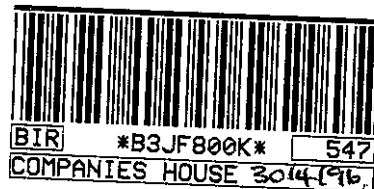


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# Sunrise Medical Limited and its subsidiary companies

## 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 1995.

### 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:

|   | 1995<br>£         | 1994<br>£         |
|---|-------------------|-------------------|
| Turnover                                      | <u>37,795,897</u> | <u>31,598,543</u> |
| Profit on ordinary activities before taxation | <u>4,637,644</u>  | <u>3,338,926</u>  |

### Fixed assets

The movements in fixed assets are set out in notes 10 and 11 to the financial statements.

### Acquisitions

Sunrise Medical Limited purchased Coopers Healthcare plc and its subsidiaries on 19 July 1995. It also purchased Parker Bath Company Limited and its subsidiaries on 5 October 1995.

### 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.

# Sunrise Medical Limited and its subsidiary companies

## Directors' report *(continued)*

### Research and development

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

### Dividend

The directors do not recommend the payment of a dividend in respect of the year (1994: £Nil).

### Directors

The directors who served during the year and afterwards were:

|              |  |
|--------------|--|
| RH Chandler  | (Chairman)                                       |
| B Payne      |  |
| PR Culhane   | (resigned 4 July 1994)                           |
| P Riley      | (appointed 4 July 1994)                          |
| J Cobbledick |  |
| ID Burrows   |  |
| DL Hull      |  |
| R Lewis      | (appointed 1 July 1994 resigned 20 October 1995) |

### 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<br>30 June 1995 |                  | Holding at<br>1 July 1994<br>or, if later,<br>date of<br>appointment |                  | Share option<br>movements in year |           |
|--------------|----------------------------|------------------|--|------------------|-----------------------------------|-----------|
|              | Fully<br>paid              | Share<br>options | Fully<br>paid  | Share<br>options | Granted                           | Exercised |
| B Payne      | 56,311                     | 52,690           | 76,250   | 50,140           | 5,000                             | 2,450     |
| P Riley      | -                          | 2,500            | -  | 2,500            | -                                 | -         |
| J Cobbledick | -                          | 3,390            | -  | 4,140            | 1,000                             | 1,750     |
| ID Burrows   | -                          | 6,140            | -  | 5,140            | 1,000                             | -         |
| DL Hull      | -                          | 2,890            | -  | 5,140            | 1,000                             | 3,250     |
| R Lewis      | -                          | 13,625           | -  | 5,000            | 11,000                            | 2,375     |

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

# Sunrise Medical Limited and its subsidiary companies

## Directors' report *(continued)*

### Directors' and officers' insurance

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

### Charitable donations

The group made charitable donations of £2,855 during the year (1994: £7,647).

### Auditors

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 26 April 1996 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 group 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 group 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 group 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 group'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 affairs of the company and the group as at 30 June 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

26 April 1996

# Sunrise Medical Limited and its subsidiary companies

## Consolidated profit and loss account for the year ended 30 June 1995

|   | Note | 1995<br>£         | 1994<br>£        |
|---|------|-------------------|------------------|
| Turnover  | 2    | 37,795,897        | 31,598,543       |
| Change in stocks of finished goods and work in progress |      | 222,829           | 305,139          |
| Raw materials and consumables                           |      | (18,472,407)      | (15,523,616)     |
| Other external charges                                  |      | (6,970,732)       | (6,341,136)      |
| Staff costs   | 3    | (7,158,987)       | (5,893,405)      |
| Depreciation of tangible fixed assets                   | 10   | (907,835)         | (780,912)        |
| <b>Operating profit</b>                                 |      | <b>4,508,765</b>  | <b>3,364,613</b> |
| Other interest receivable and similar income            | 4    | 136,912           | 20,626           |
| Interest payable and similar charges                    | 5    | (8,033)           | (46,313)         |
| <b>Profit on ordinary activities before taxation</b>    | 6    | <b>4,637,644</b>  | <b>3,338,926</b> |
| Tax on profit on ordinary activities                    | 8    | (1,468,000)       | (1,123,363)      |
| <b>Retained profit for the financial year</b>           | 9    | <b>3,169,644</b>  | <b>2,215,563</b> |
| Retained profit brought forward                         |      | 7,200,630         | 4,985,067        |
| <b>Retained profit carried forward</b>                  |      | <b>10,370,274</b> | <b>7,200,630</b> |

