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HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON)
LIMITED)

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
31st December 1996

Company Number 942245



**HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)**

**Directors' report
for the year ended 31st December 1996**

Financial statements

The directors present their report and financial statements for the year ended 31st December 1996.

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 year. In preparing those financial statements, the directors are required to:

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (4) 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.

Activities

The company continues to develop, manufacture and distribute electromedical equipment.

Results

The results for the year are set out in the profit and loss account on page 5. The directors have decided to transfer the retained profit of £1,759,653 to reserves.

Review of business and future developments

The company traded satisfactorily during 1996. Further progress is expected in the future.

Research and development

The company continues to invest in product development. Expenditure on research and development is written off in the year in which it is incurred.

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Directors' report
for the year ended 31st December 1996 (continued)

Share incentive schemes

During the year the company contributed £53,809 to the Huntleigh Technology PLC 1995 Employee Share Ownership Trust ("ESOT") to enable the ESOT to purchase and hold 24,000 fully paid ordinary shares of 5p each in Huntleigh Technology PLC, which itself had established the ESOT, for the benefit of employees.

On 2nd October 1996, certain employees of the company were granted options on all those shares under two of the three schemes set up by the ESOT. The two schemes are :

The Huntleigh Technology PLC Approved Share Option Scheme 1996
The Huntleigh Technology PLC Unapproved Share Option Scheme 1996

At 31st December 1996 certain directors had options to acquire shares as follows :

	Number of 5p ordinary shares		Exercise price	
	At 31st	Granted	At 31st	per share
	December 1995	during year	December 1996	p
<u>Approved</u>				
D B Zacks	0	4500	4500	222
M J V Cosme	0	2500	2500	222
<u>Unapproved</u>				
D B Zacks	0	1000	1000	222

The options are exercisable from 2nd October 1999 and expire on 2nd October 2006.

Under the draft of the published UITF Abstract 13, the balance sheet of the company shows this investment by ESOT as "own shares" at cost. See note 7 to the financial statements.

Full details of the ESOT are shown in the directors' report and notes to the financial statements of the ultimate holding company, Huntleigh Technology PLC.

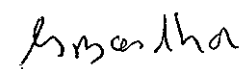
Change of name

On 15th April 1996, the company changed its name to Huntleigh Healthcare Limited.

Auditors

Pursuant to section 386 of the Companies Act 1985 the company has elected to dispense with the obligation to appoint auditors annually.

This report was approved by the board on 24th April 1997.



E. B. Sardharwala
Company Secretary

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Directors' report
for the year ended 31st December 1996 (continued)

Dividends

During the year the company paid an interim dividend of £2,498,300. No final dividend is proposed.

Charitable donations

The company made charitable donations during the year amounting to £5,826.

Directors

The members of the board since 1st January 1996 were :-

R Schild	
J A B Wotton	- resigned on 8th March 1997
J D Schild	
D L Schild	
D B Zacks	- appointed on 1st April 1996
M J V Cosme	- appointed on 1st April 1996

Directors' interests

The company is ultimately a wholly owned subsidiary of Huntleigh Technology PLC.

None of the directors had an interest in any shares, transactions or arrangements which requires disclosure in this report, except those disclosed in the "share incentive schemes" section on page 3 of this report. The interests of the other directors in the company's ultimate holding company, Huntleigh Technology PLC, are shown in that company's directors' report.

Employee policy

The company supports the employment of disabled people wherever possible, by recruitment and by retraining all those who become disabled during their employment, and generally, through training, career development and promotion.

Effective communication with all employees is ensured through a variety of different practices such as works and health and safety committees and periodical briefings by senior managers.

**HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)**

**Directors' report
for the year ended 31st December, 1996 (continued)**

Share incentive schemes

During the year the company contributed £53,809 to the Huntleigh Technology PLC 1995 Employee Share Ownership Trust ("ESOT") to enable the ESOT to purchase and hold 24,000 fully paid ordinary shares of 5p each in Huntleigh Technology PLC, which itself had established the ESOT, for the benefit of employees.

