

**Touche
Ross**

Deloitte Touche
Tohmatsu
International



Company Registration No.557725

SCHMIDT UK LIMITED

Report and Financial Statements

31 May 1995

Touche Ross & Co.

**Leda House
Station Road
Cambridge CB1 2RN**

(- 08/09/95)



**REPORT AND FINANCIAL STATEMENTS 1995**

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Statement of total recognised gains and losses	9
Reconciliation of movements in shareholders' funds	9
Accounting policies	10
Notes to the accounts	12
Additional information	21
Trading profit and loss account	22
Detailed trading profit and loss account	23



REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Atkinson
A F Jenkinson
I R McAllister
F Seyfferth

SECRETARY

I R McAllister

REGISTERED OFFICE

Southgate Way
Orton Southgate
Peterborough PE2 6GP

BANKERS

Lloyds Bank Plc
Minster Place
Ely
Cambs

SOLICITORS

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 4DP

AUDITORS

Touche Ross & Co.
Chartered Accountants
Leda House
Station Road
Cambridge CB1 2RN



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 1995.

ACTIVITIES

The principal activity of the company is the manufacture, sale and supply of parts for special purpose surface cleansing vehicles and equipment.

REVIEW OF DEVELOPMENTS

The company's turnover declined by 6.6% from the 1993/94 level to £18.8 million which was after the transfer of a sizeable amount of UK service and after sales business to Schmitdcare Limited, a fellow subsidiary. But for this, turnover would have fallen 1.7% reflecting the ongoing depressed state of some of the company's markets.

Profit before tax was £461,787 compared with £651,984 achieved in 1993/94 and reflects the impact of the transfer of business to Schmitdcare allied with a full year's cost of the new premises at Southgate Way. The company has handled the transfer to the one site at Orton Southgate smoothly and already benefits are beginning to flow to the business.

DIVIDENDS AND TRANSFERS TO RESERVES

No interim dividends were paid during the year (1994 - £36,000). The directors recommend the payment of a final dividend of £250,000 (1994 - £nil).

The retained profit for the year of £3,229 has been transferred to reserves.

FUTURE PROSPECTS

Whilst some of the company's markets may continue to be depressed indications are that other areas will show improvements. The management will continue to seek out geographical opportunities for the sale of the company's products and is committed to development and enhancing the existing portfolio.

FIXED ASSETS

Changes in fixed assets are shown in note 8 to the accounts. A provision of £40,000. for the diminution in value of the company's freehold premises at Sutton has been made to reflect the directors' opinion of their open market value with existing use.

DIRECTORS AND THEIR INTERESTS

The present directors are shown on page 1.

The directors who served during the year were:

A F Jenkinson	
M A Kilburn	(retired 12 June 1995)
G P Kipling	(resigned 31 May 1995)
I R McAllister	(appointed 30 May 1995)
F Seyfferth	

J Atkinson was appointed on 1 June 1995.

No director had an interest in the shares of the company nor any group company incorporated in Great Britain at any time during the year.

**DIRECTORS' REPORT****EMPLOYEE INVOLVEMENT**

Communication with employees is effected through company magazines, information bulletins and through Works Committee meetings which include representatives of all the company's workforce and senior management. The committee meetings enable senior management to update employees on company progress and discuss various matters of mutual interest.

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


Secretary

11th September 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 as at the end of the financial year and of the profit or 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;
- 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. 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.



Chartered Accountants

Touche Ross & Co.
Leda House
Station Road
Cambridge CB1 2RN

Telephone: National 01223 460222
International +44 1223 460222
Fax (Gp. 3): 01223 350839
DX 5812

SCHMIDT UK LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 20 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 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 May 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

