

HYGIEIA HEALTHCARE HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1993

REGISTERED NUMBER: 2672650



AK70C2Y

RECEIPT DATE: 15/07/94

HYGIEIA HEALTHCARE HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1993

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

PRINCIPAL ACTIVITIES

The principal activities of the group are the design, manufacture, distribution and marketing of branded and private label sanitary protection products for UK and export markets.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The group of companies made excellent progress during 1993 in a highly competitive market place. The acquisition of Universal Healthcare Products (Canada) Inc enables the company to actively exploit the North American market during 1994 from a secure base.

The company strategy for 1994 will be that of continued investment in products and processors to ensure continued growth and development in both European and North American markets.

RESULTS AND DIVIDENDS

The results for the period to 31 December 1993 and the transfer to reserves are set out in the profit and loss account on page 4. The directors recommend that no dividend be paid.

FIXED ASSETS

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

DIRECTORS AND THEIR INTERESTS

The directors who have served during the year and their interest in the shares of the company are as follows:

		<u>31 December 1993</u>	
		<u>and 31 December 1992</u>	
C Wilkinson		-	
K Tweedie		4,125	Ordinary
		5,344	Preference
D Wells		-	
P Brenikov		-	
A Patrick	(resigned 13 August 1993)	-	
HG Eastman		-	

HYGIEIA HEALTHCARE HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law now requires 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 and loss of the company for that period. In preparing those financial statements, the directors are required to:

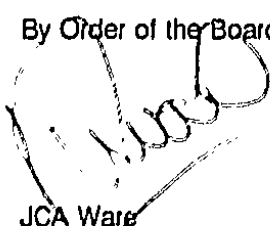
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed in the financial statements;
- prepare the financial 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 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.

AUDITORS

A resolution concerning the reappointment of Price Waterhouse will be proposed at the Annual General Meeting.

By Order of the Board


JCA Ware
Company Secretary

16 June 1994

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
HYGIEIA HEALTHCARE HOLDINGS LIMITED**

We have audited the financial statements on pages 4 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2, 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 and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

16 June 1994

HYGIEIA HEALTHCARE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993

	1993	10 Month Period ended 31 December 1992
TURNOVER (Note 1(c))	6,028,189	3,627,905
Cost of sales	<u>(4,357,053)</u>	<u>(2,595,332)</u>
GROSS PROFIT	1,671,136	1,032,573
Distribution costs	(425,277)	(301,777)
Administrative expenses	(1,546,184)	(1,172,777)
Other operating income (Note 2)	<u>307,044</u>	<u>42,422</u>
OPERATING PROFIT/(LOSS) (Note 21)	6,719	(399,559)
Income from interest in associated undertaking	93,215	25,000
Interest receivable and similar income	34,674	54,437
Interest payable and similar charges (Note 3)	<u>(95,710)</u>	<u>(125,317)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 4)	38,898	(445,439)
Taxation (Note 6)	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	38,898	(445,439)
Minority interest	<u>(30,197)</u>	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>£8,701</u>	<u>£(445,439)</u>

There is no difference between reported and historical cost profits and losses.

Turnover and operating profit/(loss) refer entirely to continuing operations.

The accompanying notes are an integral part of these financial statements.

HYGIEIA HEALTHCARE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET - FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>1993</u>	<u>1992</u>
FIXED ASSETS		
Intangible fixed assets (Note 7)	1,215,442	1,282,347
Tangible fixed assets (Note 9)	2,608,836	1,154,560
Interest in associated undertaking (Note 10)	<u>377,635</u>	<u>281,393</u>
CURRENT ASSETS	4,201,913	2,718,300
Stocks (Note 11)	484,308	430,858
Debtors (Note 12)	1,493,386	1,037,045
Cash at bank and in hand	<u>913,503</u>	<u>515,824</u>
	2,891,197	1,983,727
CREDITORS (amounts falling due within one year) (Note 13)	<u>(2,286,786)</u>	<u>(1,718,943)</u>
NET CURRENT ASSETS	<u>604,411</u>	<u>264,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	4,806,324	2,983,084
CREDITORS (amounts falling due after more than one year) (Note 14)	<u>(920,140)</u>	<u>(617,149)</u>
	£3,886,184	£2,365,935
CAPITAL AND RESERVES		
Called up share capital (Note 16)	3,608,029	2,453,018
Share premium account (Note 17)	443,220	107,981
Merger reserve (Note 17)	84,008	150,913
Profit and loss account (Note 17)	<u>(281,770)</u>	<u>(348,477)</u>
	3,853,487	2,363,435
Minority Interest	<u>32,697</u>	<u>2,500</u>
	£3,886,184	£2,365,935

The accompanying notes are an integral part of these financial statements.


