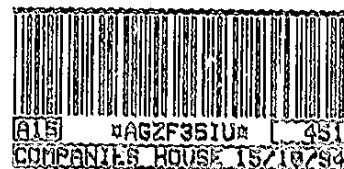


HUNTLEIGH HEALTHCARE (LONDON)
LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
31st December, 1993

Company No: 942245



HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Report of the directors
for the year ended 31st December, 1993

Financial statements

The directors present their report and financial statements for the year ended 31st December, 1993.

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 its 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.

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 balance of £2,712,665 on the profit and loss account to reserves.

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Report of the directors
for the year ended 31st December, 1993 (continued)

Review of business and future developments

The company enjoyed an increase in turnover and profitability during 1993. 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.

Dividend

The directors do not recommend payment of a dividend for the year.

Fixed assets

Details of changes in tangible fixed assets and fixed asset investments during the year are set out in notes 8 and 9 to the financial statements respectively.

Charitable donations

The company made charitable donations during the year amounting to £4,735.

Directors

The members of the board since 1st January, 1993 were:-

R Schild
J A B Wotton
J D Schild
D L Schild

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

**Report of the directors
for the year ended 31st December, 1993 (continued)**

Directors' interests in shares of the company

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. Their interest in the company's ultimate holding company, Huntleigh Technology plc, are shown in that company's directors' report.

Employees

The company supports the employment of disabled people wherever possible, by recruitment, 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 committees and periodical briefings by senior managers.

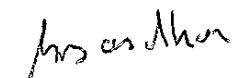
Directors' and officers' insurance

The company is included in the insurance policy maintained by the Huntleigh Technology plc group. The policy is on behalf of all directors and officers to cover liabilities arising from negligence, breach of duty and breach of trust in relation to the group.

Auditors

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

The directors' report was approved by the board on 18th May, 1994.


E B Sardharwala
Secretary

HUNTLEIGH HEALTHCARE (LUTON) LIMITED



BDO Binder Hamlyn
Chartered Accountants

20 Old Bailey London EC4M 7BH

AUDITORS' REPORT

to the members of Huntleigh Healthcare (Luton) Limited

We have audited the financial statements on pages 5 to 21 which have been prepared on the basis of the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1993 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

Chartered Accountants
Registered Auditors

20 May 1994

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Profit and loss account
for the year ended 31st December, 1993

	<u>Notes</u>	<u>1993</u> £	<u>1992</u> £
Turnover	2	17,001,148	14,879,539
Cost of sales		7,799,498	6,467,259
Gross profit		<u>9,201,650</u>	<u>8,412,280</u>
Distribution costs		3,376,310	2,524,380
Administrative expenses		2,008,458	2,362,484
Operating profit		<u>3,816,882</u>	<u>3,525,416</u>
Interest receivable	3	201,135	327,533
Interest payable		<u>4,018,017</u> 38,434	<u>3,852,949</u> 41,183
Profit on ordinary activities before taxation	3	<u>3,979,583</u>	<u>3,811,766</u>
Tax on profit on ordinary activities	6	1,266,918	1,397,903
Profit on ordinary activities after taxation		<u>2,712,665</u>	<u>2,413,863</u>
Dividend paid	7	-	903,000
Retained profit for the year		<u>2,712,665</u>	<u>1,510,863</u>
Balance brought forward		3,430,850	1,919,987
Balance carried forward		<u>£6,143,515</u> =====	<u>£3,430,850</u> =====

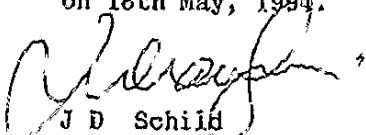
Note: The company had no recognised gains or losses other than the profit for the year.
The above results are derived entirely from continuing activities.

HUNTEIGH HEALTHCARE (LUTON) LIMITED

Balance sheet at 31st December, 1993

	Notes	1993 £	1992 £
Fixed assets			
Tangible assets	8	5,684,419	3,433,160
Investments	9	<u>4</u>	<u>4</u>
		£5,684,423	£3,433,164
Current assets			
Stocks	10	1,713,493	1,324,651
Debtors	11	7,301,572	2,838,576
Cash at bank and in hand		<u>1,497,910</u>	<u>3,828,352</u>
		10,512,975	7,991,579
Creditors: amounts falling due within one year	12	<u>6,669,842</u>	<u>5,814,552</u>
Net current assets		3,843,133	2,177,027
Total assets less current liabilities		9,527,556	5,610,191
Creditors: amounts falling due after more than one year	13	2,648,078	1,371,086
Provisions for liabilities and charges	15	<u>27,708</u>	<u>100,000</u>
		£6,851,770	£4,139,105
Capital and reserves			
Called up share capital	16	301,000	301,000
Revaluation reserve	8 & 17	407,255	407,255
Profit and loss account		<u>6,143,515</u>	<u>3,430,850</u>
		£6,851,770	£4,139,105
		=====	=====

The financial statements on pages 5 to 21 were approved by the board
on 18th May, 1994.