On 2nd October, 1996, certain employees of the company were granted options on all those shares under two of the three schemes set up by the ESOT. The two schemes are:

The Huntleigh Technology PLC Approved Share Option Scheme 1996
The Huntleigh Technology PLC Unapproved Share Option Scheme 1996

At 31st December 1996 certain directors had options to acquire shares as follows:

	Number of 5p. ordinary shares			Exercise price per share p
	At 31st December 1995	Granted during year	At 31st December 1996	
<u>Approved</u>				
D B Zacks	0	13,500	13,500	222
M J V Cosme	0	7,500	7,500	222
<u>Unapproved</u>				
D B Zacks	0	3,000	3,000	222

The above options are exercisable from 2nd October 1999 and expire on 2nd October 2006.

Under the Urgent Issues Task Force pronouncement, UITF Abstract 13, the balance sheet of the company shows this investment by the ESOT as "own shares" at cost. See note 7 to the financial statements.

Full details of the ESOT are shown in the directors' report and notes to the financial statements of the ultimate holding company, Huntleigh Technology PLC.

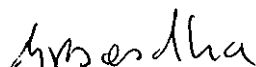
Change of name

On 15th April 1996, the company changed its name to Huntleigh Healthcare Limited.

Auditors

Pursuant to section 386 of the Companies Act 1985 the company has elected to dispense with the obligation to appoint auditors annually.

This report was approved by the board on 24th April 1997.



E. B. Sardharwala
Company Secretary

Auditors' report

St Albans

To the Shareholders of Huntleigh Healthcare Limited

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the 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.

The company is exempt from the requirement of FRS1 to include a cash flow statement as part of its financial statements as the financial statements of its ultimate parent company, Huntleigh Technology PLC, are publicly available.

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs at 31 December 1996, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

3 Victoria Square
Victoria Street
St Albans
Herts AL1 3TF

24 April 1997

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

**Profit and loss account for
the year ended 31st December 1996**

	Notes	1996 £	1995 £
Turnover	2	26,223,114	30,192,102
Cost of sales		12,555,371	13,646,660
Gross profit		13,667,743	16,545,442
Distribution costs		4,433,410	4,956,896
Administrative expenses		3,429,711	3,539,746
Operating profit		5,804,622	8,048,800
Interest receivable	3	641,513	447,753
		6,446,135	8,496,553
Interest payable and similar charges	3	114,644	135,518
Profit on ordinary activities before taxation		6,331,491	8,361,035
Tax on profit on ordinary activities	4	2,073,538	2,761,162
Profit on ordinary activities after taxation		4,257,953	5,599,873
Dividend paid	5	2,498,300	993,320
Balance transferred to reserves	15	1,759,653	4,606,553

The company had no recognised gains or losses other than the profit for the year.

The above results are derived entirely from continuing activities. There were no acquisitions during the year.

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Balance sheet as at 31st December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	6	8,250,241	7,187,797
Investments	7	49,329	4
		<u>8,299,570</u>	<u>7,187,801</u>
Current assets			
Stocks	8	2,478,825	3,068,462
Debtors	9	5,662,753	6,843,054
Cash at bank and in hand		8,831,292	8,516,243
		<u>16,972,870</u>	<u>18,427,759</u>
Creditors: amounts falling due within one year	10	<u>8,660,018</u>	<u>10,528,641</u>
Net current assets		<u>8,312,852</u>	<u>7,899,118</u>
Total assets less current liabilities		16,612,422	15,086,919
Creditors: amounts falling due after more than one year	11	2,131,206	2,365,356
Net assets employed		<u>14,481,216</u>	<u>12,721,563</u>
Capital and reserves			
Called up share capital	14	301,000	301,000
Revaluation reserve	15	354,214	359,798
Profit and loss account	15	13,826,002	12,060,765
Shareholders' funds (all equity)	16	<u>14,481,216</u>	<u>12,721,563</u>

The financial statements on pages 5 to 18 were approved by the board on 24th April 1997.