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 1995

|   | Note | 1995               | 1994               |
|---|------|--------------------|--------------------|
|   |      | £                  | £                  |
| <b>Fixed assets</b>                                   |      |                    |                    |
| Tangible assets                                       | 10   | 4,207,292          | 4,449,745          |
| <b>Current assets</b>                                 |      |                    |                    |
| Stocks  | 12   | 3,300,548          | 3,219,743          |
| Debtors   | 13   | 11,681,805         | 8,445,634          |
| Cash  |      | 447,089            | 25,852             |
|   |      | <u>15,429,442</u>  | <u>11,691,229</u>  |
| <b>Creditors: amounts falling due within one year</b> | 14   | <u>(7,163,516)</u> | <u>(6,783,400)</u> |
| <b>Net current assets</b>                             |      | <u>8,265,926</u>   | <u>4,907,829</u>   |
| <b>Total assets less current liabilities</b>          |      | <u>12,473,218</u>  | <u>9,357,574</u>   |
| <b>Provisions for liabilities and charges</b>         | 15   | <u>(522,000)</u>   | <u>(576,000)</u>   |
| <b>Net assets</b>                                     |      | <u>11,951,218</u>  | <u>8,781,574</u>   |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               | 16   | 160,742            | 160,742            |
| Share premium   |      | 1,206,405          | 1,206,405          |
| Merger reserve  |      | 213,797            | 213,797            |
| Profit and loss account                               |      | <u>10,370,274</u>  | <u>7,200,630</u>   |
| <b>Equity shareholders' funds</b>                     |      | <u>11,951,218</u>  | <u>8,781,574</u>   |

These financial statements were approved by the board of directors on 26 April 1996 and signed on its behalf by:

P Riley

B Payne  
Directors



# Sunrise Medical Limited

## Company balance sheet at 30 June 1995

|   | Note | 1995              |                   | 1994              |                  |
|---|------|-------------------|-------------------|-------------------|------------------|
|   |      | £                 | £                 | £                 | £                |
| <b>Fixed assets</b>                                   |      |                   |                   |                   |                  |
| Tangible assets                                       | 10   |                   | 4,207,292         |                   | 4,449,745        |
| Investments   | 11   |                   | 1,080             |                   | 1,080            |
|   |      |                   | <u>4,208,372</u>  |                   | <u>4,450,825</u> |
| <b>Current assets</b>                                 |      |                   |                   |                   |                  |
| Stocks  | 12   | 3,300,548         |                   | 3,219,743         |                  |
| Debtors   | 13   | 11,681,805        |                   | 8,445,634         |                  |
| Cash  |      | 447,089           |                   | 25,852            |                  |
|   |      | <u>15,429,442</u> |                   | <u>11,691,229</u> |                  |
| <b>Creditors: amounts falling due within one year</b> | 14   | (7,164,596)       |                   | (6,784,480)       |                  |
| <b>Net current assets</b>                             |      |                   | <u>8,264,846</u>  |                   | <u>4,906,749</u> |
| <b>Total assets less current liabilities</b>          |      |                   | 12,473,218        |                   | 9,357,574        |
| <b>Provisions for liabilities and charges</b>         | 15   |                   | (522,000)         |                   | (576,000)        |
| <b>Net assets</b>                                     |      |                   | <u>11,951,218</u> |                   | <u>8,781,574</u> |
| <b>Capital and reserves</b>                           |      |                   |                   |                   |                  |
| Called up share capital                               | 16   |                   | 160,742           |                   | 160,742          |
| Share premium   |      |                   | 1,206,405         |                   | 1,206,405        |
| Profit and loss account                               |      |                   | 10,584,071        |                   | 7,414,427        |
| <b>Equity shareholders' funds</b>                     |      |                   | <u>11,951,218</u> |                   | <u>8,781,574</u> |

These financial statements were approved by the board of directors on 26 April 1996 and signed on its behalf by:

P Riley

B Payne  
Directors

KPMG

# Sunrise Medical Limited and its subsidiary companies

## Consolidated cash flow statement for the year ended 30 June 1995

|  | Note | 1995        |   | 1994        |   |
|--|------|-------------|---|-------------|---|
|  |      | £           | £ | £           | £ |
| Net cash inflow from operating activities                                      | 20   | 1,582,621   |   | 1,954,074   |   |
| Returns on investments and servicing of finance                                |      |             |   |             |   |
| Interest received  |      | 133,593     |   | 20,626      |   |
| Interest paid  |      | (8,033)     |   | (46,313)    |   |
| Net cash inflow/(outflow) from returns on investments and servicing of finance |      | 125,560     |   | (25,687)    |   |
| Taxation   |      |             |   |             |   |
| UK corporation tax paid  |      | (1,086,853) |   | (1,207,135) |   |
| Investing activities   |      |             |   |             |   |
| Payments to acquire tangible fixed assets                                      |      | (687,835)   |   | (1,343,293) |   |
| Receipts from sales of tangible fixed assets                                   |      | 25,744      |   | 2,883       |   |
| Net cash outflow from investing activities                                     |      | (662,091)   |   | (1,340,410) |   |
| Decrease in cash and cash equivalents  | 20   | (40,763)    |   | (619,158)   |   |

# 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.

#### *Basis of consolidation*

The group financial statements include the assets and liabilities of all subsidiary undertakings as at 30 June 1995 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 % |
| Leasehold land and buildings | 8 %  |
| 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 businesses 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:

|                | 1995<br>£         | 1994<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | 18,943,043        | 18,634,535        |
| Rest of Europe | 17,272,605        | 11,394,194        |
| North America  | 949,854           | 1,112,340         |
| Other          | 630,395           | 457,474           |
|                | <u>37,795,897</u> | <u>31,598,543</u> |

### 3 Staff numbers and costs

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

|                | 1995<br>Number | 1994<br>Number |
|----------------|----------------|----------------|
| Management     | 6              | 6              |
| Administration | 154            | 151            |
| Production     | 221            | 187            |
|                | <u>381</u>     | <u>344</u>     |

The aggregate payroll costs of these employees were as follows:

|                       | £                | £                |
|-----------------------|------------------|------------------|
| Wages and salaries    | 6,377,757        | 5,288,027        |
| Social security costs | 592,334          | 526,961          |
| Other pension costs   | 188,896          | 78,417           |
|                       | <u>7,158,987</u> | <u>5,893,405</u> |

### 4 Other interest receivable and similar income

|   | 1995<br>£      | 1994<br>£     |
|---|----------------|---------------|
| Bank interest receivable                                      | 30,323         | 20,043        |
| On loans to parent company and fellow subsidiary undertakings | 103,239        | -             |
| Other interest receivable                                     | 3,350          | 583           |
|   | <u>136,912</u> | <u>20,626</u> |

# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 5 Interest payable and similar charges

|  | 1995<br>£    | 1994<br>£     |
|--|--------------|---------------|
| On bank loans and overdrafts and other<br>loans wholly repayable within five years | 7,138        | 16,940        |
| On loans from parent company and fellow subsidiaries                               | -            | 23,368        |
| Other interest payable   | 895          | 6,005         |
|  | <u>8,033</u> | <u>46,313</u> |

### 6 Profit on ordinary activities before taxation

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

|                                      | 1995<br>£        | 1994<br>£      |
|--------------------------------------|------------------|----------------|
| Auditors' remuneration and expenses  |                  |                |
| Audit fees                           | 18,500           | 18,000         |
| Other                                | 43,113           | 10,423         |
| Operating leases:                    |                  |                |
| Land and buildings                   | 9,100            | 5,000          |
| Plant and machinery                  | 329,499          | 414,771        |
| Research and development expenditure | <u>1,101,000</u> | <u>880,000</u> |

# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 7 Directors' emoluments

The total emoluments of the executive directors were as follows:

|                       | 1995<br>£      | 1994<br>£      |
|-----------------------|----------------|----------------|
| Remuneration          | 408,757        | 345,559        |
| Pension contributions | 12,188         | 4,449          |
|                       | <u>420,945</u> | <u>350,008</u> |

The emoluments of the chairman were £Nil (1994: £Nil). The emoluments of the highest paid director were £92,892 (1994: £114,950) and he did not receive any pension contributions. The emoluments of the directors who served during the year, excluding pension contributions, were within the following ranges:

|                     | Number of directors |                   |
|---------------------|---------------------|-------------------|
|                     | 1995                | 1994              |
| £0 - £ 5,000        | 2                   | 1                 |
| £50,001 - £55,000   | 1                   | -                 |
| £55,001 - £60,000   | 1                   | 3                 |
| £60,001 - £65,000   | 1                   | 1                 |
| £70,001 - £75,000   | 2                   | -                 |
| £90,001 - £95,000   | 1                   | -                 |
| £110,001 - £115,000 | -                   | 1                 |
|                     | <u>          </u>   | <u>          </u> |

### 8 Taxation on profit on ordinary activities

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

|  | 1995<br>£        | 1994<br>£        |
|--|------------------|------------------|
| UK corporation tax at 33%                | 1,522,000        | 1,125,000        |
| Deferred taxation                        | (54,000)         | 14,000           |
| Adjustments in respect of prior periods: |                  |                  |
| Corporation tax                          | -                | 6,363            |
| Deferred tax                             | -                | (22,000)         |
|  | <u>1,468,000</u> | <u>1,123,363</u> |

# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 9 Company profit for the year

The group results include a profit of £3,169,644 (1994: £2,215,563) 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          | 7,414,427         |
| Profit for the financial year | 3,169,644         |
| At end of year                | <u>10,584,071</u> |

### 10 Tangible fixed assets

| Group and company                     | Freehold<br>land and<br>buildings<br>£ | Short<br>Leasehold<br>land and<br>buildings<br>£ | Motor<br>vehicles,<br>plant and<br>machinery<br>£ | Fixtures,<br>fittings,<br>tools and<br>office<br>equipment<br>£ | Total<br>£       |
|---------------------------------------|--|--|---|---|------------------|
| <b>Cost</b>                           |  |  |   |   |                  |
| At beginning of year                  | 2,737,081                              | -  | 1,587,805   | 3,106,710   | 7,431,596        |
| Additions                             | 4,634                                  | 36,086   | 136,602   | 510,513   | 687,835          |
| Disposals                             | -                                      | -  | (36,455)  | (129,401)   | (165,856)        |
| At end of year                        | <u>2,741,715</u>                       | <u>36,086</u>                                    | <u>1,687,952</u>                                  | <u>3,487,822</u>  | <u>7,953,575</u> |
| Gross amount of<br>depreciable assets | <u>2,582,546</u>                       | <u>36,086</u>                                    | <u>1,687,952</u>                                  | <u>3,487,822</u>  | <u>7,794,406</u> |
| <b>Depreciation</b>                   |  |  |   |   |                  |
| At beginning of year                  | 345,229                                | -  | 841,625   | 1,794,997   | 2,981,851        |
| Charge for the year                   | 69,388                                 | 2,251  | 251,662   | 584,534   | 907,835          |
| Eliminated on disposals               | -                                      | -  | (15,246)  | (128,157)   | (143,403)        |
| At end of year                        | <u>414,617</u>                         | <u>2,251</u>                                     | <u>1,078,041</u>                                  | <u>2,251,374</u>  | <u>3,746,283</u> |
| <b>Net book value</b>                 |  |  |   |   |                  |
| At 30 June 1995                       | <u>2,327,098</u>                       | <u>33,835</u>                                    | <u>609,911</u>                                    | <u>1,236,448</u>  | <u>4,207,292</u> |
| At 30 June 1994                       | <u>2,391,852</u>                       | <u>-</u>   | <u>746,180</u>                                    | <u>1,311,713</u>  | <u>4,449,745</u> |



# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 10 Tangible fixed assets (continued)

#### Capital commitments

Commitments for capital expenditure at 30 June were as follows:

|   | 1995<br>£      | 1994<br>£     |
|---|----------------|---------------|
| Contracted for but not provided in the financial statements | <u>300,980</u> | <u>82,500</u> |

### 11 Investments

Shares in subsidiary undertakings:

|                              | Cost<br>£        | Provisions<br>£    | Net book<br>value<br>£ |
|------------------------------|------------------|--------------------|------------------------|
| 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<br>of shares<br>held | Nature of<br>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.

### 12 Stocks

|                               | Group and company |                  |
|-------------------------------|-------------------|------------------|
|                               | 1995<br>£         | 1994<br>£        |
| Raw materials and consumables | 1,597,393         | 1,739,417        |
| Work in progress              | 1,177,886         | 1,050,000        |
| Finished goods                | <u>525,269</u>    | <u>430,326</u>   |
|                               | <u>3,300,548</u>  | <u>3,219,743</u> |

# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 13 Debtors

|  | Group and company |                  |
|--|-------------------|------------------|
|  | 1995              | 1994             |
|  | £                 | £                |
| Trade debtors                          | 6,198,162         | 5,848,797        |
| Amounts owed by group undertakings:    |                   |                  |
| Parent company and fellow subsidiaries | 5,016,804         | 1,742,298        |
| Other debtors                          | 337,826           | 629,040          |
| Prepayments and accrued income         | 129,013           | 225,499          |
|  | <u>11,681,805</u> | <u>8,445,634</u> |

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

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 1995             | 1994             | 1995             | 1994             |
|   | £                | £                | £                | £                |
| Bank loans and overdrafts   | 462,000          | -                | 462,000          | -                |
| Trade creditors   | 2,650,736        | 3,655,760        | 2,650,736        | 3,655,760        |
| Amounts owed to group undertakings:                               |                  |                  |                  |                  |
| Subsidiaries of the company                                       | -                | -                | 1,080            | 1,080            |
| Parent company and fellow subsidiaries                            | 266,800          | 423,474          | 266,800          | 423,474          |
| Other creditors including taxation and social security            | 1,911,339        | 1,501,526        | 1,911,339        | 1,501,526        |
| Accruals  | 1,872,641        | 1,202,640        | 1,872,641        | 1,202,640        |
|   | <u>7,163,516</u> | <u>6,783,400</u> | <u>7,164,596</u> | <u>6,784,480</u> |
| Other creditors including taxation and social security comprises: |                  |                  |                  |                  |
| Corporation tax   | 1,683,317        | 1,248,170        | 1,683,317        | 1,248,170        |
| Other taxes   | 73,842           | 73,785           | 73,842           | 73,785           |
| Social security   | 104,780          | 75,311           | 104,780          | 75,311           |
|   | <u>1,861,939</u> | <u>1,397,266</u> | <u>1,861,939</u> | <u>1,397,266</u> |
| Other creditors   | 49,400           | 104,260          | 49,400           | 104,260          |
|   | <u>1,911,339</u> | <u>1,501,526</u> | <u>1,911,339</u> | <u>1,501,526</u> |

# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 15 Provisions for liabilities and charges

|                                     | Group and<br>company<br>£ |
|-------------------------------------|---------------------------|
| <i>Deferred taxation</i>            |                           |
| Balance at beginning of year        | 576,000                   |
| Transfer to profit and loss account | (54,000)                  |
| Balance at end of year              | <u>522,000</u>            |

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

|                                | 1995<br>£      | 1994<br>£      |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | 525,000        | 594,000        |
| Other timing differences       | (3,000)        | (18,000)       |
|                                | <u>522,000</u> | <u>576,000</u> |

### 16 Share capital

|  | 1995<br>£      | 1994<br>£      |
|--|----------------|----------------|
| <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> |

### 17 Reconciliation of movements in shareholders' funds

|   | 1995<br>£         | 1994<br>£        |
|---|-------------------|------------------|
| <b>Group and company</b>                        |                   |                  |
| Profit on ordinary activities after taxation    | 3,169,644         | 2,215,563        |
| Equity shareholders' funds at beginning of year | 8,781,574         | 6,566,011        |
| Equity shareholders' funds at end of year       | <u>11,951,218</u> | <u>8,781,574</u> |

# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 18 Goodwill

The cumulative amount of goodwill resulting from acquisitions which has been written off against reserves is £659,000 (1994: £659,000). This amount is net of goodwill attributable to businesses disposed of prior to the balance sheet date.

### 19 Obligations under operating leases

#### Group and company

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

|                              | 1995                       |                             | 1994                       |                             |
|------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|                              | Land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Land and<br>buildings<br>£ | Plant and<br>machinery<br>£ |
| Within one year              | -                          | 65,700                      | -                          | 88,000                      |
| Within 2 - 5 years inclusive | 21,400                     | 143,500                     | 5,000                      | 150,000                     |
|                              | <u>21,400</u>              | <u>209,200</u>              | <u>5,000</u>               | <u>238,000</u>              |

### 20 Notes to the consolidated cashflow statement

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

|  | 1995<br>£        | 1994<br>£        |
|--|------------------|------------------|
| Operating profit   | 4,508,765        | 3,364,613        |
| Depreciation charges   | 907,835          | 780,912          |
| Profit on sale of tangible fixed assets                      | (3,291)          | (2,883)          |
| Increase in stocks   | (80,805)         | (332,984)        |
| Increase in debtors  | (3,232,852)      | (2,435,407)      |
| (Decrease)/increase in creditors falling due within one year | (517,031)        | 579,823          |
| Net cash inflow from operating activities                    | <u>1,582,621</u> | <u>1,954,074</u> |

# Sunrise Medical Limited and its subsidiary companies

## Notes (continued)

### 20 Notes to the consolidated cashflow statement

#### b) Analysis of changes in cash and cash equivalents during the year

|                              | £               |
|------------------------------|-----------------|
| Balance at beginning of year | 25,852          |
| Net cash outflow             | (40,763)        |
| Balance at end of year       | <u>(14,911)</u> |

#### c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

|                          | 1995<br>£        | 1994<br>£     | Change in year<br>£ |
|--------------------------|------------------|---------------|---------------------|
| Cash at bank and in hand | 447,089          | 25,852        | 421,237             |
| Bank overdraft           | <u>(462,000)</u> | <u>-</u>      | <u>(462,000)</u>    |
|                          | <u>(14,911)</u>  | <u>25,852</u> | <u>(40,763)</u>     |

### 21 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 £188,896 (1994: £78,417). The amount accrued at the end of the year was £118,000 (1994: £54,284).

### 22 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.