



Peat Marwick

Aid-Call PLC

Directors' report and financial statements

31 March 1993

Registered number 1488490



Aid-Call PLC

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Aid-Cali PLC

Directors' report and financial statements

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Aid-Call PLC

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 1993.

Principal activities

The principal activities of the company consist of the design, manufacture, marketing, installation, sale and maintenance of personal alarm systems for people at risk. There have been no significant changes in these activities during the year.

Business review

The results for the year are summarised below.

| | £ |
|---|-----------|
| Turnover | 2,339,404 |
| | <hr/> |
| Loss on ordinary activities before taxation | (20,055) |
| | <hr/> |
| Taxation - credit | 136,682 |
| | <hr/> |
| Profit on ordinary activities after taxation | 116,627 |
| | <hr/> |

Research and development

Continued expansion in product development has led to several products now being successfully marketed and sold.

Proposed dividend and transfer to reserves

A dividend of £58,314 is proposed. The remaining retained profits have been transferred to reserves.

Fixed assets

The movements in tangible fixed assets are set out in note 9 to the financial statements.

Aid-Call PLC

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows:

SES Fenwick

Rt Hon The Lord Prentice, PC

DGS Waterstone CBE

VKB Anderson

TG Giles

DJ Gray


SCJ Murr

None of the directors had any interests in the shares of the company at the beginning or end of the year.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JM Child
Secretary

363 Fulham Road
London
SW10 9TN

20 May 1993

Phoenix House
Notte Street
Plymouth
Devon PL1 2RT

Report of the auditors to the members of Aid-Call PLC

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

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

Without qualifying our opinion above, we draw attention to note 6 which explains the query raised by the Inland Revenue concerning the timing of tax relief in respect of development costs.

KPMG Peat Marwick

*Chartered Accountants
Registered Auditors*

20 May 1993

Aid-Call PLC

Profit and loss account for the year ended 31 March 1993

| | Note | Year to 31 March 1993 £ | 15 months to 31 March 1992 £ |
|---|------|-------------------------------|------------------------------------|
| Turnover | 1 | 2,339,404 | 2,833,449 |
| Cost of sales | | (1,791,895) | (1,786,848) |
| Gross profit | | 547,509 | 1,046,601 |
| Distribution costs | | (500,405) | (510,520) |
| Administrative expenses | | (38,143) | (157,519) |
| Trading profit | | 8,961 | 378,562 |
| Other operating income | | 28,610 | 81,160 |
| Interest payable and similar charges | 5 | (57,626) | (62,582) |
| (Loss)/profit on ordinary activities before taxation | 2 | (20,055) | 397,140 |
| Tax on (loss)/profit on ordinary activities | 6 | 136,682 | (18,686) |
| Profit on ordinary activities after taxation | | 116,627 | 378,454 |
| Dividends | 7 | (58,314) | (151,200) |
| Retained profit for the period | | 58,313 | 227,254 |
| Retained profit brought forward | | 873,891 | 646,637 |
| Retained profit carried forward | | 932,204 | 873,891 |

Aid-Call PLC

Balance sheet at 31 March 1993

| | Note | £ | 1993 £ | £ | 1992 £ |
|--|------|-----------|-------------|-----------|-----------|
| Fixed assets | | | | | |
| Intangible assets | 8 | | 675,351 | | 341,313 |
| Tangible assets | 9 | | 2,108,801 | | 1,697,105 |
| | | | <hr/> | | <hr/> |
| Current assets | | | 2,784,152 | | 2,038,418 |
| Stocks and work in progress | 10 | 223,315 | | 227,589 | |
| Debtors | 11 | 712,554 | | 534,985 | |
| Investments | 12 | 740 | | 740 | |
| Cash at bank and in hand | | 1,607 | | 8,701 | |
| | | | <hr/> | <hr/> | |
| | | 938,216 | | 772,015 | |
| Creditors: amounts falling due within one year | 13 | (980,250) | | (787,421) | |
| | | | <hr/> | <hr/> | |
| Net current liabilities | | | (42,034) | | (15,406) |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 2,742,118 | | 2,023,012 |
| Creditors: amounts falling due after more than one year | 14 | | (1,226,282) | | (565,489) |
| | | | <hr/> | | <hr/> |
| Net assets | | | 1,515,836 | | 1,457,523 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 126,000 | | 126,000 |
| Share premium account | | | 457,632 | | 457,632 |
| Profit and loss account | | | 932,204 | | 873,891 |
| | | | <hr/> | | <hr/> |
| | | | 1,515,836 | | 1,457,523 |
| | | | <hr/> | | <hr/> |

These financial statements were approved by the board of directors on 20 May 1993 and were signed on its behalf by:

SES Fenwick
Director



Aid-Call PLC

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of an EC parent company.