22 September 1995

PROFIT AND LOSS ACCOUNT
 Year ended 31 May 1995

	Note	1995 £	1994 £
TURNOVER	1	18,848,651	20,174,437
Cost of sales		16,033,656	17,045,201
Gross profit		<u>2,814,995</u>	<u>3,129,236</u>
Sales and distribution costs		<u>912,196</u>	<u>1,038,554</u>
Administrative expenses		1,145,928	1,016,689
Loss on foreign exchange		65,574	16,765
Exceptional relocation costs		-	356,075
Total administration expenses		<u>1,211,502</u>	<u>1,389,529</u>
OPERATING PROFIT	3	<u>691,297</u>	<u>701,153</u>
Interest receivable	4	76,376	135,666
Interest payable and similar charges	5	(305,886)	(184,835)
		<u>(229,510)</u>	<u>(49,169)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		461,787	651,984
Tax on profit on ordinary activities	6	<u>208,558</u>	<u>226,205</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		253,229	425,779
Dividends	7	<u>250,000</u>	<u>36,000</u>
RETAINED PROFIT FOR THE YEAR	16	<u><u>3,229</u></u>	<u><u>389,779</u></u>

The results are all derived from continuing activities.



BALANCE SHEET
31 May 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	8	<u>5,429,855</u>	<u>5,467,550</u>
CURRENT ASSETS			
Stocks	9	3,786,028	3,159,855
Debtors	10	3,424,348	3,861,853
Cash at bank and in hand		<u>1,264,780</u>	<u>307,443</u>
		8,475,156	7,329,151
CREDITORS: amounts falling due within one year	11	<u>(6,334,132)</u>	<u>(5,268,065)</u>
NET CURRENT ASSETS		<u>2,141,024</u>	<u>2,061,086</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,570,879</u>	<u>7,528,636</u>
CREDITORS: amounts falling due after more than one year	12	(3,405,142)	(3,404,222)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(167,671)</u>	<u>(129,577)</u>
		<u>3,998,066</u>	<u>3,994,837</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,426,137	2,426,137
Profit and loss account	16	<u>1,571,929</u>	<u>1,568,700</u>
EQUITY SHAREHOLDERS' FUNDS		<u>3,998,066</u>	<u>3,994,837</u>

These financial statements were approved by the Board of Directors on 11 September 1995

Signed on behalf of the Board of Directors

Director

CASH FLOW STATEMENT
Year ended 31 May 1995

	Note	1995 £	1994 £
Net cash inflow from operating activities	21	<u>2,053,169</u>	<u>988,029</u>
Returns on investments and servicing of finance			
Interest received		81,437	125,395
Interest paid		(301,474)	(183,593)
Dividends paid		-	(529,025)
Interest on finance lease payments		<u>(4,412)</u>	<u>(1,242)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(224,449)</u>	<u>(588,465)</u>
Taxation			
Corporation tax paid		<u>(171,626)</u>	<u>(319,438)</u>
Investing activities			
Payments to acquire tangible fixed assets		(549,289)	(4,605,099)
Receipts from sales of tangible fixed assets		<u>33,082</u>	<u>33,122</u>
Net cash outflow from investing activities		<u>(516,207)</u>	<u>(4,571,977)</u>
Net cash inflow (outflow) before financing		<u>1,140,887</u>	<u>(4,491,851)</u>
Financing	24		
Issue of share capital		-	1,000,000
New property loan		-	2,700,000
Repayment on property loan		(52,661)	(26,770)
Capital element of finance lease payments		<u>(11,565)</u>	<u>(6,747)</u>
Net cash (outflow) inflow from financing		<u>(64,226)</u>	<u>3,666,483</u>
Increase (decrease) in cash and cash equivalents	22	<u>1,076,661</u>	<u>(825,368)</u>


STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 May 1995

	1995 £	1994 £
Retained profit for the financial year	3,229	389,779
Revaluation of property	-	(231,237)
Total recognised gains and losses relating to the year	<u>3,229</u>	<u>158,542</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 May 1995

	1995 £	1994 £
Profit for the financial year	253,229	425,779
Dividends	(250,000)	(36,000)
	<u>3,229</u>	<u>389,779</u>
Issue of share capital	-	1,000,000
Revaluation of property	-	(231,237)
Net addition to shareholders' funds	<u>3,229</u>	<u>1,158,542</u>
Opening shareholders' funds	<u>3,994,837</u>	<u>2,836,295</u>
Closing shareholders' funds	<u>3,998,066</u>	<u>3,994,837</u>



ACCOUNTING POLICIES

Year ended 31 May 1995

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover is the total amount of sales invoiced by the company, less discounts and excluding value added tax.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Foreign currency

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of entry in the accounting records. Monetary assets and liabilities at the balance sheet date are translated at the rate ruling at that date. The exchange differences arising are dealt with through the profit and loss account.

