

HUNTLEIGH HEALTHCARE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 1999

Company number 942245



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HUNTLEIGH HEALTHCARE LIMITED
Directors' report
for the year ended 31 December 1999

The directors present their report and financial statements for the year ended 31 December 1999.

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 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 maintaining 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.

Principal activities

The principal activity of the company during the year continued to be the development, manufacture and distribution of electromedical equipment. On 1 January the company commenced the activity of electromedical equipment rental.

Results and dividends

The results for the year are set out in the profit and loss account on page 6.

No final dividend is proposed and the directors have decided to transfer the surplus of £5,362,715 on the profit and loss account to reserves.

Review of business and future developments

On 1 January 1999 the company acquired the business of another Huntleigh Group company, Huntleigh Rentals Limited (see note 27 of the financial statements), acquiring its assets and liabilities at that date.

The company, both its existing and acquired business, traded satisfactorily during 1999 and is in a good position to take advantage of any further opportunities which may arise. Further progress is expected in the future.

HUNTLEIGH HEALTHCARE LIMITED
Directors' report
for the year ended 31 December 1999

Overseas branches

During 1998 the company ceased its distribution operations in both Eire and Sweden. The company continues its operations in Denmark.

On 1 January 1999 the company commenced a rental operation in Eire.

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.

Directors and directors' interests

The members of the board since 1 January 1999 were :-

R Schild

J D Schild

D L Schild

D B Zacks

S Folley - appointed 17 May 1999

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.

Charitable donations

During the year, the company made charitable donations totalling £46,720 (1998: £21,950).

Employee policy

The company's policy is to provide equality of employment opportunity. Through training, career development and promotion it supports the employment of disabled people wherever possible, by recruitment and by retraining all those who become disabled during employment.

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.

Health and safety, and the environment

The company continuously refines its detailed policies and procedures in respect of health and safety and environmental matters. The impact of the business on the environment is taken seriously and the company has in place safeguards to protect the environment from pollution. The company seeks to minimise any disturbance to the local and global environment and the quality of life of local communities.

HUNTLEIGH HEALTHCARE LIMITED
Directors' report
for the year ended 31 December 1999

Share incentive schemes

During 1996 and 1997 the company contributed sums totalling £122,309 to the Huntleigh Technology PLC 1995 Employee Share Ownership Trust ("ESOT") to enable the ESOT to purchase and hold 66,000 fully paid ordinary shares of 5p each in Huntleigh Technology PLC, which itself had established the ESOT, for the benefit of employees within the Group.

During 1999 a further £243,000 was contributed to enable the ESOT to purchase and hold a further 90,000 fully paid shares.

On 3rd October 1997 certain employees (including a director) were granted options, all under the rules of approved schemes, over 66,000 shares at the exercise price of 136.5p per share. The above options are exercisable from 3 October 2000 and expire on 3 October 2007.

On 20th July 1999 options were granted for a further 90,000 shares at the exercise price of 270.0p per share. These options are exercisable from 20 July 2002 and expire on 20 July 2009.

DB Zacks has been granted options over 36,000 shares and S Folley, appointed as a director on 17 May 1999, has been granted options over 25,000 shares. Options over all 156,000 shares are outstanding at 31 December 1999.

Under Urgent Issues Task Force pronouncement, UITF Abstract 13, the balance sheet of the company shows this investment by the ESOT as "own shares". See note 9 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.

The year 2000

Many computer systems express dates using only the last two digits of the year. These systems require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. The operations of our business depend not only on our computer systems, but also to some degree on those of our suppliers and customers. There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

During 1999 the company continued to undertake a programme designed to address the impact of the year 2000 on its business. A number of personnel were assigned to the programme and the board of directors were regularly updated on its progress.

HUNTLEIGH HEALTHCARE LIMITED
Directors' report
for the year ended 31 December 1999

The year 2000 continued

As part of the exercise, an analysis of significant risks was performed to determine the impact of the issue on our activities. From this, prioritised action plans were developed that were designed to address the key risks in advance of critical dates and without disruption to the underlying business processes. Priority was given to those systems that could cause a significant financial or legal impact on the company's business if they were to fail. The plan also included a requirement for the testing of all critical systems.

