349</u> | <u>6,784,480</u> | <u>6,280,429</u> |
| Other creditors including taxation and social security comprises: | | | | |
| Corporation tax | 1,248,170 | 1,323,942 | 1,248,170 | 1,323,942 |
| Other taxes | 73,785 | 65,091 | 73,785 | 65,091 |
| Social security | 75,311 | 65,681 | 75,311 | 65,681 |
| | <u>1,397,266</u> | <u>1,454,714</u> | <u>1,397,266</u> | <u>1,454,714</u> |
| Other creditors | <u>104,260</u> | <u>66,373</u> | <u>104,260</u> | <u>66,373</u> |
| | <u>1,501,526</u> | <u>1,521,087</u> | <u>1,501,526</u> | <u>1,521,087</u> |

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

16 Provisions for liabilities and charges

| | Group and company £ |
|-------------------------------------|---------------------------|
| <i>Deferred taxation</i> | |
| Balance at beginning of year | 584,000 |
| Transfer to profit and loss account | (8,000) |
| Balance at end of year | <u>576,000</u> |

The amount provided for deferred taxation which is the full potential liability, calculated on the liability method at 33% is as follows:

| | 1994 £ | 1993 £ |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | 594,000 | 599,833 |
| Other timing differences | (18,000) | (15,833) |
| | <u>576,000</u> | <u>584,000</u> |

17 Share capital

| | 1994 £ | 1993 £ |
|--------------------------------------------|----------------|----------------|
| <i>Authorised:</i> | | |
| 450,000 ordinary shares of £1 each | 450,000 | 450,000 |
| 50,000 deferred shares of £1 each | 50,000 | 50,000 |
| | <u>500,000</u> | <u>500,000</u> |
| <i>Allotted, called up and fully paid:</i> | | |
| 110,742 ordinary shares of £1 each | 110,742 | 110,742 |
| 50,000 deferred shares of £1 each | 50,000 | 50,000 |
| | <u>160,742</u> | <u>160,742</u> |

18 Reconciliation of movements in shareholders' funds

| | 1994 £ | 1993 £ |
|----------------------------------------------|------------------|------------------|
| Group and company | | |
| Profit on ordinary activities after taxation | 2,215,563 | 1,547,453 |
| Shareholders' funds at beginning of year | 6,566,011 | 5,018,558 |
| Shareholders' funds at end of year | <u>8,781,574</u> | <u>6,566,011</u> |

Sunrise Medical Limited and its subsidiary companies

Notes (continued)

19 Goodwill

The cumulative amount of goodwill resulting from acquisitions which has been written off against reserves is £659,000 (1993: £659,000). This amount is net of goodwill attributable to businesses disposed of prior to the balance sheet date.

20 Obligations under operating leases

Group and company

The group and company has the following annual commitments under operating leases which expire as follows:

| | 1994 | | 1993 | |
|------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Land and buildings £ | Plant and machinery £ | Land and buildings £ | Plant and machinery £ |
| Within one year | - | 88,000 | 1,000 | 112,000 |
| Within 2 - 5 years inclusive | 5,000 | 150,000 | - | 210,000 |
| | <u>5,000</u> | <u>238,000</u> | <u>1,000</u> | <u>322,000</u> |

21 Consolidated cash flow statement

Reconciliation of profit on ordinary activities before taxation to net cash inflow from operating activities:

| | 1994 £ | 1993 £ |
|---------------------------------------------------|------------------|------------------|
| Profit on ordinary activities before taxation | 3,338,926 | 2,499,717 |
| Other interest receivable and similar income | (20,626) | (28,527) |
| Interest payable and similar charges | 46,313 | 5,689 |
| Depreciation | 780,912 | 528,200 |
| Profit on sale of fixed assets | (2,883) | (7,231) |
| Increase in stocks | (332,984) | (468,215) |
| Increase in debtors | (2,435,407) | (955,421) |
| Increase in creditors falling due within one year | 579,823 | 573,512 |
| Net cash inflow from operating activities | <u>1,954,074</u> | <u>2,147,724</u> |

22 Pension fund

The company operates a defined contribution pension scheme. The total pension costs charged to the profit and loss account for the year amounted to £78,417 (1993: £123,112). The amount accrued at the end of the year was £54,284 (1993: £61,958).

Sunrise Medical Limited and its subsidiary companies

Notes *(continued)*

23 Ultimate parent company

The company's ultimate parent company is Sunrise Medical Inc., a company incorporated in the United States of America. The financial statements of Sunrise Medical Inc. are the only financial statements incorporating the results of the company. Copies of these financial statements may be obtained from: Fens Pool Avenue, Brierley Hill, West Midlands, DY5 1QA.