JD Schild
Finance Director

**HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)**

**Notes to the financial statements
for the year ended 31st December 1996**

1 Accounting policies

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

Accounting basis and compliance with accounting standards

The financial statements are prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

Cash flow statement

As allowed under FRS1 issued by the Accounting Standards Board, this statement has not been prepared as the company is a wholly owned subsidiary undertaking of a company which publishes consolidated financial statements including a consolidated cash flow statement.

Turnover

Turnover represents the invoiced value of goods and services provided net of trade discounts, VAT and other related taxes.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Depreciation

Depreciation is provided on all tangible fixed assets, at a rate calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows :

Freehold buildings	- 50 years
Plant and machinery	- up to a maximum of 10 years
Motor vehicles	- 3 years

Leasing commitments

Assets obtained under leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

**HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)**

**Notes to the financial statements
for the year ended 31st December 1996 (continued)**

1 Accounting policies (continued)

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:

Raw materials and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Pension scheme

The regular cost of providing retirement pensions is charged to profit and loss accounts over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions payable to the scheme is shown as an asset or a liability in the balance sheet.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction and at average transaction rates during the year in the case of turnover. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Government grants

Non-capital grants are dealt with in the profit and loss account in the period they become receivable.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

2 Segmental information

Class of business:	1996	1995
Medical equipment	£	£
Turnover	<u>26,223,114</u>	<u>30,192,102</u>
Profit on ordinary activities before taxation	<u>6,331,491</u>	<u>8,361,035</u>

The disclosure of a segmental analysis of turnover outside the United Kingdom is considered to be commercially prejudicial to the operations of the company.

3 Profit on ordinary activities before taxation is stated after charging or (crediting) :

Research and development	1,362,469	1,173,088
Depreciation: owned fixed assets	1,377,151	1,396,569
: assets under hire and lease		
purchase contracts	7,557	7,557
Operating lease rentals		
other (including land and buildings)	167,335	104,679
Interest payable:		
On loans and overdraft repayable:		
wholly or partly in more than five years	111,697	132,568
On finance leases:		
terminating within five years	2,947	2,950
Interest receivable:		
other	(641,513)	(447,753)
Auditors' remuneration		
- audit services	22,500	20,750
- non audit services	<u>2,650</u>	<u>2,550</u>

4 Tax on profits on ordinary activities

UK Corporation Tax at 33 per cent (1995: 33 per cent)	2,267,284	2,846,479
Deferred taxation (note 13)	(146,505)	(83,060)
	<u>2,120,779</u>	<u>2,763,419</u>
Over provision for prior years (note 13)	(47,241)	(2,257)
	<u>2,073,538</u>	<u>2,761,162</u>

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

5	Dividend		1996	1995
			£	£
	Interim dividend paid during the year		<u>2,498,300</u>	<u>993,320</u>
6	Tangible fixed assets			
		Freehold land and buildings	Plant and machinery	Motor vehicles
		£	£	£
	Cost or valuation			Total
				£
	At 1st January 1996	3,333,631	5,642,897	1,702,483
	Additions	0	1,759,856	888,097
	Disposals	0	(1,221,763)	(453,364)
	At 31st December 1996	<u>3,333,631</u>	<u>6,180,990</u>	<u>2,137,216</u>
				<u>11,651,837</u>
	Accumulated depreciation			
	At 1st January 1996	232,288	2,471,854	787,072
	Provision for the year	46,783	819,794	518,131
	Disposals	0	(1,088,462)	(385,864)
	At 31st December 1996	<u>279,071</u>	<u>2,203,186</u>	<u>919,339</u>
				<u>3,401,596</u>
	Net book value:			
	At 31st December 1996	<u>3,054,560</u>	<u>3,977,804</u>	<u>1,217,877</u>
				<u>8,250,241</u>
	At 31st December 1995	<u>3,101,343</u>	<u>3,171,043</u>	<u>915,411</u>
				<u>7,187,797</u>

The net book value of the company's tangible assets of £8,250,241 (1995 £7,187,797) includes an amount of £13,224 (1995 £20,781) in respect of assets held under hire and lease purchase contracts.