The risk analysis also considered the impact on our business of year 2000 related failures by our significant suppliers and customers. In appropriate cases formal assurance was sought from these other parties.

The total cost to complete modifications to our computer hardware and software was built into our normal cycle of upgrading. The additional costs specifically attributable to addressing the year 2000 problem was not significant in either capitalised plant or additional charges to the profit and loss account during 1999.

Following the extensive planning process detailed above there were no issues, either internally or with third parties, that caused either commercial disruption, financial loss or legal impact on the company's business.

Introduction of the euro

The company has assessed the impact of the introduction of the euro and has taken appropriate steps to ensure that the requirements of both customers and suppliers can be met.

The estimated costs to the company are not material.

Creditor payment practice

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment.

The company's creditor days at 31 December 1999 were 83 days (1998 86 days).

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 28 March 2000.



JD Schild
Director

HUNTLEIGH HEALTHCARE LIMITED

Auditors' report

Auditors' report

to the members of HUNTLEIGH HEALTHCARE LIMITED

We have audited the financial statements on pages 6 to 19.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Milton Keynes
28 March 2000

HUNTLEIGH HEALTHCARE LIMITED
Profit and loss account
for the year ended 31 December 1999

	Notes	1999 £	1998 £
Turnover	2	51,324,534	33,896,254
Cost of sales		21,022,195	16,119,873
Gross profit		30,302,339	17,776,381
Distribution costs		9,302,570	3,688,087
Administrative expenses		7,727,498	5,564,440
Operating profit		13,272,271	8,523,854
Interest receivable	3	490,853	355,048
		13,763,124	8,878,902
Interest payable	4	75,672	83,911
Profit on ordinary activities before taxation	3	13,687,452	8,794,991
Taxation on profit on ordinary activities	7	8,324,737	2,438,448
Profit on ordinary activities after taxation		5,362,715	6,356,543
Retained balance for the year	20	5,362,715	6,356,543

The above results are derived entirely from continuing activities. There was no material difference between the historical cost profit before taxation and the profit on ordinary activities before taxation in either the year ended 31 December 1999 or the year ended 31 December 1998.

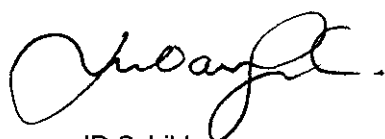
Statement of total recognised gains and losses
for the year ended 31 December 1999

	Notes	1999 £	1998 £
Profit for the year on ordinary activities after taxation		5,362,715	6,356,543
Currency translation differences on foreign currency net investments	20	51,528	(18,223)
Total recognised gains and losses for the year		5,414,243	6,338,320

HUNTLEIGH HEALTHCARE LIMITED**Balance sheet****as at 31 December 1999**

	Notes	1999 £	1998 (restated) £
Fixed assets			
Tangible assets	8	12,220,298	7,217,739
Investments	9	98,149	108,888
		<u>12,318,447</u>	<u>7,326,627</u>
Current assets			
Stocks	10	7,629,884	4,341,831
Debtors	11	16,730,964	9,236,137
Cash at bank and in hand		7,108,947	9,303,201
		<u>31,469,795</u>	<u>22,881,169</u>
Creditors: amounts falling due within one year	12	<u>24,197,921</u>	<u>15,994,456</u>
Net current assets		<u>7,271,874</u>	<u>6,886,713</u>
Total assets less current liabilities		19,590,321	14,213,340
Creditors: amounts falling due after more than one year	13	1,432,647	1,469,909
Net assets employed		<u>18,157,674</u>	<u>12,743,431</u>
Capital and reserves			
Called up share capital	17	301,000	301,000
Revaluation reserve	18	-	-
Other reserve	19	-	-
Profit and loss account	20	17,856,674	12,442,431
Shareholders' funds (all equity)	21	<u>18,157,674</u>	<u>12,743,431</u>

The financial statements on pages 6 to 19 were approved by the board on 28 March 2000



JD Schild
Finance Director

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

1 Accounting policies

The following accounting policies have been used consistently, except for the change in treatment of freehold land and buildings as detailed in note 8, in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

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

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 the cost of all tangible fixed assets, at a rate calculated to write off that 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

Freehold land is not depreciated.