HYGIEIA HEALTHCARE HOLDINGS LIMITED

BALANCE SHEET - FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>1993</u>	<u>1992</u>
FIXED ASSETS		
Investments (Note 8)	975,907	975,907
CURRENT ASSETS		
Debtors (Note 12)	2,227,910	1,339,640
Cash at bank and in hand	888,807	312,409
CREDITORS (amounts falling due within one year) (Note 14)	<u>(109,927)</u>	<u>(86,577)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>£3,982,697</u>	<u>£2,541,379</u>
CAPITAL AND RESERVES		
Called up share capital (Note 16)	3,608,029	2,453,018
Share premium (Note 17)	443,220	107,981
Profit and loss account (Note 17)	<u>(68,552)</u>	<u>(19,620)</u>
	<u>£3,982,697</u>	<u>£2,541,379</u>

The financial statements on pages 4 to 23 were approved by the directors on 16 June 1994 and are signed on their behalf by:

P Brenikov
Director



The accompanying notes are an integral part of these financial statements.

HYGIEIA HEALTHCARE HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1993

	Year ended 31 December 1993	10 month period ended 31 December 1992
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (Note 21)	142,575	(430,870)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	34,674	54,437
Interest paid	(46,096)	(108,768)
Interest element of finance lease rentals	<u>(29,367)</u>	<u>(30,942)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(40,789)	(85,273)
INVESTING ACTIVITIES		
Purchase of associated undertaking	(5,105)	(219,539)
Purchase of subsidiary undertakings (net of cash and cash equivalents)	-	(747,519)
Purchase of tangible fixed assets	(1,340,708)	(131,549)
Sale of tangible fixed assets	<u>50</u>	<u>6,001</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(1,345,763)</u>	<u>(1,092,606)</u>
NET CASH OUTFLOW BEFORE FINANCING	(1,243,977)	(1,608,749)
FINANCING ACTIVITIES		
New loans received (Note 24)	429,242	-
Legal fees raising finance	(9,750)	(36,464)
Issue of Preference share capital (Note 16)	1,000,000	1,419,100
Issue of Ordinary share capital (Note 16)	500,000	300,000
Capital element of finance lease rentals (Note 24)	<u>(116,283)</u>	<u>(99,401)</u>
NET CASH INFLOW FROM FINANCING ACTIVITIES	<u>1,803,209</u>	<u>1,583,235</u>
INCREASE/(DECREASE) IN CASH HOLDINGS (Notes 22 and 23)	<u>£559,232</u>	<u>£(25,514)</u>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>1993</u>	<u>1992</u>
Profit/(loss) for the financial year/period	8,701	(445,439)
Exchange rate adjustment (Note 19)	(8,899)	41,208
	<hr/>	<hr/>
Total recognised losses for the financial year/period	£(198)	£(404,231)
	<hr/>	<hr/>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiary undertakings for the year 31 December 1993. The results of subsidiary undertakings acquired during the period are included in the consolidated financial statements from the effective date of acquisition.

(c) Turnover

Turnover is stated net of value added taxation and financial discounts.

(d) Foreign currency translation

Transactions in foreign currencies have been translated at the rate applicable on the date of the invoice. Differences in exchange arising between that date and the date of payment have been taken to the profit and loss account.

(e) Depreciation

Depreciation is charged to the profit and loss account at rates anticipated to write off the cost of assets over their expected useful life. The principal rates in use are:

Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and fittings	7 years
Office equipment	7 years

(f) Intangible fixed assets

Intangible fixed assets, including purchased goodwill, are stated at cost less amortisation. These balances are being written off over 20 years, which the directors estimate to be the period over which the benefits may be reasonably expected to accrue.

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

(g) Investments

Fixed asset investments are stated at cost less any provisions for permanent diminution in value.

(h) Stocks

Stocks are stated at the lower of cost, including an appropriate allocation of overheads and net realisable value.

(i) Deferred taxation

Provision is made for deferred taxation where there is a reasonable expectation that a liability will arise in the foreseeable future.

(j) Grants

Grant income received is credited to the profit and loss account over the life of the project for which the grant has been given.

