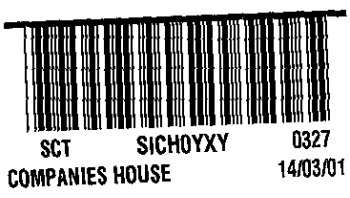
MUNRO BOLTON ORTHOTICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

Company No. SC129449



MUNRO BOLTON ORTHOTICS LIMITED

COMPANY INFORMATION

Directors	W A Munro K D Munro R G Sharpe J J R Bolton
Secretary	R G Sharpe
Company number	SC129449
Registered office	8-10 Dunrobin Court Clydebank Business Park Clydebank Glasgow G81 2QP
Auditors	Forrestals Pearl Assurance House 7 New Bridge Street Newcastle upon Tyne NE1 8AQ
Solicitors	Hay & Kilner 30 Cloth Market Newcastle upon Tyne NE1 1EE Miller Samuel 5 Renfield Street Glasgow G2 5EZ
Bankers	National Westminister Bank plc 87 Grey Street Newcastle upon Tyne NE1 6ER

MUNRO BOLTON ORTHOTICS LIMITED

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MUNRO BOLTON ORTHOTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2000

The directors present their report and the audited financial statements for the company for the year ended 30 June 2000.

Principal activity

The principal activity of the company is the sale of orthoses and the provision of clinical services to health boards.

Directors and their interests

The directors who held office during the year are given below:

W A Munro

K D Munro

R G Sharpe

J J R Bolton

None of the above directors held any beneficial interest in the issued share capital of the company.

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 year. 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;
- 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 enable them 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.

MUNRO BOLTON ORTHOTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2000

Auditors

A resolution to reappoint Forrestals, Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

This report was approved by the board on 11 November 2000 and signed on its behalf.

Kenneth D Munro.

K D Munro
Director

AUDITORS' REPORT TO THE

SHAREHOLDERS OF

MUNRO BOLTON ORTHOTICS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and 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 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 the 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 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Forrestals

Forrestals
Chartered Accountants and
Registered Auditors
Pearl Assurance House
7 New Bridge Street
Newcastle upon Tyne
NE1 8AQ

11 November 2000

MUNRO BOLTON ORTHOTICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2000

	Notes	2000 £	*1999 £*
Turnover	2	**819,859**	*797,568*
Cost of sales		**(578,387)**	*(573,182)*
Gross profit		**241,472**	*224,386*
Administrative expenses		**(226,439)**	*(217,093)*
Operating profit	3	**15,033**	*7,293*
Interest payable		**(1,859)**	*(2,139)*
Profit on ordinary activities before taxation		**13,174**	*5,154*
Tax on profit on ordinary activities	6	**(2,629)**	*(1,200)*
Profit for the financial year		**10,545**	*3,954*
Retained profit brought forward		**26,674**	*22,720*
Retained profit carried forward		**37,219**	*26,674*

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

MUNRO BOLTON ORTHOTICS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2000

	Notes		2000		1999
		£	£	£	£
Fixed assets					
Tangible assets	7		18,436		14,525
			18,436		14,525
Current assets					
Stocks		25,947		15,854	
Debtors	8	248,152		224,659	
Cash in hand		116		50	
		274,215		240,563	
Creditors: amounts falling due within one year	9	(253,182)		(227,414)	
Net current assets			21,033		13,149
Total assets less current liabilities			39,469		27,674
Creditors: amounts falling due after more than one year	10		(1,250)		-
Net Assets			38,219		27,674
Capital and reserves					
Share capital	12		1,000		1,000
Profit and loss account			37,219		26,674
Shareholders' funds			38,219		27,674

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the board on 11 November 2000 and signed on its behalf.

Kenneth D Munro.

K D Munro
Director

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The rates and periods are as follows:

Plant and machinery	25% per annum, reducing balance
Motor vehicles	25% per annum, reducing balance

Stocks

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

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability will crystallise.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating profit

The operating profit is stated after charging or crediting:	2000	*1999*
	£	*£*
Depreciation of tangible fixed assets:		
-owned assets	490	*653*
-assets held under finance leases and hire purchase	5,656	*4,189*
Profit on disposal of fixed assets	(684)	-
Auditors' remuneration	2,750	*3,500*

4 Directors' remuneration

	2000	*1999*
	£	*£*
Aggregate emoluments	47,133	*45,371*

Retirement benefits were accruing to directors under schemes as follows:-	Number	*Number*
Defined contribution pension schemes	1	*1*

5 Pension scheme

Employees are entitled to join a contracted out money purchase scheme run by Bolton Bros. (Surgical Shoe Makers) Limited. This scheme was closed on 31 March 2000 and the benefits will be transferred in due course to a group personal pension scheme which Bolton Bros. (Surgical Shoe Makers) Limited commenced on 1 April 2000.