Fixed assets and depreciation

No depreciation is provided on freehold land.

For all other fixed assets depreciation is calculated to write down their cost to their estimated residual value in equal annual amounts over their estimated useful lives as follows:

Freehold buildings	between 40 and 50 years
Plant and machinery	between 5 and 10 years
Jigs and tools	3 years
Motor cars	4 years
Commercial and sweeping vehicles	5 years
Computer equipment	between 4 and 5 years
Office equipment	5 years
Fixtures and fittings	10 years

Stocks and work in progress

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

Cost is calculated as follows:

Raw materials - invoice price on a first in first out basis.

Work in progress and finished goods - direct cost of production plus attributable overheads according to condition.

Demonstration vehicles are treated as stock and valued at the lower of direct cost of production plus attributable overheads and net realisable value.

Development expenditure

Development expenditure is written off as incurred.

**ACCOUNTING POLICIES**
Year ended 31 May 1995**Warranty costs**

Provision is made for the costs (including labour and travel costs) estimated to arise over the warranty period of repairs to, or replacement of, goods sold under warranty up to the year end.

Pensions

The company operates a defined benefit, funded pension scheme for managers and senior staff the costs of which are estimated on the basis of independent actuarial advice and are charged to the profit and loss account so as to spread the cost over the service lives of employees in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

The company also operates a money purchase pension plan for other employees, the costs of which are charged to the profit and loss account as incurred.

Leased assets

Fixed assets held under finance leases are capitalised and depreciated over the primary period of the lease or their expected useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.



NOTES TO THE ACCOUNTS

Year ended 31 May 1995

1. ANALYSIS OF TURNOVER

The turnover attributable to each of the company's geographical markets is:

	1995 £	1994 £
United Kingdom	4,841,003	6,509,428
Other E.C. countries	12,090,834	11,174,219
Other overseas countries	1,916,814	2,490,790
	<u>18,848,651</u>	<u>20,174,437</u>

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 £	1994 £
Directors' emoluments		
Management remuneration	<u>54,346</u>	<u>43,158</u>

The emoluments (excluding pension contributions) of directors were:

Chairman	-	-
Highest paid director	<u>43,767</u>	<u>38,752</u>

Emoluments of other directors:
£0 - £5,000

No	No
<u>3</u>	<u>2</u>

Average number of persons employed
Production staff
Sales and distribution staff
Administration staff

200	204
16	17
11	12
<u>227</u>	<u>233</u>

Staff costs during the year
Wages and salaries
Social security costs
Other pension costs

£	£
3,641,766	3,534,336
349,661	344,060
126,248	119,445
<hr/>	<hr/>
4,117,675	3,997,841

3. OPERATING PROFIT

	1995 £	1994 £
Operating profit is after charging:		
Development expenditure	855,947	852,568
Depreciation		
Owned assets	474,326	378,444
Leased assets	13,348	4,450
Provision for diminution in value of property	40,000	-
Rentals under operating leases		
Plant and machinery	294,886	246,176
Land and buildings	133,202	194,000
Auditors' remuneration	12,200	11,700
Fees paid to auditors for other services	<u>31,050</u>	<u>34,550</u>


NOTES TO THE ACCOUNTS
 Year ended 31 May 1995

4. INTEREST RECEIVABLE

	1995 £	1994 £
Charges for late payment	29,704	73,286
Interest on bank deposits	40,672	59,880
Other interest	6,000	2,500
	<u>76,376</u>	<u>135,666</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
On property loan	190,163	81,490
On bank loans, overdrafts and other loans repayable within five years	96,245	90,342
On finance leases	4,412	1,242
Other interest	15,066	11,761
	<u>305,886</u>	<u>184,835</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
Taxation is based on the results for the year and comprises:		
Corporation tax at 33% on the taxable profit	165,347	143,431
Transfer to deferred taxation	28,433	74,727
	<u>193,780</u>	<u>218,158</u>
Adjustment in respect of prior years' provisions		
Deferred tax	9,661	(4,680)
Group relief	5,117	12,727
	<u>208,558</u>	<u>226,205</u>

The effective rate of tax has been increased primarily as a result of permanently disallowable items of expenditure and timing differences on capital allowances and depreciation.

