

HUNTLEIGH AKRON LIMITED
(formerly AKRON THERAPY PRODUCTS LIMITED)

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**for the year ended
31st December 1995**

Company Number 1298836



Huntleigh Akron Limited
(formerly Akron Therapy Products Limited)

Directors report
for the year ended 31st December 1995

Financial statements

The directors present their report and financial statements for the year ended 31st December 1995.

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.

Principal activity and review of the business

The company's principal activity is the manufacture and distribution of remedial medical equipment, together with the research into and development of these products. No significant change in activity is anticipated in 1996. The directors are optimistic for the future and that the company will continue to trade profitably, and is well placed to take advantage of business opportunities.

Results and dividends

The profit for the year after taxation amounted to £268,886

During the year a dividend of £300,000 was paid. No final dividend is proposed.

The directors have decided to transfer the deficit of £31,114 to reserves.

Fixed assets

Details of movements in fixed assets during the year are set out in Note 7 to the financial statements.

Huntleigh Akron Limited
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Directors Report
for the year ended 31st December 1995 (continued)

Research and development

The company continually incurs expenditure in the field of research and development in order to update and improve its products. Expenditure on research and development is written off in the year in which it is incurred.

Directors

The directors since 1st January 1995 were as follows: P Butler
MW Metcalfe
D Roworth
RG Tallowin
P Tindale - resigned 26th April 1996

Directors' interests

The directors who held office at 31st December 1995 had no interests in the shares (or transactions or arrangements requiring disclosure in this report) of the company or any other group company incorporated in Great Britain at the beginning and end of the financial years except for the following:

	4 per cent Guaranteed unsecured loan stock 1999 in Huntleigh Technology PLC, the ultimate parent company	
	At 31st December 1995	At 31st December 1994
	£	£
P Butler	1,800	25,000
D Roworth	900	25,000

MW Metcalfe is a director of the intermediate parent company, The Nesbit Evans Group Limited and his interest is shown in the directors' report of that company.

Directors' and officers' liability insurance

The company is included in the insurance policy maintained by Huntleigh Technology PLC group. The policy is on behalf of all directors and officers as permitted by section 310 (3) of the Companies Act 1985.

Huntleigh Akron Limited
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Directors Report
for the year ended 31st December 1995 (continued)

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.

Change of name

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

Auditors

Persuant 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 20th May 1996.



E. B. Sardharwala
Company secretary

BINDER HAMLYN

20 Old Bailey
London EC4M 7BH

AUDITORS' REPORT

to the members of Huntleigh Akron Limited

We have audited the financial statements on pages 5 to 15 which have been prepared on the basis of 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 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 affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn

Chartered Accountants
Registered Auditors

2 August 1996.

Huntleigh Akron Limited
(formerly Akron Therapy Products Limited)

Profit and loss account for
the year ended 31st December 1995

	Notes	1995 £	1994 £
Turnover	2	4,995,516	4,180,954
Cost of sales		3,289,602	2,722,068
Gross profit		1,705,914	1,458,886
Distribution costs		670,099	540,431
Administrative expenses		619,573	449,204
Operating profit	3	416,242	469,251
Interest payable and similar charges	4	8,315	8,233
Profit on ordinary activities before taxation		407,927	461,018
Tax on profit on ordinary activities	5	139,041	147,264
Profit on ordinary activities after taxation		268,886	313,754
Dividend paid	6	300,000	350,000
Balance transferred to reserves	16	(31,114)	(36,246)
		=====	=====

The company had no recognised gains or losses other than those shown above, all of which derive 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 31st December 1995 or the year ended 31st December 1994. There were no acquisitions during the year.

Huntleigh Akron Limited
(formerly Akron Therapy Products Limited)

Balance sheet as at 31st December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	7	<u>263,339</u>	<u>168,072</u>
Current assets			
Stocks	8	717,790	485,952
Debtors	9	901,673	716,820
Cash at bank and in hand		<u>85,190</u>	<u>327,076</u>
		<u>1,704,653</u>	<u>1,529,848</u>
Creditors: amounts falling due within one year	10	<u>1,326,335</u>	<u>1,017,945</u>
Net current assets		<u>378,318</u>	<u>511,903</u>
Total assets less current liabilities		641,657	679,975
Creditors: amounts falling due after more than one year	11	20,038	36,751
Provisions for liabilities and charges	13	12,702	3,193
Net assets employed		<u><u>608,917</u></u>	<u><u>640,031</u></u>
Capital and reserves			
Called up share capital	15	50,000	50,000
Capital reserves	16	57,314	57,314
Profit and loss account	16	501,603	532,717
Shareholders' funds (all equity)		<u><u>608,917</u></u>	<u><u>640,031</u></u>

The financial statements on pages 5 to 15 were approved by the board on 20th May 1996.