Freehold land and buildings include a value of £994,500 in respect of freehold land which is not depreciated.

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

6 Tangible fixed assets (continued)

Valuation

The values for freehold land and buildings are stated at historical cost apart from property acquired by the company on 1st July 1987 which was revalued at 31st December 1987 on an open market basis by a firm of independent chartered surveyors. The value of land and buildings owned by the company have the following comparative costs and net book values determined according to the historical cost accounting rules :-

	Land £	Buildings £	Total £
Cost or valuation			
At 1st January 1996 and at 31st December 1996	<u>866,400</u>	<u>2,059,976</u>	<u>2,926,376</u>
Accumulated depreciation			
At 1st January 1996	0	184,833	184,833
Provision for the year	0	41,197	41,197
At 31st December 1996	<u>0</u>	<u>226,030</u>	<u>226,030</u>
Net book value:			
At 31st December 1996	<u>866,400</u>	<u>1,833,946</u>	<u>2,700,346</u>
At 31st December 1995	<u>866,400</u>	<u>1,875,143</u>	<u>2,741,543</u>

7 Fixed asset investments	£	1996 £	1995 £
Subsidiary undertakings at cost		4	4
Shares in Huntleigh Technology PLC at cost	53,809		
less: amortisation during the year	<u>(4,484)</u>	49,325	0
Net book value at 31st December 1996		<u>49,329</u>	<u>4</u>

The fixed asset investment in subsidiary undertakings both at 31st December 1996 and 31st December 1995 comprise of the following :-

	£
2 fully paid ordinary shares of £1 each in Huntleigh Healthcare (Luton) Limited (formerly Huntleigh Healthcare Limited)	2
2 fully paid ordinary shares of £1 each in Huntleigh Healthline Limited	2
At 31st December 1996 and at 31st December 1995	<u>4</u>

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

7 Fixed asset investments (continued)

Both these subsidiary undertakings are wholly owned subsidiary undertakings of the company and are registered in England and Wales.

As allowed under Section 228 of the Companies Act 1985, the company has not prepared group financial statements as it is a wholly owned subsidiary undertaking of Huntleigh Technology PLC.

In October 1996 the company contributed £53,809 to the Huntleigh Technology PLC 1995 Employee Share Ownership Trust ("ESOT") to enable the ESOT to purchase and hold 24,000 fully paid ordinary shares of 5p each in Huntleigh Technology PLC, which itself had established the ESOT, for the benefit of employees.

Certain employees were granted options on all shares. The options are exercisable after the third anniversary of the date of the grant. The contribution is thus being amortised over 3 years.

Further details of the ESOT are shown in the directors' report of this company and in the directors' report and notes to the financial statements of the ultimate holding company, Huntleigh Technology PLC.

8	Stocks	1996 £	1995 £
	Raw materials and consumables	1,208,182	1,164,755
	Short term work in progress	137,821	209,430
	Finished goods and goods for resale	1,132,822	1,694,277
		<u>2,478,825</u>	<u>3,068,462</u>

9	Debtors		
	Trade debtors	2,664,501	2,323,257
	Amounts owed by parent and fellow subsidiary undertakings	2,340,857	4,040,090
	Other debtors	163,097	227,716
	Deferred taxation (note 13)	214,601	20,855
	Prepayments and accrued income	279,697	231,136
		<u>5,662,753</u>	<u>6,843,054</u>