7. DIVIDENDS

	1995 £	1994 £
On equity shares:		
Interim dividend paid in year	-	36,000
Proposed final dividend for the year	250,000	-
	<u>250,000</u>	<u>36,000</u>



NOTES TO THE ACCOUNTS

Year ended 31 May 1995

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant, machinery, jigs and tools £	Motor cars and commer- cial vehicles £	Sweeping vehicles £	Computer equipment and fittings £	Office equipment, fixtures and fittings £	Total £
Cost							
At 1 June 1994	3,486,202	1,228,918	340,178	326,236	618,631	1,556,994	7,557,159
Additions	3,128	159,950	40,950	105,872	54,747	158,192	522,839
Disposals	-	(3,750)	(42,806)	(63,891)	-	(100)	(110,547)
Transfer to stock	-	-	-	(70,371)	-	-	(70,371)
At 31 May 1995	3,489,330	1,385,118	338,322	297,846	673,378	1,715,086	7,899,080
Depreciation							
At 1 June 1994	29,321	722,971	179,604	261,330	464,025	432,358	2,089,609
Provided for the year	48,071	138,330	57,681	30,563	56,143	156,886	487,674
Provision for diminution in value	40,000	-	-	-	-	-	40,000
Eliminated on disposals	-	(3,250)	(38,211)	(56,478)	-	(100)	(98,039)
Transfer to stock	-	-	-	(50,019)	-	-	(50,019)
At 31 May 1995	117,392	858,051	199,074	185,396	520,168	589,144	2,469,225
Net book value							
At 31 May 1995	3,371,938	527,067	139,248	112,450	153,210	1,125,942	5,429,855
At 31 May 1994	3,456,881	505,947	160,574	64,906	154,606	1,124,636	5,467,550


NOTES TO THE ACCOUNTS
Year ended 31 May 1995
8. TANGIBLE FIXED ASSETS (continued)

The net book value of tangible fixed assets at 31 May 1995 include £48,939 (1994 - £62,288) for assets held under finance leases.

9. STOCKS

	1995 £	1994 £
Raw materials and consumables	2,281,739	2,004,841
Work in progress	660,038	653,043
Finished goods	844,251	501,971
	<u>3,786,028</u>	<u>3,159,855</u>

10. DEBTORS

	1995 £	1994 £
Trade debtors	2,061,069	2,596,508
Amounts owed by group companies	932,028	595,422
Other debtors	214,819	260,358
Value added tax	105,024	306,072
Prepayments and accrued income	111,408	103,493
	<u>3,424,348</u>	<u>3,861,853</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Property loan (see note 13)	67,434	67,434
Bank loans and overdraft (see note 13)	436,584	519,324
Trade creditors	3,262,229	3,323,098
Amounts owed to group companies	1,528,601	639,600
Corporation tax	112,544	122,032
Obligations under finance leases	12,508	11,565
Other creditors	428,777	418,808
Other taxation and social security	123,959	103,610
Accruals and deferred income	111,496	62,594
Proposed dividend	250,000	-
	<u>6,334,132</u>	<u>5,268,065</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 1995

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Property loan (see note 13)	2,553,135	2,605,796
Bank loan (see note 13)	816,089	750,000
Obligations under finance leases - due within five years	35,918	48,426
	<u>3,405,142</u>	<u>3,404,222</u>

13. BORROWINGS

	1995 £	1994 £
Property loan	2,620,569	2,673,230
Bank loans	1,252,673	1,150,000
Bank overdraft	-	119,324
	<u>3,873,242</u>	<u>3,942,554</u>
Analysis of loan and overdraft repayments:		
Within one year	504,018	586,758
Between one and two years	967,306	885,000
Between two and five years	497,384	405,000
After five years	1,904,534	2,065,796
	<u>3,873,242</u>	<u>3,942,554</u>

The property loan is secured by a first mortgage on the freehold property and interest is charged at base rate plus 1 3/8%. The loan is due for repayment by 25 December 2013.