The company is also exempt from preparing group accounts because it is included in the consolidated accounts of a larger EC group. These financial statements present information about the undertaking as an individual undertaking and not about its group.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

| | | |
|--|---|---------------|
| Leasehold land and buildings | - | life of lease |
| Installed monitoring equipment | - | 10% |
| Security equipment | - | 10% |
| Fixtures, fittings and other equipment | - | 10% |
| Motor vehicles | - | 20% |

Installed monitoring equipment, which remains the property of the company and is recoverable, is capitalised on the basis of the cost of direct labour and materials.

Leases

Expenditure on operating leases is charged to the profit and loss account as the rentals accrue.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in order to spread the cost of pensions over employees' working lives with the company. The assets of the scheme are held separately from those of the company in an independently administered fund.

Intangible fixed assets and amortisation

Amortisation on intangible fixed assets is provided at 20% on a straight line basis. This commences from the year after the expenditure is incurred and the product is marketed.

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Notes (continued)

1 Accounting policies (continued)

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Turnover

Turnover comprises the invoice value of goods and services supplied by the company exclusive of value added tax. Non-returnable warranty and monitoring fees in respect of equipment are wholly recognised in the year in which they are invoiced.

Turnover and profits arise from the main activities of the company carried on throughout the United Kingdom.

2 (Loss)/profit on ordinary activities before taxation

| | 1993 | 1992 |
|---|------------------|------------------|
| | £ | £ |
| <i>(Loss)/profit on ordinary activities before taxation is stated</i> | | |
| <i>after charging:</i> | | |
| Auditors' remuneration: | | |
| Audit fees | 8,500 | 8,525 |
| Non-audit fees | 1,220 | 5,307 |
| Depreciation of tangible fixed assets | 275,531 | 301,712 |
| Amortisation of intangible fixed assets | 48,507 | 31,466 |
| Finance charges in respect of hire purchase contracts | - | 1,889 |
| Operating lease rentals - payable | 77,599 | 101,872 |
| Directors' emoluments including pension contributions (note 3) | 188,592 | 271,221 |
| Exceptional item - relocation costs | 9,637 | 93,520 |
| <i>after crediting:</i> | | |
| Operating lease rentals - receivable | <u>(332,402)</u> | <u>(341,368)</u> |

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Notes (continued)

3 Remuneration of directors

| | 1993 £ | 1992 £ |
|---------------------------------|---------------|---------------|
| Directors' emoluments: | | |
| Remuneration as executives | 187,138 | 209,518 |
| Pension contributions | 1,454 | 1,703 |
| | <hr/> 188,592 | <hr/> 211,221 |
| Ex-gratia payment | - | 30,000 |
| Compensation for loss of office | - | 30,000 |
| | <hr/> 188,592 | <hr/> 271,221 |

The emoluments, excluding pension contributions, of the chairman were £45,388 (1992: £52,671) and those of the highest paid director were £45,388 (1992: £55,093).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

| | Number of directors | |
|-------------------|---------------------|---------|
| | 1993 | 1992 |
| £0 - £ 5,000 | 2 | 3 |
| £15,001 - £20,000 | - | 1 |
| £30,001 - £35,000 | 2 | 2 |
| £35,001 - £40,000 | 2 | - |
| £40,001 - £45,000 | - | - |
| £45,001 - £50,000 | 1 | 1 |
| £50,001 - £55,000 | - | 1 |
| £55,001 - £60,000 | - | 1 |
| | <hr/> 2 | <hr/> 7 |

None of the directors waived any emoluments in respect of services during the year. (1992: £nil).