(k) Hire purchase and leased assets

Tangible fixed assets purchased under hire purchase or finance lease agreements are capitalised in the balance sheet and the related liability included in creditors. Finance charges are charged to the profit and loss account over the period of the agreement. Any such assets are depreciated over their estimated useful lives (see note 1 (e) above). Operating lease rentals are charged to the profit and loss account as incurred.

2 OTHER OPERATING INCOME

	Year ended 31 December 1993	10 months ended 31 December 1992
Regional Selective Assistance Grant release	265,000	-
Local Government Grant received	-	40,000
RSA grant	-	2,422
Foreign exchange gains (Note 21)	<u>42,044</u>	<u>-</u>
	<u>£307,044</u>	<u>£42,422</u>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

3 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 1993	10 months ended 31 December 1992
Interest on bank overdraft	12,470	54,328
ECSC loan interest	35,878	27,965
Other charges	7,636	10,751
Hire purchase interest	30,727	32,273
Interest on bank loan	<u>8,999</u>	<u>-</u>
	<u>£95,710</u>	<u>£125,317</u>

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) the following amounts:

	Year ended 31 December 1993	10 months ended 31 December 1992
	£	£
Depreciation of tangible fixed assets		
- Owned	164,214	85,468
- Held under finance leases and hire purchase contracts	64,816	40,932
Amounts written off intangible fixed assets - Goodwill	66,905	55,754
- Premium on acquisition	620	-
Auditors remuneration	10,400	10,500
Staff costs (Note 5)	1,468,437	954,820
Loss/(profit) on disposal of tangible fixed assets	<u>50</u>	<u>(1,814)</u>

5 STAFF COSTS

- a) The average number of persons employed by the group during the year was 131 (10 months ended 31 December 1992 - 106), and the costs relating to their employment were as follows:

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

5 STAFF COSTS (continued)

	Year ended 31 December 1993	10 months ended 31 December 1992
Wages and salaries	1,340,934	874,532
Social security costs	113,578	73,586
Other pension costs	<u>13,925</u>	<u>6,702</u>
	<u>£1,468,437</u>	<u>£954,820</u>

b) Directors' remuneration

	Year ended 31 December 1993	10 months ended 31 December 1992
Fees as directors (including pension contributions)	99,663	86,942
Amounts paid to third parties for directors' services	<u>148,396</u>	<u>107,517</u>
	<u>£248,059</u>	<u>£194,459</u>
Directors' remuneration shown above (excluding pension contributions) included:		
Highest paid director	<u>£72,645</u>	<u>£50,000</u>

Other directors received emoluments (excluding pension contributions) in the following ranges:

	Number	Number
£0 to £5,000	1	1
£15,001 to £20,000	-	1
£25,001 to £30,000	1	-
£40,001 to £45,000	1	3
£50,001 to £55,000	2	-
	<u> </u>	<u> </u>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

6 TAXATION

No charge to taxation has arisen during the period within any of the group companies. The group has accumulated tax losses of £2,340,000 available to carry forward against future trading profits.

There is no liability or potential liability for deferred taxation within the company or the group. As at 31 December 1993 a deferred tax asset of £554,000 (1992: £567,00) exists within the group.

7 INTANGIBLE FIXED ASSETS - GROUP

	<u>Goodwill</u>
<u>Cost</u>	
At 1 January 1993 and 31 December 1993	1,338,101
<u>Amortisation</u>	
At 1 January 1993	55,754
Amounts written off during the year	<u>66,905</u>
At 31 December 1993	122,659
<u>Net book amounts</u>	
At 31 December 1993	£1,215,442
At 31 December 1992	<u>£1,282,347</u>

8 FIXED ASSET INVESTMENTS

	<u>Company</u> <u>1993</u>	<u>Company</u> <u>1992</u>
Shares in subsidiary undertakings	£975,907	£975,907

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

Additional information in respect of investments is as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Cost £</u>	<u>Percentage of ordinary share capital held</u>
Hygieia Healthcare Limited	England	878,363	100%
Advanced Absorbent Products Holdings Limited	England	97,500	75%
Hygieia Holdings (Canada) Inc	Canada	44	100%

The principal activities of each of the above investments are the design, manufacture, distribution and marketing of branded and private label sanitary protection products.

