

TELEPLAN RENTALS LIMITED

31 DECEMBER 1998

FINANCIAL STATEMENTS

Company Number: 133540



TELEPLAN RENTALS LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 16

TELEPLAN RENTALS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 1998

The directors submit their report and the accounts for the year ended 31 December 1998.

1. Directors' responsibilities

Company law requires us as 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 of the company for that period. In preparing those financial statements we 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.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

2. Principal activity and review of the business

The principal activity of the company was the rental of televisions, video recorders and ancillary equipment.

3. Results and dividends

The trading profit for the year, after taxation, amounted to £193,921 (1997 : £393,080). The directors recommend payment of a final ordinary dividend of £90,000 (1997: £100,000) which leaves a profit of £103,921 (1997: £293,080) to transfer to reserves.

TELEPLAN RENTALS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 1998

4. Directors and their interests

The directors of the company during the year were:

J E G Cran
G Clappison
G R Dunn (resigned 31 May 1998)
P M Kirby (appointed 1 June 1998)

The interests of the directors in the issued share capital of the holding company, Cattles plc, according to the register kept under Section 325 of the Companies Act 1985, are shown in the report and accounts of that company.

The directors did not receive any remuneration from this company in the year ended 31 December 1998 or in the previous year.

5. Year 2000

A Year 2000 working party was established in early 1997 by the Cattles plc group to co-ordinate the replacement, modification and testing of the group's computer systems and microprocessor controlled equipment to ensure that they will function effectively beyond the Year 2000 date change. All systems are scheduled to have been tested and, where appropriate, made compliant by the end of June 1999.

The working party is also contacting external business partners to obtain assurance regarding the level of compliance of their systems. However, we are unable to be certain of avoiding business disruption that may be caused by either internal or external systems and, accordingly, contingency plans are being developed to minimise the impact in the event of any such occurrence.

The costs of Year 2000 compliance have been largely absorbed within the company's ongoing programme of computer systems improvement and replacement. Incremental Year 2000 costs are being written off as they are incurred.

TELEPLAN RENTALS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 1998

6. Auditors

Following their merger with Coopers & Lybrand to form the new firm of PricewaterhouseCoopers on 1 July 1998, Price Waterhouse resigned as auditors of the company on 1 September 1998. The board appointed PricewaterhouseCoopers to fill the casual vacancy thus arising to act as auditors of the company from 1 September 1998. The company has passed an elective resolution to dispense with the obligation to re-appoint auditors annually.

By Order of the Board


P J DOHERTY
Secretary

Registered Office:
Kingston House
Centre 27 Business Park
Woodhead Road
Birstall
Batley
WF17 9TD

10 March 1999

**AUDITORS' REPORT TO THE MEMBERS OF
TELEPLAN RENTALS LIMITED**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report, including, as described on page 1, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

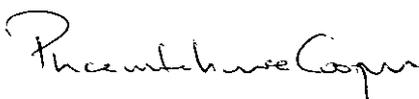
BASIS OF OPINION

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 at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
9 Bond Court
Leeds
LS1 2SN

10 March 1999

TELEPLAN RENTALS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 1998

	Notes	1998		1997	
		£	£	£	£
Turnover	2		3,052,581		2,889,881
Cost of sales			1,287,458		1,423,880
Gross profit			<u>1,765,123</u>		<u>1,466,001</u>
Administrative expenses			<u>1,316,255</u>		<u>1,113,360</u>
Profit on ordinary activities before taxation	2,3		448,868		352,641
Tax charge/(credit) on profit on ordinary activities	7		<u>254,947</u>		<u>(40,439)</u>
Profit on ordinary activities after taxation			193,921		393,080
Dividends	8		<u>90,000</u>		<u>100,000</u>
Retained profit for the year	16		<u><u>£103,921</u></u>		<u><u>£293,080</u></u>

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

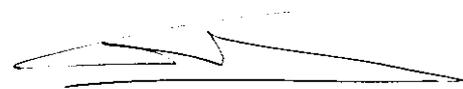
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

There were no acquisitions and no discontinued activities during the year.