Not included above are consultancy fees totalling £6,000 (1992: £6,500) paid to Rt Hon The Lord Prentice, PC.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

| | Number of employees | |
|------------------|---------------------|----------|
| | 1993 | 1992 |
| Administration | 31 | 27 |
| Production/sales | 32 | 19 |
| | <hr/> 63 | <hr/> 46 |

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Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

| | 1993 £ | 1992 £ |
|------------------------|----------------|----------------|
| Wages and salaries | 814,654 | 712,642 |
| Social security costs | 85,131 | 74,470 |
| Company pension scheme | 8,117 | 4,200 |
| | <u>907,902</u> | <u>791,312</u> |

5 Interest payable and similar charges

| | 1993 £ | 1992 £ |
|--|---------------|---------------|
| On bank loans, overdrafts and other loans wholly repayable within five years | 57,626 | 56,722 |
| Finance charges payable in respect of hire purchase contracts | - | 1,889 |
| Other | - | 3,971 |
| | <u>57,626</u> | <u>62,582</u> |

6 Taxation

| | 1993 £ | 1992 £ |
|---|------------------|---------------|
| UK corporation tax (credit)/charge at 33 % (1992: 33.5%) on the (loss)/profit for the period on ordinary activities | (136,682) | 13,670 |
| Underprovision in earlier year | - | 5,016 |
| | <u>(136,682)</u> | <u>18,686</u> |

The Inland Revenue is currently questioning the revenue nature of the development expenditure capitalised and the timing of its tax allowance. The amount of tax involved is approximately £220,000 (1992: £110,000).

The potential deferred tax charge of £456,949 (1992: £325,574) has not been provided in these financial statements. (See note 15).

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Notes (continued)

7 Dividends

| | 1993 £ | 1992 £ |
|--|---------------|----------------|
| Ordinary shares: 1993: 2.3p (1992: 6p per share) | <u>58,314</u> | <u>151,200</u> |

8 Intangible fixed assets

| | Development costs £ |
|-----------------------|------------------------|
| <i>Cost</i> | |
| At beginning of year | 383,779 |
| Additions | 410,145 |
| Disposals | <u>(27,600)</u> |
| At end of year | <u>766,324</u> |
| <i>Amortisation</i> | |
| At beginning of year | 42,466 |
| Charge for year | <u>48,507</u> |
| At end of year | <u>90,973</u> |
| <i>Net book value</i> | |
| At 31 March 1993 | <u>675,351</u> |
| At 31 March 1992 | <u>341,313</u> |

The deferred costs have been incurred in the development of new healthcare and remote data collection products, some of which are already being marketed.

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Notes (continued)

9 Tangible fixed assets

| | Freehold land & buildings £ | Short leasehold property £ | Monitoring equipment £ | Plant vehicles & fittings £ | Total £ |
|-----------------------|--------------------------------------|-------------------------------------|------------------------------|--------------------------------------|------------------|
| <i>Cost</i> | | | | | |
| At beginning of year | - | 13,070 | 2,024,823 | 440,260 | 2,478,153 |
| Additions | 412,352 | - | 198,661 | 133,611 | 744,624 |
| Disposals | - | - | (47,714) | (49,008) | (96,722) |
| Reclassification | 2,240 | (2,240) | - | - | - |
| | <u>414,592</u> | <u>10,830</u> | <u>2,175,770</u> | <u>524,863</u> | <u>3,126,055</u> |
| At end of year | <u>414,592</u> | <u>10,830</u> | <u>2,175,770</u> | <u>524,863</u> | <u>3,126,055</u> |
| <i>Depreciation</i> | | | | | |
| At beginning of year | - | 6,100 | 610,453 | 164,495 | 781,048 |
| Charge for year | - | 1,200 | 204,987 | 69,344 | 275,531 |
| On disposals | - | - | (13,116) | (26,209) | (39,325) |
| | <u>-</u> | <u>7,300</u> | <u>802,324</u> | <u>207,630</u> | <u>1,017,254</u> |
| At end of year | <u>-</u> | <u>7,300</u> | <u>802,324</u> | <u>207,630</u> | <u>1,017,254</u> |
| <i>Net book value</i> | | | | | |
| At 31 March 1993 | <u>414,592</u> | <u>3,530</u> | <u>1,373,446</u> | <u>317,233</u> | <u>2,108,801</u> |
| At 31 March 1992 | <u>-</u> | <u>6,970</u> | <u>1,414,370</u> | <u>275,765</u> | <u>1,697,105</u> |

Non-depreciable assets relate to the construction-in-progress of the new company premises.