9 TANGIBLE FIXED ASSETS

<u>Group</u>	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost</u>				
At 1 January 1993	1,312,052	184,244	38,612	1,534,908
Additions	1,525,294	146,962	11,150	1,683,406
Disposals	-	(287)	-	(287)
At 31 December 1993	2,837,346	330,919	49,762	3,218,027
<u>Depreciation</u>				
At 1 January 1993	334,836	34,356	11,156	380,348
Charge for the year	184,674	31,536	12,820	229,030
Disposals	-	(187)	-	(187)
At 31 December 1993	519,510	65,705	23,976	609,191
<u>Net Book Amount</u>				
At 31 December 1993	£2,317,836	£265,214	£25,786	£2,608,836
At 31 December 1992	£977,216	£149,888	£27,456	£1,154,560

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

Leased assets included in the above:

Net Book Amount

31 December 1993	£660,176	£20,380	£21,912	£702,468
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company has not held any tangible fixed assets during the year.

10 INTEREST IN ASSOCIATED UNDERTAKING

	<u>1993</u>	<u>1992</u>
Universal Healthcare Products (Canada) Inc (i)	372,530	281,393
Hygieia Pacific Holdings Inc (ii)	5,105	-
	<u> </u>	<u> </u>
	£377,635	£281,393
	<u> </u>	<u> </u>
(i)	Group share of net assets of related undertaking	
	<u>1993</u>	<u>1992</u>
Share of net assets at the date of acquisition	207,135	207,135
Premium on acquisition		
(to the extent that it has not been written off)	<u>11,784</u>	<u>12,404</u>
	218,919	219,539
Share of profits retained to date	118,215	25,000
Exchange gains to date	<u>35,396</u>	<u>36,854</u>
	£372,530	£281,393
	<u> </u>	<u> </u>

The interest in associated undertaking represents a 25% holding in the share capital of Universal Healthcare Products (Canada) Inc, a company incorporated in Canada. The investment was acquired on 1 July 1992 and is held by Hygieia Holdings (Canada) Inc.

- (ii) During the year the company purchased 25% of the share capital of Hygieia Pacific Holdings Inc, a company incorporated in Canada. The purchased company has not traded in 1993 and is therefore valued at cost in the balance sheet at 31 December 1993.

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

11 STOCKS

	Group <u>1993</u>	Company <u>1993</u>	Group <u>1992</u>	Company <u>1992</u>
Raw materials and consumables	309,655	-	340,207	-
Work in progress	42,258	-	20,024	-
Finished goods for resale	<u>132,395</u>	<u>-</u>	<u>70,627</u>	<u>-</u>
	<u>£484,308</u>	<u>£-</u>	<u>£430,858</u>	<u>£-</u>

12 DEBTORS

	Group <u>1993</u>	Company <u>1993</u>	Group <u>1992</u>	Company <u>1992</u>
Trade debtors	1,047,982	-	783,527	-
Prepayments and other debtors	115,329	-	252,946	11,535
Amounts owed by group undertakings	-	2,227,900	-	1,328,105
Amounts owed by related undertaking	<u>330,075</u>	<u>-</u>	<u>572</u>	<u>-</u>
	<u>£1,493,386</u>	<u>£2,227,900</u>	<u>£1,037,045</u>	<u>£1,339,640</u>

13 CREDITORS (amounts falling due within one year)

	Group <u>1993</u>	Company <u>1993</u>	Group <u>1992</u>	Company <u>1992</u>
Bank overdraft	379,785	15	541,338	-
Trade creditors	1,007,391	-	756,422	-
Amount due to group undertaking	-	79,908	-	79,908
Amount due to related undertaking	20,420	-	-	-
Taxation and social security	66,830	-	96,043	-
Accruals and deferred income	421,866	30,004	196,273	6,669
Obligations under finance lease and hire purchase contracts (Note 15)	133,502	-	93,367	-
ECSC loans (Note 14)	141,250	-	37,500	-
Other loans from banks (Note 14)	<u>115,742</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>£2,286,786</u>	<u>£109,927</u>	<u>£1,720,943</u>	<u>£86,577</u>

The bank overdraft is repayable on demand and is secured by a fixed and floating charge over the assets of the individual companies in the group.

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

14 CREDITORS (amounts falling due after more than one year)

	Group <u>1993</u>	Company <u>1993</u>	Group <u>1992</u>	Company <u>1992</u>
ECSC loans (see below)	405,000	-	527,500	-
Obligations under finance leases and hire purchase agreements (Note 15)	182,890	-	89,649	-
Other loans from banks	<u>332,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>£920,140</u>	<u>£-</u>	<u>£617,149</u>	<u>£-</u>

£415,000 of the ECSC loans bears interest at 7% net of rebate, becoming repayable in instalments between May 1994 and May 1998. The remaining £131,250 bears interest at 5¼% net of rebate being repayable quarterly over a four year period commencing July 1993.