Stocks and work in progress

Stock is valued at the lower of cost and estimated 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.

Deferred taxation

Provision is made for deferred taxation, using the liability method, where it is probable that a taxation liability will arise.

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

Foreign currency translation

Transactions in foreign currencies are recorded at the Group rates ruling at the date of the transaction and at the average transaction rates during the year in the case of turnover. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Assets and liabilities of overseas branches denominated in foreign currencies are translated into sterling at exchange rates applicable at 31 December. The results of such overseas branches have been translated using 1999 average foreign exchange rates for the year.

Exchange differences arising from the results of these branches are taken to reserves. All other exchange differences are taken to the profit and loss account.

Leasing commitments

Assets obtained under leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance lease) 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.

Operating leases

Operating lease income is recognised on a straight line basis over the period of the lease.

Pension costs

This company and other United Kingdom undertakings within the Huntleigh Technology PLC Group make contributions to a defined benefit scheme. The cost is charged to the profit and loss account on a systematic basis over the expected service lives of employees. The funds of that scheme are administered by trustees and are separate from the Group.

Investments

Fixed asset investments are stated at cost less provision for impairment.

2 Turnover and segmental information

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

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

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

3 Profit on ordinary activities before taxation

1999	1998
£	£

This is stated after charging/(crediting):

Research and development	2,033,580	1,545,313
Depreciation of owned fixed assets	3,993,028	1,916,054
Depreciation of assets held under finance leases and hire purchase contracts (note 8)	17,297	5,667
Operating lease rentals - land and buildings	268,973	252,433
Interest receivable - other	(490,853)	(355,048)
Rentals receivable in respect of operating leases	(12,260,059)	-
PricewaterhouseCoopers fees for		
- audit services	32,793	25,200
- non audit services	5,000	7,133

4 Interest payable

1999	1998
£	£

Bank loans and overdrafts	75,672	82,383
Finance charges payable under finance leases and hire purchase contracts	-	1,528
	<u>75,672</u>	<u>83,911</u>

5 Directors' emoluments

1999	1998
£	£

Emoluments	<u>285,667</u>	<u>227,111</u>
Highest paid director:		
Emoluments	<u>149,636</u>	<u>145,088</u>

Accrued pension at 31 December 1999 for the highest paid director of the company is £23,999 per annum (1998 £18,856 per annum).

Number of directors in company pension schemes:

1999	1998
Number	Number

Defined benefit schemes	<u>3</u>	<u>2</u>
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HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

6 Employee particulars	1999	1998
	£	£
Employment costs		
Wages and salaries	11,176,785	10,193,743
Social security costs	896,154	935,862
Pension costs	515,014	407,829
	<u>12,587,953</u>	<u>11,537,434</u>

Average monthly number of employees (including the directors) during the year was :	1999	1998
	Number	Number
Sales and administration	337	298
Manufacturing	233	237
	<u>570</u>	<u>535</u>

Pensions

During the year, the company has participated in a defined benefit scheme in the United Kingdom, operated by the Huntleigh Technology PLC Group. Contributions to the scheme 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.

A valuation of the new scheme was carried out as at 5 April 1997 by a firm of qualified actuaries, KPMG, taking into account the assets and liabilities using the defined accrued benefit method. The principal actuarial assumptions used to value the scheme were investment growth of 8% per annum, salary increases of 6.25% per annum and allowance for pension increases in accordance with guaranteed rates. The total market value of the scheme's assets as at the valuation date was £11,213,000. The actuarial value of those assets revealed a funding level of 91 per cent. The valuation took into account the changes to Advance Corporation Tax that were introduced in the July 1997 budget.

