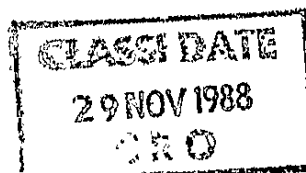


PEGASUS AIRWAVE LIMITED

ACCOUNTS
for the year ended
31st DECEMBER, 1987

Bernard D Davis FCA 100 Ashmill Street London NW1 6RA



1908450

PEGASUS AIRWAVE LIMITED

ACCOUNTS
for the year ended
31st DECEMBER, 1987

PEGASUS AIRWAY LIMITED

DIRECTORS' REPORT

ACCOUNTS

The directors submit their report and accounts for the year ended 31st December, 1987.

PRINCIPAL ACTIVITY

The company trades as manufacturers of medical and nursing care products.

PROFIT AND LOSS ACCOUNT

The profit for the year before taxation was £104,779 and, after taxation of £46,000, was £58,779. When this is added to the profit brought forward of £10,060, there is a profit carried forward of £68,839.

DIVIDENDS

The directors do not recommend the payment of a dividend.

FIXED ASSETS

Changes in fixed assets are shown at note 4 to the accounts.

CHARITABLE DONATIONS

The company made charitable donations amounting to £260.

DIRECTORS

The members of the board during the year were:

R.G.D. Welch (Chairman)
H.G. Welch
M.D. Venting
K.S. Pinching

AUDITOR

In accordance with Section 384 of the Companies Act, 1985, a resolution proposing the re-appointment of Bernard D. Davis, F.C.A., as auditor of the company will be put to the Annual General Meeting.

By Order of the Board,

M.D. VENTING,

Secretary.

Unit 21,
Portsmouth Centre,
Quartremaine Road,
Portsmouth,
Hants.,
PO3 5QT.

12th August, 1988

Bernard D Davis FCA

Chartered Accountant

100 Ashmill Street London NW1 6RA Telephone 01-262 9457

REPORT OF THE AUDITOR TO THE MEMBERS OF PEGASUS AIRWAVE LIMITED

I have audited the financial statements on pages 3 to 10 in accordance with approved Auditing Standards having regard to the matters referred to in the following paragraph.

The company's system of control is dependent upon the close involvement of the managing director. Where independent confirmation of the completeness of the accounting records was therefore not available I have accepted assurances from the managing director that all the company's transactions have been reflected in the records.

Subject to the foregoing, in my opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December, 1987, and of its profit and source and application of funds for the year then ended and comply with the Companies Act, 1985.

BERNARD D. DAVIS

12th August, 1988

PEGASUS AIRWAVE LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st DECEMBER, 1987

	Notes	1987	1986
		£	£
Turnover	1	974,897	458,717
Cost of sales		(162,366)	(84,383)
Gross profit		812,531	374,664
Distribution costs		(99,347)	(35,349)
Administrative expenses		(607,338)	(333,773)
Other operating income		2,100	4,692
Other interest receivable and similar income		174	850
Interest payable and similar charges		(3,341)	(1,479)
Profit on ordinary activities before taxation	2	104,779	9,605
Tax on profit on ordinary activities	3	46,000	455
Profit on ordinary activities after taxation, transferred to reserves	12	<u>£58,779</u>	<u>£10,060</u>

The notes on pages 6 to 10 form part of these accounts.

PEGASUS AIRWAY LIMITED

BALANCE SHEET at 31st DECEMBER, 1987

	Notes	1987 £	1986 £
FIXED ASSETS			
Tangible assets	4	<u>185,594</u>	<u>93,298</u>
CURRENT ASSETS			
Stocks	5	43,811	45,385
Debtors	6	218,634	112,899
Cash at bank and in hand		<u>11,314</u>	<u>18,411</u>
		273,739	176,695
CREDITORS (Amounts due within one year)	7	<u>(310,915)</u>	<u>(191,615)</u>
NET CURRENT LIABILITIES		<u>(37,156)</u>	<u>(14,920)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		148,438	78,378
CREDITORS (Amounts due after one year)	8	<u>(12,899)</u>	<u>(1,619)</u>
		<u>£135,538</u>	<u>£76,759</u>
CAPITAL AND RESERVES			
Called up share capital	11	200	200
Share premium account	12	66,499	66,499
Profit and loss account	12	<u>68,839</u>	<u>10,060</u>
		<u>£135,538</u>	<u>£76,759</u>

Signed on behalf of the board

R.G.D. Welch
R.G.D. WELCH

M.D. Venting
M.D. VENTING

)
) Directors
)

The notes on pages 6 to 10 form part of these accounts.

