

Prentke Romich International Limited

Financial statements

Registered number 2590367

30 September 2001



A17
COMPANIES HOUSE

A74B1702

0641
29/01/02

Financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report to the members of Prentke Romich International Limited	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Reconciliation of net cash flow to movement in net funds	6
Notes	7

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2001.

Principal activity

The company acts as a distributor of augmentative alternative communication devices for its ultimate holding company, Prentke Romich Company, a company registered in the United States of America.

Review of business

The directors are pleased with the results for the year having achieved a significant increase in turnover. Whilst the move to new premises during the year has contributed to the increase in overheads, it has given the company an excellent base from which to expand further in the future.

Profit before tax showed an increase over the previous year despite the increase in overhead costs.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year were as follows:

RA Jameson
B Baker
Mrs ME Broehl
Mrs K Phillips

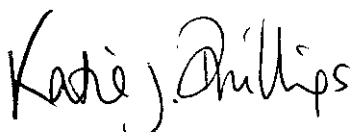
No director had any interest in the share capital of the company during the year. Directors' interests in the shares of the holding company are shown in the financial statements of that company.

Except as set out in notes 6, 12, 13 and 23 to these financial statements, no director had, during or at the end of the period, any material interest in a contract which was significant in relation to the company's business.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Mrs K Phillips
Director

14 January 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St Nicholas House
Park Row
Nottingham
NG1 6FQ

Independent auditors' report to the members of Prentke Romich International Limited

We have audited the financial statements on pages 4 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

14 January 2002

Profit and loss account

for the year ended 30 September 2001

	Notes	2001 \$	2000 \$
Turnover	2	2,668,883	2,185,418
Cost of sales		(1,830,917)	(1,625,317)
Gross profit		837,966	560,101
Administrative expenses		(822,687)	(436,805)
		15,279	123,296
Other operating income	3	140,135	23,368
Operating profit		155,414	146,664
Interest receivable and similar income	4	2,320	2,598
Interest payable and similar charges	5	(1,910)	(807)
Profit on ordinary activities before taxation	6	155,824	148,455
Taxation on profit on ordinary activities	8	(7,050)	(28,900)
Retained profit for the financial year		148,774	119,555
Profit brought forward		809,872	690,317
Retained profit carried forward		958,646	809,872

In both the current and preceding year, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis and there were no recognised gains or losses other than those disclosed in the profit and loss account.

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

Balance sheet
at 30 September 2001

	Notes	2001	2000
		\$	\$
Fixed assets			
Tangible assets	10	149,957	29,866
Current assets			
Stocks	11	306,470	235,221
Debtors	12	619,808	518,042
Cash at bank and in hand		226,957	298,817
		<u>1,153,235</u>	<u>1,052,080</u>
Creditors: amounts falling due within one year	13	<u>(142,140)</u>	<u>(132,154)</u>
Net current assets		<u>1,011,095</u>	<u>919,926</u>
Total assets less current liabilities		<u>1,161,052</u>	<u>949,792</u>
Creditors: amounts falling due after more than one year	14	<u>(62,486)</u>	<u>-</u>
Net assets		<u>1,098,566</u>	<u>949,792</u>
Capital and reserves			
Called up share capital	15	139,920	139,920
Profit and loss reserves		958,646	809,872
Shareholders' funds	16	<u>1,098,566</u>	<u>949,792</u>

These financial statements were approved by the board of directors on 14 January 2002 and were signed on its behalf by:

Katie J. Phillips.

Mrs K Phillips
Director

Cash flow statement
for the year ended 30 September 2001

	<i>Notes</i>	2001 \$	2000 \$
Cash flow from operating activities	17	38,590	(73,515)
Returns on investments and servicing of finance	19	411	1,791
Taxation		(27,350)	(45,900)
Capital expenditure and financial investment	19	(159,325)	(10,077)
Cash (outflow) before use of liquid resources and financing		(147,674)	(127,701)
Financing	19	75,814	(5,383)
Decrease in cash	18	(71,860)	(133,084)

Reconciliation of net cash flow to movement in net funds

	<i>Notes</i>	\$
Change in cash in the year		(71,860)
Cash outflow from changes in lease financing		(75,814)
Movement in net funds in year		(147,674)
New hire purchase		(34,100)
Net funds at 1 October 2000		298,817
Net funds at 30 September 2001	18	117,043

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.

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and on a going concern basis which assumes the continued support of the ultimate parent undertaking.

Functional currency

The company acts as a distribution agent for its US parent undertaking and, as such, the majority of its transactions are in US Dollars. The financial statements have therefore been prepared in US Dollars, the company's functional currency. Monetary assets and liabilities at 30 September 2001 expressed in any currency other than US Dollars have been translated at the exchange rate of £1 : \$1.55 (2000: \$1.55).

