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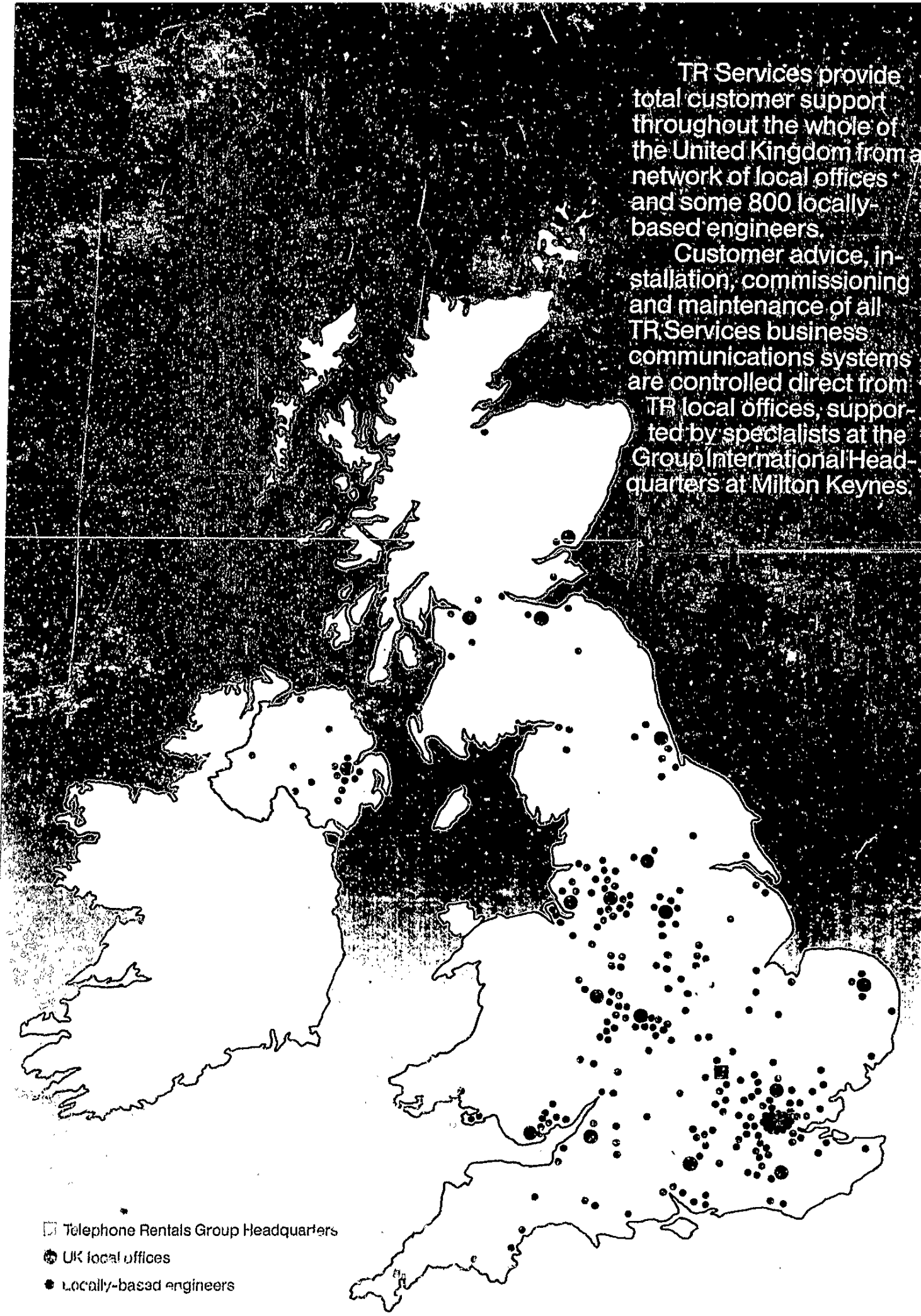
Companies House is an Executive Agency of the Department of Trade and Industry.

The TR816 is a micro-computer key telephone system offering a range of operating features and a flexibility of communications only previously available in electronic PABX systems. With up to eight exchange lines and sixteen internal extensions, the TR816 provides fast access to the outside world and a complete, highly-specified internal communications system.



TR Services provide total customer support throughout the whole of the United Kingdom from a network of local offices and some 800 locally-based engineers.

Customer advice, installation, commissioning and maintenance of all TR Services business communications systems are controlled direct from TR local offices, supported by specialists at the Group International Headquarters at Milton Keynes.