RG Tallowin
 Director

**Huntleigh Akron Limited
(formerly Akron Therapy Products Limited)**

**Notes to the financial statements
for the year ended 31st December 1995**

1 Accounting policies

Accounting convention and compliance with accounting standards

The financial statements are 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.

Turnover

Turnover represents amounts receivable for 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less 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:

Leasehold improvements	- over the lease term
Plant, machinery, fixtures and fittings etc	- 5 - 10 years
Motor vehicles	- 4 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 Akron Limited
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Notes to the financial statements
for the year ended 31st December 1995 (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 company subscribes to a contributory pension scheme operated by the company for its employees including the executive directors. The scheme is independent of the finances of the company. Contributions to the scheme, which are charged against profit, are based on actuarial advice.

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. 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.

Huntleigh Akron Limited
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Notes to the financial statements
for the year ended 31st December 1995 (continued)

2 Segmental information

Class of business:	1995	1994
Medical equipment	£	£
Turnover	<u>4,995,516</u>	<u>4,180,954</u>
Profit on activities before taxation	<u>407,927</u>	<u>461,018</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 Operating profit is stated after charging:

Research and development	158,032	110,128
Depreciation: owned fixed assets	25,210	12,789
: assets under finance leases		
and hire purchase contracts	27,733	29,752
Operating lease rentals		
- plant and machinery	7,218	8,256
- other (including land and buildings)	135,112	136,092
Auditors' remuneration		
- audit services	10,900	10,500
- non audit services	<u>1,125</u>	<u>0</u>

4 Interest payable

On finance leases and hire purchase contracts terminating within 5 years	<u>8,315</u>	<u>8,233</u>
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5 Tax on profits on ordinary activities

UK Corporation Tax at 33 per cent (1994: 33 per cent)	129,533	151,760
Deferred taxation (note 13)	9,509	(3,774)
	<u>139,042</u>	<u>147,986</u>
Over provision for prior years	(1)	(722)
	<u>139,041</u>	<u>147,264</u>

6 Dividend

Interim dividend paid	<u>300,000</u>	<u>350,000</u>
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Huntleigh Akron Limited
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Notes to the financial statements
for the year ended 31st December 1995 (continued)

7 Tangible fixed assets

	Short term leasehold properties £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1st January 1995	37,356	325,240	84,815	447,411
Additions	6,144	120,992	21,750	148,886
Disposals	0	(20,331)	(35,825)	(56,156)
Intra group transfers	0	4,426	39,302	43,728
At 31st December 1995	43,500	430,327	110,042	583,869
Depreciation				
At 1st January 1995	18,535	228,189	32,615	279,339
Provision for the year	3,613	26,880	22,450	52,943
Disposals	0	(12,326)	(28,789)	(41,115)
Intra group transfers	0	1,734	27,629	29,363
At 31st December 1995	22,148	244,477	53,905	320,530
Net book value:				
At 31st December 1995	21,352	185,850	56,137	263,339
At 31st December 1994	18,821	97,051	52,200	168,072

Short term leasehold properties comprise tenants' improvements.

Tangible fixed assets of £263,339 (1994: £168,072) include plant and machinery held under finance leases with a total net book value of £83,332 (1994: £90,491).

8 Stocks

	1995 £	1994 £
Raw materials and consumables	280,267	188,906
Work in progress	234,831	112,784
Finished goods and goods for resale	202,692	184,262
	717,790	485,952

9 Debtors

Trade debtors	757,289	594,529
Amounts owed by group undertakings	4,511	28,270
Other debtors	41,675	8,397
Prepayments	98,198	85,624
	901,673	716,820

Huntleigh Akron Limited
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Notes to the financial statements
for the year ended 31st December 1995 (continued)