J D Schild
Finance director

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

7.

Reconciliation of movement on shareholders' funds for the year ended 31st December, 1993:

	<u>1993</u> £	<u>1992</u> £
Profit on ordinary activities after taxation	2,712,665	2,413,863
Dividend paid	-	903,000
	<u>2,712,665</u>	<u>1,510,863</u>
Opening shareholders' funds	4,113,105	2,628,242
Closing shareholders' funds	<u>£6,851,770</u> =====	<u>£4,139,105</u> =====

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

8.

Notes to the financial statements
for the year ended 31st December, 1993

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

The financial statements are prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings.

Compliance with accounting standards

The financial statements have been prepared 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.

Depreciation

Depreciation is provided on fixed assets by equal annual instalments over the following estimated lives:

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

Research and development expenditure

Expenditure on development is written off in the year in which it is incurred.

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

Stocks and work in progress

Stocks and work in progress are valued on a first in first out basis at the lower of cost and estimated net realisable value. Cost represents direct cost plus appropriate overheads.

Deferred taxation

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

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the average rate of exchange during the year. The resultant assets and liabilities are translated into sterling at rates of exchange applicable at 31st December.

All differences are taken to profit and loss account.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of VAT.

Government grants

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

Pension costs

This company and other United Kingdom companies within the Huntleigh Technology plc group make contributions to a defined benefit scheme. The cost is charged against profits 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.

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

Leases and hire purchase obligations

Assets under hire and lease purchase agreements are included under tangible fixed assets and depreciated over their estimated useful lives.

Obligations under such agreements are stated in the balance sheet net of finance charges allocated to future periods. The finance element is charged to the profit and loss account and is calculated in order that the annual rate of charge on the capital element outstanding approximates to a constant rate.

The rentals payable for assets held under operating leases are charged to the profit and loss account as they are incurred.

2. Segmental information

	<u>Turnover</u>		<u>Profit on ordinary activities before taxation</u>	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
Class of business:				
Medical equipment	£17,001,148	£14,879,539	£3,979,583	£3,811,766
	=====	=====	=====	=====

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 (LUTON) LIMITED

11.

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

3. Profit on ordinary activities before taxation is stated after charging or (crediting):	<u>1993</u> £	<u>1992</u> £
Research and development costs	613,406	415,656
Depreciation - owned fixed assets	740,262	579,731
- assets under hire and lease purchase	7,557	7,557
Operating lease rentals:		
land and buildings	46,232	22,691
other	3,005	1,680
Interest payable:		
On loans and overdraft repayable:		
within five years not by instalments	-	21
wholly or partly in more than five years	35,486	36,236
On finance leases:		
terminating within five years	2,948	4,926
Interest receivable:		
from a fellow subsidiary undertaking	(19,934)	(35,803)
other	(181,201)	(291,730)
	=====	=====

Amounts payable to the auditors by the company in respect of audit services were £19,250 (1992: £17,000). Amounts paid to BDO Binder Hanlyn in respect of non-audit services were £4,117 (1992: £3,314).

4. Directors' emoluments

	<u>1993</u> £	<u>1992</u> £
Remuneration as executives	108,108	100,552
Pension contributions	40,048	20,365
Performance related bonus	48,750	59,633
	£196,906	£180,540
	=====	=====

Directors' remuneration, excluding pension contributions, include the following:

	<u>1993</u> £	<u>1992</u> £
Chairman	-	-
Highest paid director	£103,530	£106,065
	=====	=====

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

12.

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

4. Directors' emoluments (continued)

J A B Wotton waived £19,000 (1992: £10,000) performance related bonus in lieu of the company undertaking to contribute the same amount towards his pension benefits.