Basis of consolidation

Group financial statements have not been prepared in accordance with the exemptions offered to small sized groups by the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied and for services provided, excluding value added tax and trade discounts.

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Depreciation

Depreciation is charged over the expected useful lives of fixed assets at the following rates:

Fixtures, fittings and equipment	- 25-50% per annum straight line
Motor vehicles	- 33% per annum reducing balance

Finished goods and goods for resale

Stocks of finished goods are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Provision is made for deferred taxation to the extent that it is expected to fall due for payment in the foreseeable future.

Notes (continued)

1 Accounting policies (continued)

Share capital

Share capital has been translated at the historic rate of £1 = \$1.749.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised and depreciated over their expected useful lives. The finance charges are written off to the profit and loss account in the period in which they arise.

Operating lease rentals are charged to the profit and loss account on a straight line bases over the period of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

The whole of the company's turnover was derived from its principal activity and excludes VAT. The analysis of turnover by geographical area is as follows:

	2001 \$	2000 \$
United Kingdom	1,448,147	522,755
Rest of Europe	1,220,736	1,662,663
	<u>2,668,883</u>	<u>2,185,418</u>

3 Other operating income

	\$	\$
Management services	19,255	23,368
Dividend received	120,880	-
	<u>140,135</u>	<u>23,368</u>

4 Interest receivable and similar income

	\$	\$
Bank interest	2,320	2,598

Notes (continued)

5 Interest payable and similar charges

	2001	2000
	\$	\$
On hire purchase	360	-
On all other loans	1,550	807
	<u>1,910</u>	<u>807</u>

6 Profit on ordinary activities before taxation

	\$	\$
<i>This is stated after charging/(crediting):</i>		
Auditors' remuneration - audit work	12,500	12,400
Depreciation of owned assets	42,528	6,569
Depreciation of assets held under hire purchase agreement	7,032	4,100
Management fee	-	23,368
Administrative charge	40,837	38,399
Exchange (profit)/loss	(23,174)	1,224
Loss on sale of fixed assets	23,774	999
Operating lease rentals	28,308	-
	<u>28,308</u>	<u>-</u>

The charge for administrative services, including full office, shipping and technical training and support is paid to Liberator Limited in accordance with a written agreement.

7 Employee information

The average number of employees of the company, including directors, was 13 (2000: 9).

	2001	2000
	\$	\$
<i>The costs of employment were:</i>		
Wages and salaries	410,106	194,609
Social security costs	34,377	23,831
Other pension costs	23,541	19,442
	<u>468,024</u>	<u>237,882</u>

Notes (continued)

7 Employee information (continued)

Remuneration of directors

	2001	2000
	\$	\$
Director's emoluments	122,999	89,093
Company contributions to money purchase pension schemes	9,613	9,171
	<u>132,612</u>	<u>98,264</u>

Retirement benefits are accruing to the following number of directors under:

	Number of directors
	1
Money purchase schemes	<u>1</u>

8 Taxation on profit on ordinary activities

	2001	2000
	\$	\$
Corporation tax at 20% (2000: 20%)	8,600	28,900
Over provision in prior year	(1,550)	-
	<u>7,050</u>	<u>28,900</u>

9 Investment in subsidiary

The company owns the entire share capital of Prentke Romich GmbH, a company registered and incorporated in Germany. It acquired the share capital for a consideration of \$63,555 on 27 September 1992. There is one ordinary share in issue and the value of this investment was written down to zero, as an exceptional item in 1992.

Notes (continued)

10 Tangible assets

	Fixtures, fittings, and equipment \$	Motor vehicles \$	Total \$
<i>Cost:</i>			
At 1 October 2000	29,316	32,093	61,409
Additions	159,547	39,525	199,072
Disposals	(15,731)	(37,518)	(53,249)
At 30 September 2001	<u>173,132</u>	<u>34,100</u>	<u>207,232</u>
<i>Depreciation:</i>			
At 1 October 2000	15,853	15,690	31,543
Charge for year	42,528	7,032	49,560
Disposals	(4,354)	(19,474)	(23,828)
At 30 September 2001	<u>54,027</u>	<u>3,248</u>	<u>57,275</u>
<i>Net book value:</i>			
At 30 September 2001	<u><u>119,105</u></u>	<u><u>30,852</u></u>	<u><u>149,957</u></u>
At 30 September 2000	<u><u>13,463</u></u>	<u><u>16,403</u></u>	<u><u>29,866</u></u>

The net book value of tangible fixed assets includes \$30,853 (2000: \$nil) in respect of assets held under hire purchase agreements. Depreciation charges in the year on these assets, whilst held under hire purchase agreements, amounted to \$7,032 (2000: \$4,100).