10	Creditors: amounts falling due within one year	1995	1994
		£	£
	Obligations under finance lease contracts	33,638	38,243
	Trade creditors	762,416	493,264
	Amounts owed to group undertakings	199,039	220,066
	Amounts owed to associated undertakings	1,842	0
	Corporation tax	129,521	151,772
	Other taxes and social security costs	78,515	57,746
	Accruals	121,364	56,854
		<u>1,326,335</u>	<u>1,017,945</u>
11	Creditors: amounts falling due after more than one year		
	Obligations under finance lease contracts repayable within five years	<u>20,038</u>	<u>36,751</u>
12	Obligations under finance lease contracts		
	Net obligations under finance lease contracts are repayable:		
	Within one year	33,638	38,243
	Between one and two years	18,034	27,505
	Between two and five years	2,004	9,246
		<u>53,676</u>	<u>74,994</u>
13	Provisions for liabilities and charges		
	Deferred tax		
	Full provision has been made in the financial statements for deferred tax as follows :		
	At the beginning of the year	3,193	6,967
	Profit and loss account (note 5)	9,509	(3,774)
	At the end of the year	<u>12,702</u>	<u>3,193</u>
	The deferred tax liability comprises :		
	Accelerated capital allowances	12,702	3,472
	Other	0	(279)
		<u>12,702</u>	<u>3,193</u>

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Notes to the financial statements
for the year ended 31st December 1995 (continued)

14 Pension costs

The company operates a defined benefit scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company. 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 an independent qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was at 6 April 1995. The most significant assumption is that the gap between the investment yield and the rate of general increase of earnings will be 1 per cent.

The most recent actuarial valuation showed that the market value of the scheme's assets was £382,400 and that the actuarial value of those assets represented 88 per cent of the benefits that had accrued to members after allowing for expected future increases in earnings.

The current employer contribution rate is 11.83 per cent.

15	Called up share capital	1995	1994
		£	£
	Authorised, allotted and fully paid 50,000 ordinary shares of £1 each	50,000	50,000

16	Reserves	Capital reserves	Profit and loss account
		£	£
	Balance at 1st January 1995	57,314	532,717
	Deficit for the year	0	(31,114)
	Balance at 31st December 1995	57,314	501,603

17	Reconciliation of movements in shareholders' funds		
	Profit for the year after taxation	268,886	313,754
	Dividend	(300,000)	(350,000)
	Opening shareholders' funds	640,031	676,277
	Closing shareholders' funds	608,917	640,031

Huntleigh Akron Limited
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Notes to the financial statements
for the year ended 31st December 1995 (continued)

18 Contingent liability

The company has a contingent liability under a composite cross guarantee given to Lloyds Bank plc and covering certain companies within the Nesbit Evans group. The maximum liability of the company is £750,000.

19 Capital commitments

The company had no capital commitments at 31 December 1995 or at 31 December 1994.

20 Financial commitments

Operating leases

At 31 December 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
Within one year	0	8,138	0	9,062
Between two and five years	39,250	16,257	18,250	15,735
In over five years	102,500	0	102,500	0
	<u>141,750</u>	<u>24,395</u>	<u>120,750</u>	<u>24,797</u>

21 Directors

(1) Emoluments

The emoluments of directors of the company were:

	1995 £	1994 £
Remuneration as executives	184,350	173,671
Performance-related bonus	7,500	15,691
Pension contributions	20,344	20,265
	<u>212,194</u>	<u>209,627</u>

Huntleigh Akron Limited
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Notes to the financial statements
for the year ended 31st December 1995 (continued)

21 Directors (continued)

	1995	1994
	£	£
Remuneration disclosed above (excluding pension contributions) include amounts paid to:		
The chairman	0	0
The highest paid director	<u>63,286</u>	<u>62,427</u>

(2) Banding

Directors' emoluments (excluding pension contributions) were in the following ranges :

	Number	Number
£ 0 - £ 5,000	1	2
£35,001 - £40,000	1	1
£40,001 - £45,000	1	1
£45,001 - £50,000	1	1
£60,001 - £65,000	<u>1</u>	<u>1</u>

22 Employees

(1) Number of employees

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

	1995	1994
	Number	Number
Production	68	57
Sales and administration	<u>25</u>	<u>18</u>
	<u>93</u>	<u>75</u>

(2) Employment costs

	1995	1994
	£	£
Wages and salaries	1,317,640	945,498
Social security costs	111,217	83,120
Other pension costs	<u>55,445</u>	<u>41,587</u>
	<u>1,484,302</u>	<u>1,070,205</u>

Huntleigh Akron Limited
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Notes to the financial statements
for the year ended 31st December 1995 (continued)

23 Ultimate parent company

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