PEGASUS AIRWAVE LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31st DECEMBER, 1987

	1987	1986
	£	£
SOURCE OF FUNDS		
Profit before taxation	104,779	9,605
ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS		
Loss (profit) on sale of fixed assets	1,033	(4,692)
Depreciation	<u>67,750</u>	<u>29,624</u>
TOTAL GENERATED FROM OPERATIONS	<u>173,562</u>	<u>34,537</u>
FUNDS FROM OTHER SOURCES		
Sale of fixed assets	2,940	10,500
Issue of shares	-	66,599
Tax recovered	-	<u>455</u>
	<u>176,502</u>	<u>112,091</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	(164,018)	(128,730)
Tax paid	<u>(312)</u>	<u>-</u>
	<u>12,172</u>	<u>(16,639)</u>
CHANGES IN WORKING CAPITAL		
Decrease (increase) in:		
Stocks	1,574	(45,385)
Debtors	(105,735)	(112,799)
Increase in:		
Creditors	<u>89,941</u>	<u>188,185</u>
	<u>£(2,048)</u>	<u>£13,362</u>
MOVEMENT IN NET LIQUID FUNDS		
(Decrease) increase in bank balance and cash	(7,097)	18,411
Decrease (increase) in bank overdraft	<u>5,049</u>	<u>(5,049)</u>
	<u>£(2,048)</u>	<u>£13,362</u>

PEGASUS AIRWAVE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st DECEMBER, 1987

1. ACCOUNTING POLICIES

The accounts have been prepared by adopting the following principal accounting policies

- (a) Fixed assets are written off over their expected useful lives on a straight-line basis. The annual rates are:

Airwave beds	25%
Motor cars	20%
Office equipment	20% - 33%
Machinery	20%

- (b) Stocks are valued at the lower of cost and net realisable value.
- (c) Turnover comprises the sale of airwave beds and lampad products, and the rental income from airwave beds.
- (d) Hire purchase charges are written off on a straight-line basis over the period of the hire purchase transactions
- (e) These accounts have been prepared on the historical cost basis and no account has been taken of the reducing purchasing power of currency.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Notes	1987 £	1986 £
After charging:			
Directors' emoluments	13	105,145	80,669
Depreciation	4	67,750	29,624
Hire of plant, machinery and motor cars		13,296	10,070
Auditor's remuneration		4,287	2,608
Interest payable on bank and other borrowings repayable within five years		3,315	1,174
		<u>3,315</u>	<u>1,174</u>
After crediting:			
Profit on sale of fixed assets		-	4,692
		<u>-</u>	<u>4,692</u>

PEGASUS AIRWAYS LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31st DECEMBER, 1987 (continued)

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1987	1986
U.K. Corporation Tax at 30.6%	£ 46,000	£ -
Prior year adjustment	-	£(455)
	<u>£46,000</u>	<u>£(455)</u>

4. TANGIBLE FIXED ASSETS

	Airwave beds £	Motor cars £	Office equipment £	Machinery £	Total £
Cost -					
At 31st December, 1986	96,187	11,094	12,886	2,755	122,922
Additions	121,239	34,605	5,875	2,299	164,018
Transfers	-	-	(31)	31	-
Disposals	-	(3,104)	(2,234)	-	(5,338)
At 31st December, 1987	<u>217,426</u>	<u>42,595</u>	<u>16,496</u>	<u>5,085</u>	<u>281,602</u>
Depreciation -					
At 31st December, 1986	23,975	2,219	2,879	551	29,624
Charge for the year	54,428	8,519	3,790	1,013	67,750
Transfers	-	-	(10)	10	-
Disposals	-	(621)	(745)	-	(1,366)
At 31st December, 1987	<u>78,403</u>	<u>10,117</u>	<u>5,914</u>	<u>1,574</u>	<u>96,008</u>
Net book amount -					
At 31st December, 1987	<u>£139,023</u>	<u>£32,478</u>	<u>£10,582</u>	<u>£3,511</u>	<u>£185,594</u>
At 31st December, 1986	<u>£72,212</u>	<u>£8,875</u>	<u>£10,007</u>	<u>£2,204</u>	<u>£93,298</u>

PEGASUS AIRWAVE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st DECEMBER, 1987 (continued)

5. STOCKS

	1987	1986
	£	£
Raw materials and consumables	25,626	25,307
Work in progress - short term	2,336	2,767
Finished goods and goods for resale	<u>15,850</u>	<u>16,311</u>
	<u>£43,811</u>	<u>£45,385</u>

6. DEBTORS

	1987	1986
	£	£
Trade debtors, less provision	207,657	95,735
Other debtors	-	9,456
Prepayments and accrued income	<u>10,977</u>	<u>7,708</u>
	<u>£218,634</u>	<u>£112,899</u>

7. CREDITORS (Amounts due within one year)

	Notes	1987	1986
		£	£
Loans	9	10,035	1,214
Bank overdraft		-	5,049
Trade creditors		113,556	64,841
Other creditors		6,752	4,144
Corporation tax		46,000	312
Other taxes and social security		56,996	77,607
Accruals and deferred income		<u>77,577</u>	<u>38,448</u>
		<u>£310,915</u>	<u>£191,615</u>

8. CREDITORS (Amounts due after one year)

	1987	1986
Loans (note 9)	<u>£12,900</u>	<u>£1,619</u>

9. LOANS

	1987	1986
	£	£
Hire purchase loans	22,935	2,833
Due within one year (included in current liabilities)	<u>10,035</u>	<u>(1,214)</u>
	<u>£12,900</u>	<u>£1,619</u>