Directors' fees and remuneration fell within the following band:

	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	2	2
£ 45,001 - £ 50,000	1	-
£ 50,001 - £ 55,000	-	1
£100,000 - £105,000	1	-
£105,001 - £110,000	-	1

5. Particulars of employees

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

	<u>1993</u> Number	<u>1992</u> Number
Category:		
Production	170	140
Sales and administration	<u>172</u>	<u>140</u>
	342	280
	=====	=====

Their total remuneration was:

	<u>1993</u> £	<u>1992</u> £
Wages and salaries	4,601,711	3,790,969
Social security costs	475,858	366,954
Other pension costs	<u>77,145</u>	<u>54,366</u>
	£5,154,714	£4,212,289
	=====	=====

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December 1993 (continued)

5. Particulars of employees (continued)

This company and other United Kingdom companies within the Huntleigh Technology plc group operate a pension scheme providing benefits based on final pensionable remuneration. The assets of the scheme are held in a separate trust fund administered by professional investment managers. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using (currently) the Projected Unit method. The most recent valuation was at 6th April, 1991.

That actuarial valuation showed that the market value of the scheme's assets was £1,262,059 and that the actuarial value of those assets represented 91 per cent. of the benefits that had accrued to members after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the valuation are a rate of return on investment 2 per cent. greater than the rate of increase in salaries and that the present and future pensions would increase at a rate of 3 per cent. per annum.

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

6. Tax on profit on ordinary activities	<u>1993</u> £	<u>1992</u> £
United Kingdom corporation tax payable at 33 per cent. (1992: 33 per cent.)	1,269,657	1,437,978
Deferred taxation (note 15)	54,337	(96,641)
	<u>1,323,994</u>	<u>1,341,337</u>
(Over)/under provision for prior years	(57,076)	56,566
	<u>£1,266,918</u> =====	<u>£1,397,903</u> =====
7. Dividend	<u>1993</u>	<u>1992</u>
Paid during the year	£ ~ =====	£903,000 =====

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

8. Tangible fixed assets

	<u>Freehold land and buildings</u> £	<u>Plant and machinery</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost or valuation:				
At 1st January, 1993	1,498,342	2,931,936	905,968	5,336,246
Additions	1,835,289	780,235	425,854	3,041,378
Intra-group transfer	-	-	12,354	12,354
Disposals	-	-	(259,058)	(259,058)
At 31st December, 1993	<u>£3,333,631</u>	<u>£3,712,171</u>	<u>£1,085,118</u>	<u>£8,130,920</u>
Accumulated depreciation:				
At 1st January, 1993	105,074	1,398,476	399,536	1,903,086
Provision for the year	33,648	392,974	321,197	747,819
Intra-group transfer	-	-	10,204	10,204
Disposals	-	-	(214,608)	(214,608)
At 31st December, 1993	<u>£138,722</u>	<u>£1,791,450</u>	<u>£516,329</u>	<u>£2,446,501</u>
Net book value:				
At 31st December, 1993	<u>£3,194,909</u>	<u>£1,920,721</u>	<u>£568,789</u>	<u>£5,684,419</u>
Net book value:				
At 31st December, 1992	<u>£1,392,268</u>	<u>£1,533,450</u>	<u>£506,432</u>	<u>£3,433,160</u>

The net book value of the company's tangible assets of £5,684,419 includes an amount of £35,894 (1992: £43,451) 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 (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

8. Tangible fixed assets (continued)

Valuation

The freehold land and buildings acquired by the company on 1st July, 1987 were revalued at 31st December, 1987, on an open market basis by a firm of independent chartered surveyors. The revalued land and buildings have the following comparative costs and net book values determined, according to the historical cost accounting rules:

	<u>Land</u> £	<u>Buildings</u> £	<u>Total</u> £
Cost:			
At 1st January, 1993 and 31st December, 1993	289,400 ~~~~~	646,687 ~~~~~	936,087 ~~~~~
Accumulated depreciation:			
At 1st January, 1993	~	71,387	71,387
Provision for the year	~	12,934	12,934
At 31st December, 1993	~ ~~~~~	84,321 ~~~~~	84,321 ~~~~~
Net book value:			
At 31st December, 1993	£289,400 ~~~~~	£562,366 ~~~~~	£851,766 ~~~~~
Net book value:			
At 31st December, 1992	£289,400 ~~~~~	£575,300 ~~~~~	£864,700 ~~~~~

The land and buildings acquired during the year and since this valuation are accounted for in accordance with the historical cost convention.

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

9. Fixed asset investments

The balance of fixed asset investments both at 31st December 1993 and 31st December, 1992 comprise the following :

	£
2 fully paid ordinary shares of £1 each in Huntleigh Healthcare Limited	2
2 fully paid ordinary shares of £1 each in Huntleigh Healthline Limited	2
At 31st December, 1993 and 31st December, 1992	£ 4
	===

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.