The annexed notes form part of these financial statements.

TELEPLAN RENTALS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998		1997	
		£	£	£	£
Fixed Assets					
Intangible fixed assets	9		106,472		-
Tangible assets	10		2,111,881		2,211,817
			<u>2,218,353</u>		<u>2,211,817</u>
Current assets					
Stocks	11	49,792		46,142	
Debtors	12	393,067		256,794	
Cash at bank and in hand		549,894		468,424	
		<u>992,753</u>		<u>771,360</u>	
Creditors : amounts falling due within one year	13	2,544,250		2,487,222	
		<u> </u>		<u> </u>	
Net current liabilities			(1,551,497)		(1,715,862)
Total assets less current liabilities			<u>666,856</u>		<u>495,955</u>
Provision for liabilities and charges	14		66,980		-
Net assets			<u><u>£599,876</u></u>		<u><u>£495,955</u></u>
Capital and reserves					
Called up share capital	15		4,995		4,995
Profit and loss account	16		594,881		490,960
			<u> </u>		<u> </u>
Shareholders' funds	17		<u><u>£599,876</u></u>		<u><u>£495,955</u></u>


G CLAPPISON - Director

Approved by the Board on 10 March 1999.
The annexed notes form part of these financial statements.

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

1. **Accounting policies**

The following are the principal accounting policies which have remained unchanged from the previous year, except in relation to goodwill.

Accounting convention

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

Changes in accounting presentation

In previous years the company's profit and loss account has been set out by reference to Format 2 of the Companies Act 1985. In preparing these financial statements the presentation of the profit and loss account has been changed to Format 1 as the directors consider that this format is more appropriate to the company's activities as well as being consistent with the format used in the group financial statements of the ultimate parent company. Comparative figures have been restated accordingly.

Turnover

Turnover comprises the amounts received or receivable, excluding value added tax, for goods and services supplied to customers.

Depreciation

Depreciation on all tangible fixed assets is calculated on a straight line basis by reference to the expected life and residual value of the assets concerned at the following principal rates.

Assets held for rental	20% per annum
Motor vehicles	20% per annum
Office equipment	10% to 20% per annum
Leasehold improvements	5% to 20% per annum

Stocks

Stocks comprise assets held for rental purposes for which no rental agreement has been entered into at the year end and are included at the lower of cost and net realisable value.

Deferral of installation costs

The costs associated with new installations are deferred over a period of 52 weeks or until the rental agreement is terminated, whichever is earlier.

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

1. **Accounting policies (continued)**

Goodwill

Goodwill represents the difference between the fair value of a business or company acquired, as represented by the consideration paid and the fair value of the net assets acquired. Goodwill arising on the acquisition of subsidiary undertakings and trading assets is capitalised at cost and subsequently amortised on a straight line basis over 20 years, unless the directors consider it has a materially different useful life.

Up to 31 December 1997, goodwill arising on acquisitions was brought in at cost and offset firstly against negative goodwill arising during the year on similar acquisitions, secondly against available reserves and thereafter against retained profits brought forward. Goodwill written off to reserves prior to 1 January 1998 has not been reinstated.

On the subsequent disposal of any business to which previously written off goodwill is attaching, the related amount would be charged or credited in the profit and loss account as appropriate.

Deferred taxation

Deferred taxation represents so much of the timing differences at the current rate of corporation tax between profits as computed for taxation purposes and profits as stated in the accounts, which, in the opinion of the directors, may, on a group basis, result in a corporation tax liability or benefit in the foreseeable future.

Pension funding

The company is a member of a group which operates a defined benefit pension scheme for employees, the assets of which are held in a separate trustee administered fund. The expected cost of pensions is charged to the profit and loss account so as to spread the cost of pensions over the service life of employees in the scheme. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

The group also operates a defined contribution scheme introduced in 1998. The pension cost in respect of this scheme is the contributions paid.