The other bank loans are:

£100,000 bearing interest at 8.8% and is repayable over a period of three years commencing 1 January 1996.

£347,992 bearing interest at 4.84% and is repayable quarterly commencing 31 December 1993.

15 FINANCE LEASE AND HIRE PURCHASE AGREEMENTS

	Group <u>1993</u>	Company <u>1993</u>	Group <u>1992</u>	Company <u>1992</u>
Finance leases and hire purchase agreements are as follows:				
Within twelve months	165,091	-	111,507	-
Twelve to sixty months	<u>199,320</u>	<u>-</u>	<u>100,330</u>	<u>-</u>
	364,411	-	211,837	-
Less: Finance charges to be allocated to future periods	<u>(48,019)</u>	<u>-</u>	<u>(28,821)</u>	<u>-</u>
Net obligation	<u>£316,392</u>	<u>£-</u>	<u>£183,016</u>	<u>£-</u>
Falling due within one year (Note 13)	133,502	-	93,367	-
Falling due after one year (Note 14)	<u>182,890</u>	<u>-</u>	<u>89,649</u>	<u>-</u>
	<u>£316,392</u>	<u>£-</u>	<u>£183,016</u>	<u>£-</u>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

16 CALLED UP SHARE CAPITAL

		<u>1993</u>	<u>1992</u>
Company			
Authorised:			
Ordinary shares of £1 each		543,899	388,888
Preference shares of £1 each		<u>3,064,130</u>	<u>2,064,130</u>
		£3,608,029	£2,453,018
		<hr/>	<hr/>
Allotted and fully paid:			
Ordinary shares of £1 each	'A' class	310,566	155,555
	'B' class	233,333	233,333
Preference shares of £1 each	'A' class	2,185,500	1,185,500
	'B' class	<u>878,630</u>	<u>878,630</u>
		£3,608,029	£2,453,018
		<hr/>	<hr/>

During the year, an additional 155,011 £1 Ordinary shares and an additional 1,000,000 £1 Preference shares were authorised and allotted. The £1 Ordinary shares were issued at a premium of £344,989 and the £1 Preference shares were issued at par. These shares were issued to provide working capital for the future expansion of the business.

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

17 RESERVES

As permitted by Section 230(1) of the Companies Act 1989, the parent undertaking has not presented its own profit and loss account. The amount of results dealt with in the accounts of the parent undertaking is a loss of £48,932.

	<u>Group</u>			<u>Company</u>	
	<u>Share Premium Account</u>	<u>Merger Reserve</u>	<u>Profit & Loss Account</u>	<u>Share Premium Account</u>	<u>Profit & Loss Account</u>
Balance at 31 December 1993	107,981	150,913	(348,477)	107,981	(19,620)
Profit for the year	-	-	8,701	-	(48,932)
Premium on shares issued during the year	344,989	-	-	344,989	-
Write off of legal expenses	(9,750)	-	-	(9,750)	-
Exchange loss	-	-	(8,899)	-	-
Transfer during the year	-	(66,905)	66,905	-	-
	<u>£443,220</u>	<u>£84,008</u>	<u>£(281,770)</u>	<u>£443,220</u>	<u>£(68,552)</u>

The merger reserve was established on the purchase of the entire issued share capital of Hygieia Healthcare Limited which is being transferred to profit and loss at annual amounts equal to the amortisation of the goodwill arising on the acquisition of subsidiary undertakings.

18 CAPITAL COMMITMENTS

Capital commitments at 31 December 1993 were as follows:

	<u>Group</u>	<u>Company</u>
Authorised not contracted	£	£
	<u> </u>	<u> </u>
Contracted not accrued	£	£
	<u> </u>	<u> </u>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>1993</u>	<u>1992</u>
Profit/(loss) for the financial year/period	8,701	(445,439)
New share capital issued	1,500,000	2,804,130
Legal expenses written off against share premium account	(9,750)	(36,464)
Exchange (loss)/gain in year	<u>(8,899)</u>	<u>41,208</u>
Net additions to shareholders' funds	1,490,052	2,363,435
Opening shareholders' funds	2,363,435	-
	<hr/>	<hr/>
Closing shareholders' funds	£3,853,487	£2,363,435
	<hr/>	<hr/>

20 CONTINGENT LIABILITIES

The group has total guarantees of £25,000 in favour of HM Customs & Excise, and a further £15,000 in favour of Berisford Leasing Limited.