PEGASUS AIRWAVE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st DECEMBER, 1987 (continued)

10. REPAYMENT DETAILS

	1987	1986
	Loans	Loans
	£	£
Between 2 and 5 years	3,674	405
Between 1 and 2 years	9,226	1,214
Within 1 year	<u>10,035</u>	<u>1,214</u>
	<u>£22,935</u>	<u>£2,883</u>

11. CALLED UP SHARE CAPITAL

	1987	1986
Allotted and fully paid -		
200 ordinary shares of £1 each	<u>£200</u>	<u>£200</u>
Authorised -		
2,000 ordinary shares of £1 each	<u>£2,000</u>	<u>£2,000</u>

12. RESERVES

	Profit and loss account	Share premium account
	£	£
At 31st December, 1986	10,060	66,499
Profit for the year	<u>58,779</u>	<u>-</u>
At 31st December, 1987	<u>£68,839</u>	<u>£66,499</u>

13. INFORMATION REGARDING DIRECTORS

Share interests:

The table sets out the names of the persons who were directors of the company at 31st December, 1987, together with details of their own interests in the shares of the company at that date and corresponding details at 31st December, 1986. The interests are beneficial unless otherwise stated.

	31st December, 1987	31st December, 1986
R.G.D. Welch	100	100
H.G. Welch	100	100
M.D. Venting	-	-
K.S. Pinching	-	-

PEGASUS AIRWAVE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st DECEMBER, 1987 (continued)

13. INFORMATION REGARDING DIRECTORS (continued)

Remuneration:

	1987	1986
	£	£
Directors' emoluments amounted to:		
Remuneration as executives	<u>105,145</u>	<u>80,669</u>
Total charged in arriving at profit on ordinary activities	<u>£105,145</u>	<u>£80,669</u>

The chairman's emoluments amounted to £36,485 (1986: £28,000).

Other directors' remuneration is within the following bands:

	1987	1986
£5,001 - £10,000	-	1
£10,001 - £15,000	-	1
£15,001 - £20,000	1	-
£20,001 - £25,000	1	-
£25,001 - £30,000	1	1

14. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company (including directors) during the year was 24 (1986: 14)

Their total remuneration was:

	1987	1986
	£	£
Wages and salaries	270,035	168,667
Social security costs	26,584	17,425
Pension costs	<u>794</u>	<u>839</u>
	<u>£297,413</u>	<u>£186,931</u>

15. APPROVAL OF ACCOUNTS

These accounts were approved at a directors' meeting held on 12th August, 1988.

PEGASUS AIRWAVE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st DECEMBER, 1987

1986			
£		£	£
213,759	Sales		479,447
<u>244,988</u>	Airwave beds rental		<u>495,450</u>
458,747			974,897
	Less:		
<u>84,083</u>	Purchases adjusted for stock		<u>162,366</u>
<u>374,664</u>	Gross profit		812,531
	Add:		
	Other income -		
850	Interest received	174	
4,692	Profit on sale of fixed assets	-	
-	Refund of staff pension contributions	<u>2,100</u>	
<u>5,542</u>			<u>2,274</u>
<u>380,206</u>			814,805
	Less:		
	Overheads -		
16,853	Rent and rates	17,774	
1,300	Lighting and heating	2,060	
8,642	Telephone and telex	16,486	
2,527	Insurance	3,748	
7,880	Printing, postage and stationery	14,802	
80,669	Directors' remuneration	105,145	
105,423	Salaries and wages	191,474	
2,651	Subcontractors	2,689	
10,070	Hire of cars and machinery	13,296	
3,266	Repairs and renewals	5,766	
4,537	Freight and warehousing	4,840	
699	Packing materials	1,429	
9,691	Car running expenses	25,644	
24,661	Travelling and subsistence	11,669	
254	Entertaining	1,265	
2,613	Trade mark and patent expenses	1,469	
20,204	Advertising and promotional expenses	77,319	
445	Research expenses	46,500	
839	Staff pension scheme	794	
4,158	Accountancy and bookkeeping charges	11,954	
2,608	Auditor's remuneration	4,287	
877	Bank interest and charges	2,791	
15,963	Legal and professional expenses	45,000	
1,098	Subscriptions and donations	756	
1,978	General expenses	10,930	
<u>9,909</u>	Discount allowed	<u>13,999</u>	
339,815	Carried forward	633,886	<u>814,805</u>

PEGASUS AIRWAVE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st DECEMBER, 1987 (continued)

1986				
£			£	£
339,815	Brought forward		633,886	814,805
-	Sales commission		1,760	
(26)	Provision for doubtful debts		-	
-	Bad debts written off		3,855	
884	Hire purchase interest		1,716	
29,624	Depreciation		67,750	
-	Loss on sale of fixed assets		1,033	
304	Interest on overdue tax		26	
<u>370,601</u>				<u>710,026</u>
<u>£9,605</u>	Profit for the year before taxation			<u>£104,779</u>