Operating lease contracts

Rentals payable under operating leases are charged to the profit and loss account over the period of the lease on a straight line basis.

2. **Turnover and profit on ordinary activities before taxation**

The turnover and profit on ordinary activities before taxation is wholly attributable to television and ancillary equipment rental activities within the United Kingdom.

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

3. **Profit on ordinary activities before taxation**

This is stated after charging/(crediting):	1998	1997
	£	£
Depreciation	566,939	566,067
Amortisation of goodwill	2,357	-
Auditors' remuneration	6,000	5,000
Interest on bank and other short term borrowings (in cost of sales)	102,084	42,194
Operating lease rentals - land and buildings	19,024	16,885
- other	10,014	12,837
Profit on disposal of tangible fixed assets	<u>(8,305)</u>	<u>(39,423)</u>

4. **Directors' emoluments**

The directors receive no emoluments in respect of their services for this company.

5. **Staff costs**

	1998	1997
	£	£
Wages and salaries	702,881	676,362
Social security costs	61,166	52,871
Cattles pension scheme costs (note 6)	37,774	39,777
Defined contribution pension scheme costs	5,326	-
	<u>£807,147</u>	<u>£769,010</u>

The average weekly number of employees during the year was made up as follows:

	1998	1997
Non-resident directors	3	3
Retail and administration staff	57	57
	<u>60</u>	<u>60</u>

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

6. Pension costs

The company is a member of a group which operates a defined benefit pension scheme for employees. The assets of the scheme are held separately in a trustee administered fund. Contributions to the scheme are assessed in accordance with the advice of a qualified actuary using the projected unit method. Except in certain circumstances, this scheme is closed to new entrants from 1998.

Details of the scheme including the most recent actuarial valuation, assumptions affecting that valuation and current funding levels are disclosed in the group accounts prepared by Cattles plc.

The charge in this company for Pension Cost for this scheme for the year was £37,774 (1997 : £39,777).

The group introduced a defined contribution group personal pension scheme in 1998 for new employees and existing employees who were not members of the defined benefit pension scheme. The Pension Cost in respect of this scheme is the cash contribution paid.

7. Tax on profit on ordinary activities

	1998 £	1997 £
Based on the profit for the year		
Corporation tax at 31% (1997 : 31.5%)	134,000	40,000
Deferred taxation	8,430	-
	<hr/>	<hr/>
	142,430	40,000
 Taxation under/(over) provided in previous years		
Corporation tax	53,967	(4,629)
Deferred taxation	58,550	(75,810)
	<hr/>	<hr/>
	<u>£254,947</u>	<u>£(40,439)</u>

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

8. Dividends

	1998 £	1997 £
Final - proposed	<u>£90,000</u>	<u>£100,000</u>

9. Intangible fixed assets

	Goodwill £
Cost at 1 January 1998	-
Additions (note 20)	108,829
Cost at 31 December 1998	<u>108,829</u>
Amortisation at 1 January 1998	-
Charge for the year	2,357
Amortisation at 31 December 1998	<u>2,357</u>
Net book amount at 31 December 1998	<u>106,472</u>
Net book amount at 31 December 1997	<u>-</u>

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

10. **Tangible fixed assets**

	Total	Assets for rental	Motor vehicles	Office equipment	Improvements to leasehold property
	£	£	£	£	£
Cost					
At 1 January 1998	4,557,491	4,066,509	368,083	110,917	11,982
Additions	704,412	513,855	173,999	10,092	6,466
Additions arising on acquisitions	29,040	29,040	-	-	-
Disposals	(677,899)	(559,953)	(117,946)	-	-
At 31 December 1998	<u>4,613,044</u>	<u>4,049,451</u>	<u>424,136</u>	<u>121,009</u>	<u>18,448</u>
Depreciation					
At 1 January 1998	2,345,674	2,165,985	101,683	73,351	4,655
Provided during the year	566,939	466,228	81,968	16,355	2,388
Disposals	(411,450)	(359,815)	(51,635)	-	-
At 31 December 1998	<u>2,501,163</u>	<u>2,272,398</u>	<u>132,016</u>	<u>89,706</u>	<u>7,043</u>
Net book value					
At 31 December 1998	<u>£2,111,881</u>	<u>£1,777,053</u>	<u>£292,120</u>	<u>£31,303</u>	<u>£11,405</u>
At 31 December 1997	<u>£2,211,817</u>	<u>£1,900,524</u>	<u>£266,400</u>	<u>£37,566</u>	<u>£7,327</u>