The bank loans are unsecured and interest is charged at a rate equal to that offered on deposits in the London Interbank Market plus 1 1/8% or 1 1/4%. The loans are wholly repayable within five years.



NOTES TO THE ACCOUNTS
Year ended 31 May 1995

14. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred taxation	
Balance at 1 June 1994	129,577
Transfer to profit and loss account	38,094
	<u>167,671</u>
Balance at 31 May 1995	<u>167,671</u>

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided 1995 £	Provided 1994 £	Not provided 1995 £	Not provided 1994 £
Capital allowances in advance of depreciation	167,100	125,927	138,902	116,019
Short term timing differences	571	3,650	-	-
	<u>167,671</u>	<u>129,577</u>	<u>138,902</u>	<u>116,019</u>

15. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised		
3,000,000 ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>
Allotted and fully paid		
2,426,137 ordinary shares of £1 each	<u>2,426,137</u>	<u>2,426,137</u>

16. RESERVES

	Profit and loss account £
At 1 June 1994	1,568,700
Retained profit for the year	<u>3,229</u>
At 31 May 1995	<u>1,571,929</u>



NOTES TO THE ACCOUNTS

Year ended 31 May 1995

17. ULTIMATE PARENT COMPANY

The company is a subsidiary of Schmidt UK Group Limited which is itself a subsidiary of Schmidt Holdings Limited. Both companies are incorporated in Great Britain and registered in England and Wales. Group accounts of Schmidt Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. The ultimate parent company is Schmidt Holding Europe GmbH, incorporated in Germany.

18. FINANCIAL COMMITMENTS

	1995 £	1994 £
Capital commitments		
Contracted for but not provided	7,334	117,726
Authorised but not yet contracted for	-	-

Operating lease commitments

At 31 May 1995 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	1995 £	1994 £	1995 £	1994 £
Leases which expire:				
Within one year	-	88,000	57,994	5,039
Within 2 to 5 years	44,000	44,000	126,425	185,157
	44,000	132,000	184,419	190,196

Included in commitments for land and buildings are leases which expire on 31 January 1998.

The total commitments under leases are set out below:

	Land and buildings		Other	
	1995 £	1994 £	1995 £	1994 £
Leases which expire:				
Within one year	-	88,000	57,994	5,039
Within two to five years	117,333	161,333	320,659	356,815
	117,333	249,333	378,653	361,854



NOTES TO THE ACCOUNTS

Year ended 31 May 1995

19. CONTINGENT LIABILITIES

The company has given a guarantee to National Westminster Bank plc to secure all monies from time to time owing to the bank by certain other group companies. At 31 May 1995, the amount owed by these other group companies totalled £nil (1994 - £nil).

The company has also provided an indemnity for the leasing obligations of a fellow subsidiary. At 31 May 1995, the capital amounts outstanding on the leases totalled £1,694,100 (1994 - £1,205,355).

20. DEFINED BENEFIT PENSION SCHEME

Pension costs are assessed in accordance with the advice of professionally qualified actuaries using the attained age method. The funding rate of the defined benefit scheme is 15%.

The most recent valuation was made at 1 January 1994 and the assumptions which had the most significant effect on the results of the valuation were as follows:

Rate of return on investments	9% per annum compound
Rate of earnings growth	7.5% per annum compound
Price inflation	5% per annum compound

At the date of the valuation the scheme's assets were sufficient to fully cover the liabilities at that date. The calculated value of the scheme assets at 1 January 1994 was £688,000.

The total pension cost for the year was £77,659 (1994 - £71,320).