10. Stocks	<u>1993</u>	<u>1992</u>
	£	£
Raw materials and consumables	843,265	758,305
Short term work in progress	134,259	82,661
Finished goods and goods for resale	735,969	483,685
	<u>£1,713,493</u>	<u>£1,324,651</u>
	=====	=====

11. Debtors	<u>1993</u>	<u>1992</u>
	£	£
Trade debtors	1,343,881	1,112,559
Amounts owed by parent and fellow subsidiary undertakings	5,430,812	1,248,557
debtors	176,016	234,624
red taxation (note 15)	-	26,629
Prepayments and accrued income	350,863	216,207
	<u>£7,301,572</u>	<u>£2,838,576</u>
	=====	=====

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

14. Loans and overdrafts

	<u>1993</u>		<u>1992</u>	
	<u>Bank loans</u>	<u>Hire and lease purchase loan</u>	<u>Bank loan</u>	<u>Hire and lease purchase loan</u>
	£	£	£	£
Loans are repayable as follows:				
within one year	70,316	7,557	~	7,557
between one and two years	70,316	7,557	~	7,557
between two and five years	330,948	21,801	76,000	22,671
after five years	1,541,179	~	581,894	6,687
	<u>£1,942,443</u>	<u>£29,358</u>	<u>£657,894</u>	<u>£36,915</u>
Total	<u>£2,012,759</u>	<u>£36,915</u>	<u>£657,894</u>	<u>£44,472</u>
	=====	=====	=====	=====

All bank loans are due to the United Kingdom banks and are secured on freehold land and buildings. Interest rates vary with base rates.

15. Provisions for liabilities and charges	<u>Deferred tax</u>	<u>Other provisions</u>
	£	£
At 1st January, 1993	(26,629)	100,000
Profit and loss account	54,337	(100,000)
At 31st December, 1993	<u>£27,708</u>	<u>£ ~</u>
	=====	=====

Debit balance of £26,629 at 31st December, 1992 has been included in debtors.

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

15. Provisions for liabilities and charges (continued)

Deferred taxation balance comprises:

	Amount provided/ (recognised)		Potential liability/ (asset)	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£	£	£	£
Capital gain on purchased land and building	-	-	99,000	99,000
Accelerated capital allowance	149,137	105,371	149,137	105,371
Other timing differences	(121,429)	(132,000)	(121,429)	(132,000)
	<u>£27,708</u>	<u>£(26,029)</u>	<u>£126,708</u>	<u>£72,371</u>
	=====	=====	=====	=====

16. Called up share capital

	<u>1993</u>	<u>1992</u>
Authorised:		
400,000 ordinary shares of £1 each	£400,000	£400,000
	=====	=====
Allotted and fully paid:		
301,000 ordinary shares of £1 each	£301,000	£301,000
	=====	=====

17. Revaluation reserve

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 8.

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes to the financial statements
for the year ended 31st December, 1993 (continued)

18. Capital commitments

	<u>1993</u>	<u>1992</u>
	£	£
Contracted but not provided for	483,697	62,960
Authorised but not contracted for	-	-
	<u>£483,697</u>	<u>£62,960</u>
	=====	=====

19. 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 certain fellow subsidiary undertakings.

The amounts for that group outstanding at 31st December, 1993 were £2,379,000 (1992: £4,773,000).

These group totals represent overdrawn balances on current accounts with those United Kingdom bankers and do not include group credit balances on current and deposit accounts with them of £2,414,000 at 31st December, 1993 (1992: £4,476,000).

Additionally there were group deposits at 31st December, 1993 totalling £ 2,000 (1992: £2,283,000) with other United Kingdom bankers.

20. Financial commitments

At 31st December, 1993, the company had annual commitments under non-cancellable operating leases as set out below:

	<u>1993</u>		<u>1992</u>	
	<u>Buildings</u>	<u>Other</u>	<u>Buildings</u>	<u>Other</u>
	£	£	£	£
Operating leases which				
are within one year	11,529	-	9,173	-
within two to five years	19,875	9,015	-	-
over five years	-	-	-	-
	<u>£31,404</u>	<u>£9,015</u>	<u>£9,173</u>	<u>£ -</u>
	=====	=====	=====	=====

HUNTLEIGH HEALTHCARE (LUTON) LIMITED

Notes of the financial statements
for the year ended 31st December, 1993 (continued)

21. Ultimate holding company

Huntleigh Technology plc, registered in England and Wales, is regarded by the directors as being 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 accounts are prepared. Copies of those group accounts can be obtained from Huntleigh Technology plc, 310-312 Dallow Road, Luton, Bedfordshire LU1 1TD.