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

11. **Stocks**

	1998 £	1997 £
Assets held for future rental	£49,792	£46,142

12. **Debtors**

	1998 £	1997 £
Trade debtors	49,467	46,848
Amounts owed by group undertakings	157,163	45,965
Prepayments and accrued income	19,098	16,941
Deferred installation costs	122,605	105,816
Other debtors	44,734	41,224
	<u>£393,067</u>	<u>£256,794</u>

13. **Creditors : amounts falling due within one year**

	1998 £	1997 £
Bank overdraft	1,659,475	1,535,859
Trade creditors	37,008	58,977
Amounts owed to group undertakings	315,869	535,793
Corporation tax	235,653	72,578
Other taxes and social security	116,932	113,458
Accruals	89,313	70,557
Proposed dividends	90,000	100,000
	<u>£2,544,250</u>	<u>£2,487,222</u>

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

14. **Provisions for liabilities and charges**

	1998 £	1997 £
Deferred taxation		
Deferred taxation is provided in full and is made up as follows:		
Accelerated capital allowances	£66,980	£ -
Movement in provision:		
As at 1 January 1998	-	
Transfer from profit and loss account	66,980	
As at 31 December 1998	£66,980	

15. **Share capital**

	Authorised		Allotted, called up and fully paid	
	1998 No	1997 No	1998 £	1997 £
Ordinary shares of 1p each	499,500	499,500	£4,995	£4,995

16. **Profit and loss account**

	£
At 1 January 1998	490,960
Retained profit for the year	103,921
At 31 December 1998	£594,881

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

17. Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	193,921	393,080
Dividends	90,000	100,000
Goodwill written off in the year	-	101,864
	<hr/>	<hr/>
Net addition to shareholders' funds	103,921	191,216
Shareholders' funds at 1 January 1998	495,955	304,739
	<hr/>	<hr/>
Shareholders' funds at 31 December 1998	<u>£599,876</u>	<u>£495,955</u>

18. Operating lease obligations

At 31 December 1998 the company had annual commitments under operating leases relating to land and buildings as follows:

	1998 £	1997 £
Operating leases which expire:		
Within one year	5,160	5,160
Between two and five years	-	-
After five years	14,650	11,650
	<hr/>	<hr/>
	<u>19,810</u>	<u>16,810</u>

19. Capital commitments

	1998 £	1997 £
Contracted for but not provided in these accounts	<u>97,000</u>	<u>34,984</u>

TELEPLAN RENTALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998

20. **Goodwill**

During the year the company made various acquisitions, wholly for cash, as follows:

	Total £
Rented assets	29,040
Consideration	137,869
Goodwill	<u>£108,829</u>

21. **Contingent liabilities**

This company, together with other companies of the group, has entered into an unlimited multilateral bank guarantee

22. **Cash flow statement**

As the company is a wholly owned subsidiary undertaking of Cattles plc, a company registered in England and Wales, a cash flow statement has not been prepared. The parent company prepares consolidated accounts which include a consolidated cash flow statement dealing with the cash flows of the group.

23. **Related party transactions**

Advantage has been taken of the exemption under Financial Reporting Standard 8 (FRS 8) "Related Party Transactions" not to disclose transactions with entities that are part of the Cattles plc group on the grounds that all the voting rights of the company are controlled by Cattles plc.

24. **Ultimate parent undertaking**

The ultimate parent undertaking and controlling party of this company is Cattles plc, registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Cattles plc. The consolidated financial statements of this group are available to the public and may be obtained from the Registered Office, Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD.