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TELEPLAN RENTALS LIMITED

31ST DECEMBER, 1996

FINANCIAL STATEMENTS



Company number 133540

TELEPLAN RENTALS LIMITED

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TELEPLAN RENTALS LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st December, 1996.

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;
- 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. Results and dividends

The trading profit for the year, after taxation, amounted to £306,514.

The directors recommend payment of a final ordinary dividend of £150,000 which leaves a profit of £156,514 to transfer to reserves.

TELEPLAN RENTALS LIMITED

DIRECTORS' REPORT

3. Review of the business

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

Additional turnover in the year has resulted in improved profits and the directors are confident that this performance can be maintained in the future.

4. Directors and their interests

The directors of the company at 31st December, 1996 were:-

J. E. G. Cran

G. Clappison

G. R. Dunn (appointed 30th August, 1996)

There were no other changes in directorships during the year.

The interests of the directors in the shares of the ultimate 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.

5. Changes in tangible fixed assets

The changes in tangible fixed assets are summarised in the notes to the accounts and relate principally to the normal acquisition and replacement of trading assets.

TELEPLAN RENTALS LIMITED

DIRECTORS' REPORT

6. Auditors

Smailes, Goldie & Co. resigned as auditors on 9 May 1996 at the request of the directors and Price Waterhouse were appointed as sole auditors on this date.

The company has passed an elective resolution to dispense with the obligation to re-appoint auditors annually. Price Waterhouse shall therefore be deemed re-appointed as auditors.

BY ORDER OF THE BOARD


P. J. DOHERTY

Secretary

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

24th March, 1997

AUDITORS' REPORT TO THE MEMBERS OF TELEPLAN RENTALS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared in accordance with the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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 at 31st December, 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

24th March, 1997

TELEPLAN RENTALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1996

	Notes	<u>1996</u>		<u>1995</u>	
		£	£	£	£
Turnover	2		2,524,865		2,264,149
Other operating income			363		390
			<u>2,525,228</u>		<u>2,264,539</u>
Other external charges			724,403		688,247
			<u>1,800,825</u>		<u>1,576,292</u>
Staff costs	5	647,020		515,483	
Depreciation		372,712		518,384	
Other operating charges		323,159		278,634	
		<u>1,342,891</u>		<u>1,312,501</u>	
Operating profit	3		457,934		263,791
Taxation on profit on ordinary activities	6		151,420		86,826
Profit on ordinary activities after taxation	2		<u>306,514</u>		<u>176,965</u>
Dividends	7		150,000		100,000
Retained profit for the financial year			<u>156,514</u>		<u>76,965</u>

The only recognised gain was the profit for the year of £306,514 (1995 £176,965).

There were no material acquisitions and no discontinued operations in the year or in the previous year.

The annexed notes form part of these financial statements.

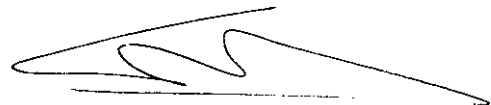
TELEPLAN RENTALS LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1996

	Notes	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	8		2,025,968		1,225,716
Current assets					
Stocks	9	58,789		20,496	
Debtors	10	486,733		424,417	
Cash at bank		207,852		504,990	
Cash in hand		1,650		950	
		<u>755,024</u>		<u>950,853</u>	
Creditors: amounts falling due within one year					
Creditors	11	2,162,469		1,400,323	
Corporation tax		87,974		131,876	
Proposed dividends		150,000		100,000	
		<u>2,400,443</u>		<u>1,632,199</u>	
Net current liabilities			(1,645,419)		(681,346)
Total assets less current liabilities			<u>380,549</u>		<u>544,370</u>
Provision for liabilities and charges					
Deferred taxation	12		75,810		3,350
Net assets		£	<u>304,739</u>	£	<u>541,020</u>
Capital and reserves					
Called up share capital	13		4,995		4,995
Profit and loss account	14		299,744		536,025
Shareholders' funds	15	£	<u>304,739</u>	£	<u>541,020</u>

G. CLAPPISON - Director

Approved by the Board on 24th March, 1997.



The annexed notes form part of these financial statements.

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

1. Accounting policies

The following are the principal accounting policies which have remained unchanged from the previous year.

a) Accounting convention

The accounts have been prepared under the historical cost convention.

b) Turnover

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

c) Deferred rental income

Deferred rental income comprises the proportion of gross rentals received or receivable which is carried forward into future periods.

The amount carried forward is calculated to allocate the advance rental receivable over the remainder of the rental period.

d) 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

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

e) 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.

f) Deferred taxation

Deferred taxation represents so much of the difference at the current rate of corporation tax between the allowances utilised for taxation purposes and the amount included in the accounts which, in the opinion of the directors may, on a group basis, result in a liability for corporation tax in the foreseeable future.

g) 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.

h) Operating lease contracts

Rentals payable under operating leases are charged to profit and loss account over the period of the leases 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

31ST DECEMBER, 1996

3. Operating profit

	1996	1995
	£	£
This is stated after charging:		
Auditors' remuneration	4,772	4,448
Operating lease rentals - land and buildings	9,143	5,701
- other	12,897	9,633
	<u> </u>	<u> </u>

4. 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.

Actuarial valuations are normally carried out triennially, the most recent valuation being as at 31st March, 1995. At the date of the latest actuarial valuation the market value of the assets of the scheme was £13,938,000. The actuarial value of the assets represented 94 per cent of the value of the benefits that had accrued to members, after allowing for expected future increases in earnings. The assumptions, relative to price inflation, which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rates of increase in earnings and the rate of dividend growth. It was assumed that the investment return would exceed price inflation by 4.5 per cent per annum, that salary increases would exceed price inflation by 2 per cent per annum and that the annual rate of dividend growth would rise in line with price inflation. The same actuarial assumptions have been adopted to determine the group's pension cost.