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating profit	691,297	701,153
Transfers from fixed assets to stock	20,352	-
Depreciation and diminution in value adjustments	527,674	382,894
Profit on sale of fixed assets	(20,574)	(21,993)
Increase in stocks	(626,173)	(83,846)
Decrease (increase) in debtors	769,050	(456,206)
Increase in creditors	36,475	94,667
Net increase in amounts owed to group companies	552,395	371,360
Effect of foreign exchange differences	102,673	-
Net cash inflow from operating activities	2,053,169	988,029


NOTES TO THE ACCOUNTS
Year ended 31 May 1995
22. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1995 £	1994 £
Balance at 1 June 1994	188,119	1,013,487
Net cash inflow (outflow)	1,076,661	(825,368)
Balance at 31 May 1995	<u>1,264,780</u>	<u>188,119</u>

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

	1995 £	1994 £	1993 £	Change in year	
				1995 £	1994 £
Cash at bank and in hand	1,264,780	307,443	1,013,487	957,337	(706,044)
Bank overdraft	-	(119,324)	-	119,324	(119,324)
	<u>1,264,780</u>	<u>188,119</u>	<u>1,013,487</u>	<u>1,076,661</u>	<u>(825,368)</u>

24. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital		Loans and finance lease obligations	
	1995 £	1994 £	1995 £	1994 £
Balance at beginning of year	2,426,137	1,426,137	3,883,221	1,150,000
Issue of shares	-	1,000,000	-	-
Inception of new finance leases	-	-	-	66,738
Capital element of finance lease payments	-	-	(11,565)	(6,747)
Cash inflow from new loans	-	-	-	2,700,000
Loan repayment	-	-	(52,661)	(26,770)
Effect of foreign exchange differences	-	-	102,673	-
Balance at end of year	<u>2,426,137</u>	<u>2,426,137</u>	<u>3,921,668</u>	<u>3,883,221</u>

**ADDITIONAL INFORMATION**

The additional information on pages 22 to 25 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.



TRADING PROFIT AND LOSS ACCOUNT

Year ended 31 May 1995

	Page		1995	1994
		£	£	£
SALES			18,848,651	20,174,437
Cost of sales	24		<u>16,033,656</u>	<u>17,045,201</u>
GROSS PROFIT			2,814,995	3,129,236
OVERHEADS				
Sales and distribution	24	912,196	1,038,554	
Administration	25	1,145,928	1,016,689	
Finance	25	<u>295,084</u>	<u>65,934</u>	
			<u>2,353,208</u>	<u>2,121,177</u>
			461,787	1,008,059
Exceptional relocation costs			-	<u>(356,075)</u>
PROFIT FOR THE YEAR BEFORE TAXATION			<u>461,787</u>	<u>651,984</u>


DETAILED TRADING PROFIT AND LOSS ACCOUNT

Year ended 31 May 1995

	£	1995 £	£	1994 £
COST OF SALES				
Materials	11,192,864		11,959,695	
Labour	1,517,936		1,548,374	
Warranty	337,575		402,657	
Carriage	96,240		115,346	
	<u> </u>	13,144,615	<u> </u>	14,026,072
DEVELOPMENT				
Employment costs	620,406		503,802	
Legal and professional	120,072		27,216	
Depreciation	48,148		39,930	
Materials	26,041		132,668	
Stationery	10,674		13,618	
Motor costs	9,596		12,662	
Development expenses	7,497		9,993	
Computer expenses	5,608		9,587	
Plant hire	3,750		285	
Consultancy costs	3,159		34,760	
Sundry equipment, tooling and maintenance	1,965		4,789	
Subscriptions	231		1,306	
Rent and rates	-		54,442	
Lighting, heating and power	-		7,510	
Profit on sale of fixed assets	(1,200)		-	
	<u> </u>	855,947	<u> </u>	852,568
MANUFACTURING				
Employment costs	781,148		730,978	
Rent and rates	280,601		219,583	
Repairs and maintenance	245,773		210,265	
Depreciation - other	231,676		105,220	
- plant	85,882		77,652	
Lighting, heating and power	74,393		83,758	
Cleaning and laundry	58,076		49,868	
Plant hire	41,757		32,333	
Provision for diminution of property value	40,000		-	
Legal and professional	35,888		37,144	
Stationery	29,907		45,732	
Motor costs	19,029		32,928	
Subscriptions	8,575		5,714	
General expenses	6,867		10,058	
Protective clothing	6,244		6,969	
Recruitment expenses	1,356		384	
Leasing costs	984		624	
Profit on sale of fixed assets	(2,638)		(4,281)	
Schmidtcare management charge	(18,000)		(7,500)	
	<u> </u>	1,927,518	<u> </u>	1,637,429
Carried forward		15,928,080		16,516,069