The company is contributing at the rate of 8% (including the rate of 0.9% to eliminate the deficit) of pensionable payroll, which is expected to bring the funding level up to 100% within 11 years. The funding level measured on a current funding basis was above 100% at April 1997.

7 Tax on profit on ordinary activities	1999	1998
	£	£
UK corporation tax at 30.25 per cent. (1998: 31 per cent.)	4,304,009	2,832,335
Deferred taxation (note 16)	(93,783)	(9,047)
	<u>4,210,226</u>	<u>2,823,288</u>
Prior year adjustments - group relief	4,143,244	(417,168)
- deferred taxation (note 16)	(28,733)	32,328
	<u>8,324,737</u>	<u>2,438,448</u>

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 1999	2,601,135	7,023,049	2,538,033	12,162,217
Revaluation transfer	(75,546)	-	-	(75,546)
As restated	2,525,589	7,023,049	2,538,033	12,086,671
Currency translation	-	(7,048)	(6,902)	(13,950)
Additions	-	10,278,983	1,166,475	11,445,458
Transfers at cost	-	2,218,093	-	2,218,093
Disposals	(155,000)	(249,263)	(513,432)	(917,695)
At 31 December 1999	<u>2,370,589</u>	<u>19,263,814</u>	<u>3,184,174</u>	<u>24,818,577</u>
Depreciation				
At 1 January 1999	127,388	3,187,498	1,514,285	4,829,171
Revaluation transfer	39,761	-	-	39,761
As restated	167,149	3,187,498	1,514,285	4,868,932
Currency translation	-	(1,884)	(2,175)	(4,059)
Charge for the year	33,971	3,302,221	674,133	4,010,325
On additions	-	4,344,559	14,313	4,358,872
On disposals	(14,980)	(146,219)	(474,592)	(635,791)
At 31 December 1999	<u>186,140</u>	<u>10,686,175</u>	<u>1,725,964</u>	<u>12,598,279</u>
Net book value				
At 31 December 1999	<u>2,184,449</u>	<u>8,577,639</u>	<u>1,458,210</u>	<u>12,220,298</u>
At 31 December 1998	<u>2,358,440</u>	<u>3,835,551</u>	<u>1,023,748</u>	<u>7,217,739</u>

The net book value of plant and machinery shown above includes an amount of £51,891 (1998: £nil) in respect of assets held under hire and lease purchase contracts.

Freehold land, included in freehold land and buildings, not depreciated £ 672,000

Fixed assets include those held for operating lease rentals at a cost of £10,691,000 and cumulative depreciation of £6,134,000 at 31 December 1999 (1998: £nil and £nil respectively).

Valuation

The Group carried out a formal valuation of all its freehold land and buildings at 31 December 1997 and revalued the assets in that balance sheet. All properties owned by the company were revalued on that date on an existing use value basis by a firm of independent chartered surveyors (S R Wood and son Ltd). The valuation was made in accordance with the RICs' Appraisal and Valuation Manual.

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

8 Tangible fixed assets (continued)

Valuation

On 1 January 1999 the directors dispensed with the need to carry out formal professional valuations at least every 5 years as allowed under the transitional rules of FRS15 and thus reverted to carrying land and buildings at historical cost. The surplus on revaluation previously arising has been reversed through a prior year adjustment (see note 18).

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			
At 1 January 1999	727,000	1,798,589	2,525,589
Disposals	(55,000)	(100,000)	(155,000)
At 31 December 1999	<u>672,000</u>	<u>1,698,589</u>	<u>2,370,589</u>
Depreciation			
At 1 January 1999	-	167,147	167,147
Charge for the year	-	33,973	33,973
On disposals	-	(14,980)	(14,980)
At 31 December 1999	<u>-</u>	<u>186,140</u>	<u>186,140</u>
Net book value			
At 31 December 1999	<u>672,000</u>	<u>1,512,449</u>	<u>2,184,449</u>
At 31 December 1998	<u>727,000</u>	<u>1,631,442</u>	<u>2,358,442</u>