11 Stocks

	2001 \$	2000 \$
Finished goods and goods for resale	<u>306,470</u>	<u>235,221</u>

12 Debtors

	2001 \$	2000 \$
Trade debtors	291,437	146,097
Amounts owed by group undertakings	262,792	106,838
Amounts owed by related undertaking	33,245	247,419
Other debtors	18,902	17,688
Prepayments and accrued income	13,432	-
	<u><u>619,808</u></u>	<u><u>518,042</u></u>

The related undertaking is Liberator Limited, of which Mr T Sutton, father of Mrs K Phillips, is a director and the majority shareholder.

Sales to group undertakings were \$1,280,141 (2000: \$951,505).

Notes (continued)

13 Creditors: amounts falling due within one year

	2001 \$	2000 \$
Bank loans	38,438	-
Hire purchase contracts and finance leases	8,990	-
Trade creditors	14,584	52,536
Corporation tax	8,600	28,900
Accruals and deferred income	71,528	50,718
	<u>142,140</u>	<u>132,154</u>

Purchases from group undertakings were \$1,801,684 (2000: \$1,499,208).

14 Creditors: amounts falling due after more than one year

	\$	\$
Bank loans	47,544	-
Hire purchase contracts and finance leases	14,942	-
	<u>62,486</u>	<u>-</u>

The bank loan is secured by a debenture from the bank. The hire purchase lease is secured on the assets of the lease.

Analysis of debt

	\$	\$
<i>Debt can be analysed as falling due:</i>		
In one year or less, or on demand	45,878	-
Between one and two years	45,878	-
Between two and five years	18,158	-
In five years or more	-	-
	<u>109,914</u>	<u>-</u>

15 Share capital

	\$	\$
<i>Authorised:</i>		
500,000 ordinary shares of £1 each	874,500	874,500
<i>Issued and fully paid:</i>		
80,000 ordinary shares of £1 each	139,920	139,920

Notes *(continued)*

16 Reconciliation of movements in shareholders' funds

	2001 \$	2000 \$
Profit for the financial year	148,774	119,555
Opening shareholders' funds	949,792	830,237
Closing shareholders' funds	<u>1,098,566</u>	<u>949,792</u>

17 Reconciliation of operating profit to net cash inflow from operating activities

	\$	\$
Operating profit	155,414	146,664
Depreciation	49,560	10,669
Loss on sale of fixed assets	23,773	999
Increase in stocks	(71,249)	(49,999)
Increase in debtors	(101,766)	(109,747)
Decrease in creditors	(17,142)	(72,101)
Net cash inflow/(outflow) from operating activities	<u>38,590</u>	<u>(73,515)</u>

18 Analysis of changes in net funds

	At 30 Sep 00 \$	Cash flows \$	Other movements \$	At 30 Sep 01 \$
Cash at bank and in hand	298,817	(71,860)	-	226,957
Debt due within one year	-	-	(36,438)	(36,438)
Debt due after one year	-	(85,982)	36,438	(49,544)
Hire purchase	-	10,168	(34,100)	(23,932)
Total	<u>298,817</u>	<u>(147,674)</u>	<u>(34,100)</u>	<u>117,043</u>

Notes (continued)

19 Analysis of cash flows for headings netted in the cash flow statement

	2001	2000
	\$	\$
Returns on investments and servicing of finance		
Interest received	2,320	2,598
Interest paid on hire purchase	(360)	(807)
Interest paid	(1,550)	-
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	410	1,791
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(164,972)	(10,077)
Sale of tangible fixed assets	5,647	-
	<hr/>	<hr/>
Net cash outflow for capital expenditure and financial investment	(159,325)	(10,077)
	<hr/>	<hr/>
Financing		
Repayment of loans	(12,299)	-
Capital element of finance lease rental payments	(10,168)	(5,383)
New loans	96,731	-
	<hr/>	<hr/>
Net cash outflow from financing	74,264	(5,383)
	<hr/>	<hr/>

20 Commitments

There were no capital commitments at 30 September 2001 (2000: \$nil).

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2001	2000
	\$	\$
<i>Operating leases which expire:</i>		
Within one year	-	-
In the second to fifth years inclusive	-	-
Over five years	45,725	-
	<hr/>	<hr/>
	45,725	-
	<hr/>	<hr/>

21 Ultimate parent undertaking

The ultimate parent undertaking is Prentke Romich Company of 1022 Heyl Road, Wooster, Ohio, a company registered and incorporated in the United States of America.

Notes *(continued)*

22 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions of \$23,541 (2000: \$19,442) payable by the company to the fund. There are no amounts payable at the year end (2000: \$nil).

23 Directors' interests

The company made sales of \$141,461 (2000: \$522,755) and purchases of \$135,666 (2000: \$60,158) to/from Liberator Limited during the period. Mr T Sutton, who is the father of a director, Mrs K Phillips, is a director of Liberator Limited. The transactions were made on an arms length basis.