DETAILED TRADING PROFIT AND LOSS ACCOUNT

Year ended 31 May 1995

	1995	1994
£	£	£
COST OF SALES (continued)		
Brought forward	15,928,080	16,516,069
SERVICE		
Employment costs	709,320	621,537
Motor costs	141,205	128,555
Carriage out	59,198	31,734
Depreciation	16,507	13,351
General expenses	10,352	12,086
Technical manual illustrations	10,226	6,050
Travel and subsistence	7,057	16,542
Recruitment expenses	6,252	2,167
Rent and rates	3,661	35,068
Lighting, heating and power	1,261	4,383
Schmidtcare management charge	(859,463)	(342,341)
	<u>105,576</u>	<u>529,132</u>
	<u>16,033,656</u>	<u>17,045,201</u>

SALES AND DISTRIBUTION COSTS

Employment costs	432,535	394,922
Demonstrator running costs	171,413	23,880
Sales advertising	98,629	117,441
Motor costs	86,540	88,553
Travelling and subsistence	55,473	67,929
Exhibitions	41,048	24,633
Depreciation	29,910	92,378
Consultancy	20,500	4,349
Entertaining	12,311	11,394
Market development costs	8,193	230,670
Printing and stationery	5,285	4,194
Sundry	3,876	2,387
Subscriptions	3,000	2,465
Sales goodwill costs	2,236	2,852
Commission payable	1,838	500
Repairs and maintenance	1,229	341
Recruitment costs	817	2,581
Legal and professional	215	5,255
Leasing costs	48	48
Cleaning and laundry	43	643
Rent and rates	-	4,951
Profit on sale of machine stock	(700)	(6,100)
Profit on sale of fixed assets	(14,243)	(17,712)
Schmidtcare management charge	(48,000)	(20,000)
	<u>912,196</u>	<u>1,038,554</u>

DETAILED TRADING PROFIT AND LOSS ACCOUNT
Year ended 31 May 1995

	1995	1994
	£	£
ADMINISTRATION COSTS		
Management fees - Schmidt (UK) Group	384,000	309,600
Employment costs	239,477	259,722
Management fees - Schmidt Holding Europe	178,346	-
Insurance	121,380	139,102
Computer expenses	89,450	71,964
Depreciation	75,551	54,363
Telephone	67,165	87,447
Legal and professional	61,652	41,821
Audit and accountancy fees	43,250	46,250
Leasing costs	32,792	13,190
Stationery and postage	24,651	14,602
Recruitment costs	16,381	-
Motor costs	9,931	9,372
Accommodation and subsistence	5,750	3,600
Canteen costs	4,794	5,137
Overseas travel costs	4,494	1,556
Repairs and maintenance	4,376	6,876
Subscriptions and donations	3,806	3,053
Rent and rates	1,016	21,472
Sundry	975	9,129
Entertaining	926	4,838
Cleaning and laundry	258	3,135
Consultancy	-	1,500
Bad debts	-	1,460
Profit on sale of fixed assets	(2,493)	-
Schmidtcare management charge	(222,000)	(92,500)
	<u>1,145,928</u>	<u>1,016,689</u>
FINANCE COSTS		
Interest payable:		
Bank mortgage	190,163	81,490
Bank loan	79,234	81,180
Overdraft	17,011	9,162
Finance leases	4,412	1,242
Other interest	15,066	11,761
	<u>305,886</u>	<u>184,835</u>
Loss on foreign exchange	65,574	16,765
Interest receivable:		
Finance charges	(29,704)	(73,286)
Interest on bank deposits	(40,672)	(59,880)
Other interest	(6,000)	(2,500)
	<u>(76,376)</u>	<u>(135,666)</u>
	<u>295,084</u>	<u>65,934</u>