9 Investments

	Investments in subsidiary undertakings £	Own shares £	Total £
Cost			
At 1 January 1999	4	122,309	122,313
At 31 December 1999	<u>4</u>	<u>122,309</u>	<u>122,313</u>
Provision for diminution in value			
At 1 January 1999	-	13,425	13,425
Provision during the year	-	10,739	10,739
At 31 December 1999	<u>-</u>	<u>24,164</u>	<u>24,164</u>
Net book value			
At 31 December 1999	<u>4</u>	<u>98,145</u>	<u>98,149</u>
At 31 December 1998	<u>4</u>	<u>108,884</u>	<u>108,888</u>

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

9 Investments (continued)

Investment in subsidiary undertakings

The fixed asset investment in subsidiary undertakings both at 31 December 1999 and 31 December 1998 comprise of the following :-

	£
2 fully paid ordinary shares of £1 each in Huntleigh Mobility Limited	2
2 fully paid ordinary shares of £1 each in Huntleigh Healthline Limited	2
	<u>4</u>

Both the 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.

Own shares

Investment in "Own shares" represents the shares held in Huntleigh Technology PLC, the ultimate parent company, by the Huntleigh Technology PLC 1995 Employee Share Ownership Trust ("ESOT") and are brought into the financial statements in accordance with Urgent Issues Task Force Abstract 13.

Using the mid-market price at 31 December 1999 quoted on the London Stock Exchange, own shares held by the company are worth £216,810.

Full 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 Huntleigh Technology PLC.

10 Stocks

	1999 £	1998 £
Raw materials and consumables	1,958,181	1,513,447
Work in progress	412,788	291,120
Finished goods and goods for resale	5,258,915	2,537,264
	<u>7,629,884</u>	<u>4,341,831</u>

11 Debtors

	1999 £	1998 £
Trade debtors	11,121,052	2,844,249
Amounts owed by parent and fellow subsidiary undertakings	4,269,128	5,636,717
Amounts owed by group associated undertakings	113,337	27,542
Other debtors	453,753	221,646
Prepayments and accrued income	429,448	446,605
Deferred taxation (note 16)	344,246	59,378
	<u>16,730,964</u>	<u>9,236,137</u>

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

12 Creditors: amounts falling due within one year	1999	1998
	£	£
Bank loans and overdrafts (note 14)	472,035	70,316
Obligations under finance lease and hire purchase contracts	17,297	51
Trade creditors	3,111,955	3,109,595
Amounts owed to parent and fellow subsidiary undertakings	14,147,328	7,587,070
Corporation tax	4,304,006	2,728,777
Other taxes and social security costs	657,172	626,671
Other creditors	345,148	594,240
Accruals and deferred income	1,142,980	1,277,736
	<u>24,197,921</u>	<u>15,994,456</u>

13 Creditors: amounts falling due after one year	1999	1998
	£	£
Bank loans (note 14)	752,046	793,632
Obligations under finance lease and hire purchase contracts	4,324	-
Amounts owed to fellow subsidiary undertakings	676,277	676,277
	<u>1,432,647</u>	<u>1,469,909</u>

14 Bank loans	1999	1998
	£	£
Analysis of maturity of debt:		
Within one year or on demand	<u>472,035</u>	<u>70,316</u>
Between one and two years	70,224	70,316
Between two and five years	<u>681,822</u>	<u>723,316</u>
	<u>752,046</u>	<u>793,632</u>
Total	<u>1,224,081</u>	<u>863,948</u>

HUNTLEIGH HEALTHCARE LIMITED
Notes to the financial statements
for the year ended 31 December 1999

14 Bank loans (continued)

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

The loan facility of US Dollars 1,325,000 at 31 December 1999 is repayable by six monthly instalments of £35,112 and a final instalment of £668,000 on or before 12th August, 2003.

During 1999 interest rates on bank loans were charged between 1 and 1.25 per cent per annum over bank base rates.