21 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	<u>1993</u>	<u>1992</u>
Operating profit/(loss)	6,719	(399,559)
Depreciation charges	229,030	126,400
Amounts written off intangible fixed assets	67,525	55,754
Loss/(profit) on disposal of tangible fixed assets	50	(1,814)
Release of RSA grant	-	(2,422)
Exchange gains (Note 2)	(42,044)	-
Increase in stocks	(108,593)	(83,045)
Increase in debtors	(456,341)	(322,131)
Increase in creditors	446,229	195,947
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	£142,575	£(430,870)
	<hr/>	<hr/>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

22 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

	<u>1993</u>	<u>1992</u>
Balance at 1 January 1993/1992	(25,514)	-
Net cash inflow/(outflow) during the period	<u>559,232</u>	<u>(25,514)</u>
Balance at 31 December 1993/1992	<u>£533,718</u>	<u>£(25,514)</u>

23 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1993</u>	<u>1992</u>	<u>Change in year</u>
Cash at bank and in hand	913,503	515,824	397,679
Bank overdrafts	<u>(379,785)</u>	<u>(541,338)</u>	<u>161,553</u>
	<u>£533,718</u>	<u>£(25,514)</u>	<u>£559,232</u>

24 ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	<u>1993</u>		<u>1992</u>	
	Ordinary share capital (including premium on issue)	Preference share capital	Ordinary share capital (including premium on issue)	Preference share capital
Balances at 1 January 1993	647,782	2,064,130	300,000	1,419,100
Cash inflows from financing	500,000	1,000,000	440,000	645,030
Write off of legal expenses	(9,750)	-	(36,464)	-
Transfer from profit and loss account	<u>(66,905)</u>	<u>-</u>	<u>(55,754)</u>	<u>-</u>
	<u>£1,071,127</u>	<u>£3,064,130</u>	<u>£647,782</u>	<u>£2,064,130</u>

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

24 ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD (continued)

		<u>1993</u>		<u>1992</u>	
		Ordinary share capital (including premium on issue)	Preference share capital	Ordinary share capital (including premium on issue)	Preference share capital
Disclosed as:					
Allotted and fully paid					
Ordinary shares of £1 each	'A' class	310,566	-	155,555	-
	'B' class	233,333	-	233,333	-
Preference shares of £1 each	'A' class	-	2,185,500	-	1,185,500
	'B' class	-	878,630	-	878,630
Share Premium Account		443,220		107,981	-
Merger Reserve		84,008	-	150,913	-
		<u>£1,071,127</u>	<u>£3,064,130</u>	<u>£647,782</u>	<u>£2,064,130</u>

	<u>1993</u>		<u>1992</u>	
	<u>Bank loans</u>	<u>Finance lease obligations</u>	<u>Bank loans</u>	<u>Finance lease obligations</u>
Balance at 1 January 1993	-	183,016	-	-
Cash outflow from financing	-	(116,283)	-	(99,401)
Finance lease obligations of subsidiary acquired during the period	-	-	-	246,709
Inception of finance lease contracts	-	249,659	-	35,708
Capital elements of bank loans received during period	475,000	-	-	-
Capital elements of bank loans repaid during period	<u>(45,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 1993	£429,242	£316,392	£-	£183,016

HYGIEIA HEALTHCARE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - FOR THE YEAR ENDED 31 DECEMBER 1993 (continued)

25 POST BALANCE SHEET EVENT

On 1 January 1994 Hygieia Holdings Canada Inc acquired a further 73% of the ordinary share capital of Universal Health Care Products Canada Inc, increasing the company's holding to 98%.

As at 31 December 1993 Universal Health Care Products Canada Inc had net assets of Cdn \$ 2,551,450 and had achieved a profit after taxation of Cdn \$ 501,299 for the year then ended.

In connection with this acquisition Hygieia Healthcare Holdings Limited has issued a further 900,000 'A' £1 preference shares, 342,600 'A' £1 ordinary shares and 257,400 'B' £1 ordinary.

26 CONTINGENT LIABILITIES

The company has entered into a composite guarantee in respect of the bank borrowings of its subsidiary undertakings. As at 31 December 1993 the liability in this respect amounted to £379,770 (1992: £541,338).