10 Stocks and work in progress

| | 1993 £ | 1992 £ |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables | 106,469 | 99,306 |
| Work in progress | 24,110 | 24,029 |
| Finished goods and goods for resale | <u>92,736</u> | <u>104,254</u> |
| | <u>223,315</u> | <u>227,589</u> |

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Notes (continued)

11 Debtors

| | 1993 £ | 1992 £ |
|--------------------------------------|----------------|----------------|
| Trade debtors | 449,970 | 432,720 |
| Corporation tax recoverable (Note 6) | 148,675 | 21,474 |
| Other debtors | 17,237 | 13,888 |
| Prepayments and accrued income | 96,672 | 66,903 |
| | <u>712,554</u> | <u>534,985</u> |

All debtors fall due within one year of the balance sheet date.

12 Investments

| | 1993 £ | 1992 £ |
|-------------------|------------|------------|
| Written down cost | <u>740</u> | <u>740</u> |

At 31 March '93 the market value of the investments was £740 (1992: £946). The investments are listed in Great Britain.

13 Creditors: amounts falling due within one year

| | 1993 £ | 1992 £ |
|---|----------------|----------------|
| Bank overdraft | 351,393 | 339,925 |
| Trade creditors | 416,862 | 274,791 |
| Other creditors including taxation and social security: | | |
| PAYE and national insurance | 22,550 | 29,855 |
| Dividend | 58,314 | - |
| Other creditors | 67,700 | 51,260 |
| Accruals and deferred income | 63,431 | 91,590 |
| | <u>980,250</u> | <u>787,421</u> |

The bank overdraft is secured by a fixed and floating charge on the assets of the company.

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Notes (continued)

14 Creditors: amounts falling due after more than one year

| | 1993 £ | 1992 £ |
|--|------------------|----------------|
| Loans from Energy and Technical Services Group plc | | |
| - Interest free | 720,965 | 515,489 |
| - Interest bearing | 505,317 | - |
| | <u>1,226,282</u> | <u>565,489</u> |

Interest bearing loans are at various commercially calculated rates of interest. None of the loans has fixed terms of repayment.

15 Provision for liabilities and charges

Deferred taxation

| | Full potential liability | |
|--|--------------------------|----------------|
| | 1993 £ | 1992 £ |
| Accelerated capital allowances on fixed assets | 234,083 | 212,941 |
| Other timing differences | 222,866 | 112,633 |
| | <u>456,949</u> | <u>325,574</u> |

The directors are of the opinion that a liability to deferred taxation will not arise in the foreseeable future.

16 Called up share capital

| | 1993 £ | 1992 £ |
|---|----------------|----------------|
| <i>Authorised</i> | | |
| 5,000,000 Ordinary shares of 5p each | <u>250,000</u> | <u>250,000</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 2,520,000 Ordinary shares of 5p each | <u>126,000</u> | <u>126,000</u> |

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Notes (continued)

17 Commitments

(a) At the end of the financial year the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

| | 1993 £ | 1992 £ |
|---|---------------|---------------|
| Operating leases which expire: | | |
| Within one year | 8,535 | 11,070 |
| In the second to fifth years inclusive | 43,459 | 42,000 |
| Over five years | - | 1,459 |
| | <u>51,994</u> | <u>54,529</u> |

(b) Capital commitments at the end of the financial year for which no provision has been made.

| | 1993 £ | 1992 £ |
|-------------------------------|----------------|--------------|
| Contracted | 261,622 | - |
| Authorised but not contracted | 76,000 | 9,411 |
| | <u>337,622</u> | <u>9,411</u> |

18 Particulars of transactions involving the directors and others as required by the Companies Act 1985

During the year the company paid rent totalling £30,000 (1992: £37,500) in respect of premises which are owned by SES Fenwick. The company also leased a motor vehicle from SES Fenwick for a monthly rental payment of £760.

19 Ultimate holding company and parent undertaking of a larger group

The company is a subsidiary undertaking of Energy and Technical Services Group plc, a company registered in Great Britain.

The company's ultimate holding company is Compagnie Générale Des Eaux SA which is incorporated in France. Copies of their accounts can be obtained from 52 Rue d'Anjou, 75384 Paris Cedex 08, France.