The total contributions payable in the year to both schemes amounted to £1,772 (1999 £1,575).

Contributions were also payable on behalf of a director to a personal pension scheme which amounted to £2,160 (1999 £2,160).

There were no contributions outstanding at 30 June 2000.

6 Taxation

	2000	*1999*
	£	*£*
Based on the profit for the year:		
UK corporation tax at 19.5% (1999 20.75%)	2,750	*1,200*
Overprovision in earlier years	(121)	-
	2,629	*1,200*

7 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 1999	28,177
Additions	22,624
Disposals	(22,341)
At 30 June 2000	**28,460**
Depreciation	
At 1 July 1999	13,652
Charge for the year	6,146
On disposals	(9,774)
At 30 June 2000	**10,024**
Net book value	
At 30 June 2000	**18,436**
At 30 June 1999	*14,525*

Assets held under finance leases and hire purchase contracts originally cost £22,624 (1999: £22,341) and have a net book value of £16,968 (1999: £12,567). Depreciation charged for the year was £5,656 (1999: £4,189).

8 Debtors

	2000 £	1999 £
Trade debtors	**247,242**	*223,840*
Other debtors	**910**	*819*
	248,152	*224,659*

9 **Creditors: amounts falling due within one year**

	2000	*1999*
	£	*£*
Bank overdraft	**37,670**	*30,139*
Trade creditors	**63,946**	*56,834*
Amounts owed to associated companies	**136,215**	*122,601*
Other creditors	**10,351**	*14,340*
Obligations under finance leases and hire purchase contracts	**5,000**	*3,500*
	253,182	*227,414*

'Other creditors' include £10,099 (1999 - £10,021) in respect of taxation and social security.

Bank borrowings are secured.

Finance leases and hire purchase contracts are secured.

10 **Creditors: amounts falling due after more than one year**

	2000	*1999*
	£	*£*
Obligations under finance leases and hire purchase contracts	**1,250**	-
	1,250	-

11 **Operating lease commitments**

At 30 June 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	2000	*1999*
Operating leases which expire:	£	*£*
Within one year	**5,875**	*6,619*
Between two and five years	**10,611**	*3,906*
	16,486	*10,525*

12 Share capital

	2000	1999
	£	£
Authorised		
'A' Ordinary shares of £1 each	500	500
'B' Ordinary shares of £1 each	500	500
	1,000	1,000
Allotted, Called up and Fully Paid		
'A' Ordinary shares of £1 each	500	500
'B' Ordinary shares of £1 each	500	500
	1,000	1,000

The holders of the 'A' ordinary shares and 'B' ordinary shares have the same voting rights and rank pari passu in all other respects.

13 Controlling party and related party transactions

The company is controlled jointly by Bolton Bros (Surgical Shoe Makers) Limited and W Munro (Surgical Appliances) Limited.

During the year the company had the following transactions with related parties as defined by Financial Reporting Standard 8, which were all on normal commercial terms.

(1) During the year, the company purchased stock from Bolton Bros (Surgical Shoe Makers) Limited amounting to £290,595 (1999 £276,667). Management charges of £12,079 (1999 £11,120) were invoiced by Bolton Bros (Surgical Shoe Makers) Limited to the company during the year along with recharged expenses amounting to £16,054 (1999 £13,240). At 30 June 2000 the company owed Bolton Bros (Surgical Shoe Makers) Limited £129,582 (1999 £110,123).

(2) W Munro (Rehab) Limited is a company owned by the directors of W Munro (Surgical Appliances) Limited. During the year the company made sales of £337 (1999 £195) to W Munro (Rehab) Limited and purchased goods amounting to £2,095 (1999 £4,623). Re-charged expenses were also invoiced by W Munro (Rehab) Limited to the company during the year amounting to £37,503 (1999 £32,887). At the 30 June 2000 the company owed W Munro (Rehab) Limited £6,633 (1999 £12,478).

(3) Bolton Bros (Surgical Shoe Makers) Limited and W Munro (Rehab) Limited have guaranteed the bank borrowings of the company to a maximum of £12,500 each.