On this basis the funding shortfall disclosed has been spread over the average expected future working lives of scheme members. The charge in this company for pension cost for the year under this scheme was £28,752 (1995 £25,183).

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

	1996	1995
	£	£
5. Staff costs		
Salaries and wages	572,102	454,346
Social security costs	46,166	35,954
Pension contributions	28,752	25,183
	<u>£ 647,020</u>	<u>£ 515,483</u>
The average weekly number of employees during the year was made up as follows:	1996	1995
	No.	No.
Non-resident directors	3	2
Retail staff	42	41
Administration staff	3	2
	<u>48</u>	<u>45</u>

The directors did not receive any remuneration from this company in the year ended 31st December, 1996 or in the previous year.

	1996	1995
	£	£
6. Taxation on profit on ordinary activities		
Based on the profit for the year		
Corporation tax at 25% and purchase of group relief	80,000	125,000
Deferred taxation	72,460	(37,300)
	<u>152,460</u>	<u>87,700</u>
Taxation over provided in previous years		
Corporation tax	(1,040)	(874)
	<u>£ 151,420</u>	<u>£ 86,826</u>

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

	1996 £	1995 £
7. Dividends		
Ordinary - Final proposed	£ 150,000	£ 100,000

8. Tangible fixed assets	Total £	Assets for rental £	Motor vehicles £	Office equip- ment £	Improve- ments to leasehold property £
Cost:					
At 1st January, 1996	3,461,231	3,111,112	255,138	91,131	3,850
Additions	1,231,132	989,832	229,072	9,365	2,863
Additions arising on acquisitions	207,239	207,239	-	-	-
Disposals	(683,735)	(551,090)	(129,559)	(3,086)	-
As at 31st December, 1996	4,215,867	3,757,093	354,651	97,410	6,713
Depreciation:					
At 1st January, 1996	2,235,515	2,109,808	82,999	40,688	2,020
Charged in year	427,732	348,499	62,997	15,427	809
Disposals	(473,348)	(399,606)	(70,671)	(3,071)	-
As at 31st December, 1996	2,189,899	2,058,701	75,325	53,044	2,829
Net book value					
As at 31st December, 1996	£ 2,025,968	1,698,392	279,326	44,366	3,884
As at 31st December, 1995	£ 1,225,716	1,001,304	172,139	50,443	1,830

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

	1996	1995
	£	£
9. Stocks		
Assets held for future rental	£ 58,789	£ 20,496
	<u> </u>	<u> </u>

	1996	1995
	£	£
10. Debtors		
Parent and fellow subsidiaries	281,715	354,806
Trade debtors	157,500	53,698
Prepayments and accrued income	11,253	15,913
Other debtors	36,265	-
	<u> </u>	<u> </u>
	£ 486,733	£ 424,417
	<u> </u>	<u> </u>

	1996	1995
	£	£
11. Creditors: amounts falling due within one year		
Bank overdraft	289,304	-
Parent and fellow subsidiaries	459,115	287,284
Trade creditors	114,942	181,239
Tax and social security	31,907	17,317
Accruals and deferred income	1,267,201	914,483
	<u> </u>	<u> </u>
	£ 2,162,469	£ 1,400,323
	<u> </u>	<u> </u>

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

12. Deferred taxation	<u>1996</u>	<u>1995</u>
	£	£
Deferred taxation is provided in full and is made up as follows:		
Accelerated capital allowances	£ 75,810	£ 3,350
	<u> </u>	<u> </u>
As at 31st December, 1995	3,350	40,650
Transfer from/(to) profit and loss account	72,460	(37,300)
	<u> </u>	<u> </u>
As at 31st December, 1996	£ 75,810	£ 3,350
	<u> </u>	<u> </u>

	Authorised		Allotted, called up and fully paid	
13. Share capital	1996 No.	1995 No.	1996 £	1995 £
Ordinary shares of 1p each	499,500	499,500	4,995	4,995
	<hr/>	<hr/>	<hr/>	<hr/>
	499,500	499,500	£ 4,995	£ 4,995
	<hr/>	<hr/>	<hr/>	<hr/>

14. Profit and loss account	£
As at 1 January, 1996	536,025
Profit for the year	306,514
Dividends	(150,000)
Goodwill written off	(392,795)
	<u> </u>
	£ 299,744
	<u> </u>

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

15. Reconciliation of movement in shareholders' funds	1996 £	1995 £
Profit for the financial year	306,514	176,965
Dividends	(150,000)	(100,000)
Goodwill written off in the year	(392,795)	-
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(236,281)	76,965
Shareholders' funds at 31st December, 1995	541,020	464,055
	<hr/>	<hr/>
Shareholders' funds at 31st December, 1996	£ 304,739	£ 541,020
	<hr/> <hr/>	<hr/> <hr/>

16. Ultimate holding company

The ultimate holding company of this company is Cattles plc, a company registered in England and Wales.

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

18. Capital commitments	1996 £	1995 £
Contracted for but not provided in these accounts	£ -	£ 44,666
	<hr/>	<hr/>
Authorised by the directors but not contracted for	£ 29,026	£ NIL
	<hr/> <hr/>	<hr/> <hr/>

TELEPLAN RENTALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 1996

19. Operating lease obligations

The company has the following commitments for the year ending 31st December, 1997 in respect of operating leases relating to land and buildings which expire:

	£
Within one year	5,160
Between two and five years	4,400
After five years	7,250
	<hr/>
	£ 16,810
	<hr/>

20. 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.