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

10	Creditors: amounts falling due within one year	1996	1995
		£	£
	Obligations under hire and lease purchase contracts (note 12)	7,557	7,557
	Bank loan (note 12)	70,316	70,316
	Trade creditors	1,993,571	2,542,241
	Amounts owed to parent and fellow subsidiary undertakings	1,615,313	3,139,372
	Corporation tax	2,287,211	2,849,121
	Other creditors	201,054	108,885
	Other taxes and social security costs	451,585	542,354
	Accruals and deferred income	2,033,411	1,268,795
		8,660,018	10,528,641
11	Creditors: amounts falling due after more than one year		
	Obligations under hire and lease purchase contracts (note 12)	6,692	14,247
	Bank loans (note 12)	1,448,237	1,674,832
	Amounts owed to fellow subsidiary undertakings	676,277	676,277
		2,131,206	2,365,356
12	Loans and obligations under hire and lease purchase contracts		
		1996	1995
		Obligations under hire and lease purchase contracts	Obligations under hire and lease purchase contracts
	Bank loans	£	£
	Loans are repayable as follows :		
	within one year	70,316	7,557
	between one and two years	70,316	7,557
	between two and five years	210,948	6,690
	after five years	1,166,973	0
		1,448,237	1,674,832
		6,692	14,247
	Total	1,518,553	1,745,148
		14,249	21,804

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

12 Loans and obligations under hire and lease purchase contracts (continued)

All bank loans are due to United Kingdom banks and are secured on freehold assets of the company.

The bank loan of £546,433 outstanding at 31st December 1996 has been drawn under a new facility within the Huntleigh Technology PLC group. The group facility is reduced by £215,000 by quarterly instalments over 7 years.

The loan facility of US Dollars 1,662,000 at 31st December 1996 is repayable by six monthly instalments of £35,000 and a final instalment of £668,000 on or before 12th August 2003.

During 1996 interest rates on bank loans were charged between 1 and 1.25 per cent. per annum over bank base rates.

13 Provisions for liabilities and charges

Deferred tax	1996 £	1995 £
At the beginning of the year	(20,855)	62,205
Profit and loss account (note 4)	(193,746)	(83,060)
Included in debtors (note 9)	<u>(214,601)</u>	<u>(20,855)</u>

The deferred tax balance comprises of :

	Amount provided / (recognised)		Potential liability / (asset)	
	1996 £	1995 £	1996 £	1995 £
Accelerated capital allowances	42,352	85,405	42,352	85,405
Other timing differences	(256,953)	(106,260)	(256,953)	(106,260)
Included in debtors (note 9)	<u>(214,601)</u>	<u>(20,855)</u>	<u>(214,601)</u>	<u>(20,855)</u>

14 Called up share capital

Authorised :		
400,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>
Allotted and fully paid :		
301,000 ordinary shares of £1 each	<u>301,000</u>	<u>301,000</u>

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

15 Reserves

The revaluation reserve arises as a consequence of carrying interests in freehold land and buildings in the balance sheet at a valuation as described in note 6.

	Revaluation reserve £	Profit and loss account £
Balance at 1st January 1996	359,798	12,060,765
Retained profit for year		1,759,653
Revaluation surplus transfer	(5,584)	5,584
Balance at 31st December 1996	<u><u>354,214</u></u>	<u><u>13,826,002</u></u>

16 Reconciliation of movements in shareholders' funds

	1996	1995
Profit on ordinary activities after taxation	4,257,953	5,599,873
Dividends	(2,498,300)	(993,320)
Opening shareholders' funds	12,721,563	8,115,010
Closing shareholders' funds	<u><u>14,481,216</u></u>	<u><u>12,721,563</u></u>

17 Contingent liability

The company has entered into a composite guarantee with its United Kingdom bankers, Barclays Bank PLC and Midland Bank plc in respect of any amounts due by itself, by the parent and by certain fellow subsidiary undertakings. The amounts for that group outstanding at 31st December 1996 were £16,854,000 (1995 £11,930,000).

These group totals represent overdrawn balances on current accounts with those United Kingdom bankers and do not include group credit balances and deposit accounts with them of £9,661,000 at 31st December 1996 (1995 £9,679,000).

18 Capital commitments

	1996 £	1995 £
Contracted but not provided for	<u><u>123,602</u></u>	<u><u>436,465</u></u>

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

19 Financial commitments

At 31 December 1996 the company had annual commitments under non-cancellable operating leases, all in respect of land and buildings, as follows:

	1996 £	1995 £
Expiry date:		
Within one year	27,151	10,518
Between two and five years	69,602	52,695
In over five years	0	32,100
	<u>96,753</u>	<u>95,313</u>

20 Directors

(1) Emoluments

The emoluments of directors of the company were:

	1996 £	1995 £
Remuneration as executives	142,359	56,162
Performance-related bonus	46,429	27,500
Pension contributions	11,564	3,821
	<u>200,352</u>	<u>87,483</u>

Remuneration disclosed above (excluding pension contributions) include amounts paid to:

The chairman	0	0
The highest paid director	<u>99,627</u>	<u>83,662</u>

(2) Banding

Directors' emoluments (excluding pension contributions) fell within the following band :

	Number	Number
£ 0 - £ 5,000	3	3
£40,001 - £ 45,000	2	0
£80,001 - £ 85,000	0	1
£95,001 - £100,000	<u>1</u>	<u>0</u>

HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)

Notes to the financial statements
for the year ended 31st December 1996 (continued)

21 Particulars of employees

(1) Number of employees

The average weekly number of persons (including directors) employed by the company during the year was:

	1996 Number	1995 Number
Category :		
Production	201	212
Sales and administration	260	244
	<u>461</u>	<u>456</u>

(2) Employment costs

	1996 £	1995 £
Wages and salaries	7,010,232	6,996,440
Social security costs	727,816	654,854
Other pension costs	226,752	169,430
	<u>7,964,800</u>	<u>7,820,724</u>

(3) Pensions

The company participates in a defined benefit scheme in the United Kingdom, operated by the Huntleigh Technology PLC group. The assets of the scheme are administered by trustees and kept entirely separate from those of the group. Independent actuarial valuations are carried out every three years and contribution rates are determined on the basis of advice from independent qualified actuaries, with the objective of providing the funds required to meet pension obligations as they fall due. Pension costs are similarly determined and are charged to the profit and loss account so as to spread the cost over the members' working lives with the group.

The most recent valuation was carried out as at 6th April 1994 using the projected unit method. The principal actuarial assumptions used were investment growth of 9 per cent per annum, salary increases of 7 per cent per annum and discretionary pension increases of 3 per cent per annum. The total market value of the schemes' assets as at the valuation date was £2,426,000 and the actuarial value of those assets revealed a funding level of 92 per cent.

The cost of administering the scheme is borne by the group.

**HUNTLEIGH HEALTHCARE LIMITED
(FORMERLY HUNTLEIGH HEALTHCARE (LUTON) LIMITED)**

**Notes to the financial statements
for the year ended 31st December 1996 (continued)**

22 Related party transactions

The company has taken advantage of the exemption available in FRS8, Related Party Disclosures, on the basis that it is a 100 per cent controlled subsidiary undertaking of a group incorporated in England and Wales for which consolidated financial statements, including the subsidiary, are publicly available.

23 Ultimate parent company

The directors regard Huntleigh Technology PLC, a company registered in England and Wales, as the company's ultimate holding company.

Huntleigh Technology PLC is the parent undertaking of the smallest and largest groups of which the company is a member and for which group financial statements are prepared. Copies of these group financial statements can be obtained from Huntleigh Technology PLC, 310-312 Dallow Road, Luton Bedfordshire, LU1 1TD.