15 Obligations under hire and lease purchase contracts	1999	1998
	£	£
Amounts payable:		
Within one year	17,297	51
Within two to five years	4,324	-
	<u>21,621</u>	<u>51</u>

16 Deferred taxation	1999	1998
	£	£
At 1 January	(59,378)	(82,659)
Profit and loss account (note 7)	(122,516)	23,281
Transfer from fellow subsidiary undertaking	(162,352)	-
At 31 December (included within debtors (note 11))	<u>(344,246)</u>	<u>(59,378)</u>

Deferred taxation provided in the financial statements and the amounts not provided are as follows:-

	Provided / (recognised)	Potential liability / (asset)	Provided / (recognised)	Potential liability / (asset)
	1999	1999	1998	1998
	£	£	£	£
Capital allowances in advance of depreciation	(248,921)	(248,921)	37,552	37,552
Other timing differences	(95,325)	(95,325)	(96,930)	(96,930)
	<u>(344,246)</u>	<u>(344,246)</u>	<u>(59,378)</u>	<u>(59,378)</u>

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17 Share capital			1999	1998
			£	£
Authorised:				
Ordinary shares of £1 each			<u>400,000</u>	<u>400,000</u>
	1999	1998	1999	1998
	Number	Number	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>301,000</u>	<u>301,000</u>	<u>301,000</u>	<u>301,000</u>

18 Revaluation reserve		1999	1998
		£	£
At 1 January		-	117,728
Prior year adjustment		-	(117,728)
As restated		-	-
Arising on revaluation during the year		-	-
At 31 December		<u>-</u>	<u>-</u>

The revaluation reserve arose as a consequence of carrying interests in freehold land and buildings in the balance sheet at a valuation as described in note 8.

19 Other reserve		1999	1998
		£	£
At 1 January		-	(8,285)
Transfer from the profit and loss account		-	8,285
At 31 December		<u>-</u>	<u>-</u>

The balance of £8,285 on the other reserve at 1 January 1998 represents goodwill on the acquisition of a foreign branch undertaking written off in this year. This balance was transferred to the profit and loss account in 1998.

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20 Profit and loss account	1999	1998
	£	£
At 1 January	12,442,431	6,104,111
Retained profit for the year	5,362,715	6,356,543
Currency translation differences on foreign currency net investments	51,528	(18,223)
At 31 December	<u>17,856,674</u>	<u>12,442,431</u>

21 Reconciliation of movements in shareholders' funds	1999	1998
	£	£
At 1 January	12,743,431	6,514,554
Profit for the year	5,362,715	6,356,543
Other recognised gains and losses (page 6)	51,528	(18,223)
Goodwill arising on acquisition previously written off (note 19)	-	8,285
Prior year adjustment (notes 8 and 18)	-	(117,728)
As restated	<u>18,157,674</u>	<u>12,743,431</u>

22 Capital commitments	1999	1998
	£	£
Contracted but not provided for	<u>461,098</u>	<u>372,521</u>

23 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 1999 £	Land and buildings 1998 £	Other 1999 £	Other 1998 £
Operating leases which expire:				
within one year	181,647	191,354	-	-
within two to five years	221,200	165,468	-	-
	<u>402,847</u>	<u>356,822</u>	<u>-</u>	<u>-</u>

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24 Contingent liabilities

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 31 December 1999 were £18,987,000 (1998 £17,072,000).

These group totals represent balances on current accounts with those United Kingdom bankers and do not include group credit balances and deposit accounts with them of £10,502,000 at 31 December 1999 (1998 £10,686,000).

25 Related parties

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.

26 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.

27 Acquisitions

The net assets of Huntleigh Rentals Limited were acquired by Huntleigh Healthcare Limited on 1 January 1999 at the following values:

Net book value of:	£
Fixed assets	2,709,818
Debtors	2,972,045
Cash	24
Creditors (less than 1 year)	(5,020,124)
Consideration / net assets	<u>661,763</u>

The consideration of £661,763 was settled through the intercompany balance.
The fair values were also considered to be the book values.