- 
- Telephone Rentals Group Headquarters
 - UK local offices
 - Locally-based engineers

Telephone Rentals plc

Directors

Sir CHARLES BALL, Bt. (Chairman)
C. C. W. BOX-GRAINER, F.Inst.M., F.Inst B E.
E. H. COOPER, E.R.D., M.A.
G. R. N. GELLATLY, F.C.A.
D. H. GOODCHILD, C.B.E.
H. G. LILLICRAP, C.B.E., B.Sc. (Eng.)
N. N. GRAHAM MAW, M.A., LL.B.
P. A. MOORE
G. A. NEALE, M.P.
R. A. SLY, R.D. (Managing Director)
Dr. B. F. WILLETTS, Ph.D., B.Sc., F.I.Mech.E., F.I.Prod.E.

Secretary

K. H. FRANCIS, F.C.C.A., A.C.I.S.

Bankers

NATIONAL WESTMINSTER BANK PLC
52 Threadneedle Street, London EC2R 8AL

Solicitors

ROWE & MAW
15 Devereux Court, Essex Street, London WC2R 3JX

Auditors

BAKER ROOKE
Clement House, 99 Aldwych, London WC2B 4JY

Brokers

FIELDING, NEWSON-SMITH & CO.
Garrard House, 31 Gresham Street, London EC2V 7DX

Registrars

NATIONAL WESTMINSTER BANK PLC
Registrar's Department,
P.O. Box 82,
37 Broad Street, Bristol BS99 7NH
Telephone: 0272 263000

Registered Office

TR House, Bletchley, Milton Keynes MK3 5JL
Registered in London: No. 244080

Telephone Rentals plc

Notice of Meeting

NOTICE IS HEREBY GIVEN that the FIFTY-FIFTH ANNUAL GENERAL MEETING of the Company will be held at the Registered Office, TR House, Bletchley, Milton Keynes, Bucks MK3 5JL, on Thursday, 14th June, 1984, at 12.30 p.m. for the following purposes:

- (1) To adopt the Report of the Directors and the Audited Accounts of the Company for the year ended 31st December, 1983 and to declare a dividend

Resolution 1

- (2) To re-elect Directors:
Mr. G. R. N. Gellatly
Mr. N. N. Graham Maw

Resolution 2

Resolution 3

- (3) To consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

"That the Articles of Association of the Company be altered by deleting the first sentence of Article No. 83 and submitting therefor the following sentence:

'With effect from the 1st January, 1984 each of the Directors shall be paid out of the funds of the Company by way of remuneration for his services, a sum at the rate of £5,000 per annum.'

Resolution 4

- (4) To re-appoint Messrs. Baker Rooke as Auditors of the Company and to authorise the Directors to fix their remuneration for 1984

Resolution 5

By Order of the Board,
K. H. FRANCIS,
Secretary.

TR House,
Bletchley,
Milton Keynes,
Bucks MK3 5JL.
21st May, 1984

NOTES

A member entitled to attend and vote at the Meeting may appoint a Proxy to attend and on a poll, to vote on his/her behalf. A Proxy need not be a member of the Company. The instrument appointing a Proxy must reach the National Westminster Bank PLC, Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7YA not later than forty-eight hours before the Meeting is due to commence.

A Form of Proxy is enclosed on page 33.

Subject to the proposed dividend being approved, the dividend will be paid on 2nd July, 1984 to all Shareholders on the Register of Members as at the close of business on Friday, 1st June, 1984.

There will be available for inspection at the Company's Registered Office between the hours of 9.30 a.m. and 4.00 p.m. from 24th May until 13th June, 1984 (Saturdays, Sundays and Public Holidays excluded), and on 14th June, 1984 from 12.15 p.m. until the conclusion of the Meeting, copies, or a memorandum in writing, of all contracts of service of the Directors with the Company or with its Subsidiaries (other than contracts expiring, or determinable by the Company without payment of compensation, within one year).

Telephone Rentals plc

Chairman's Statement

Results for 1983

Profits before taxation amounted to £14,224,000, an increase of 11.8% on the profits of £12,726,000 in the previous year. The higher level of rental installations fitted contributed to a material reduction in United Kingdom taxation. Group tax accordingly amounted to £3,548,000 compared with £5,385,000. This leaves profits after tax at £10,676,000, equivalent to earnings of 13.67p per share compared with 9.39p for 1982.

Your Directors are recommending a final dividend of 3.75p per share making with the interim dividend of 2p per share a total of 5.75p per share (1982—5p) which is covered 2.38 times.

The profits before tax earned in each of the geographical regions listed on page 16 increased, with the United Kingdom showing an increase of 6.8%, and the overseas companies an increase in aggregate of 40.5%. For the Group as a whole profits exceeded those of the previous best year in 1981, although the contribution from the United Kingdom marginally failed to reach the former level. Further comments on the results for 1983 are given in the following review of operations.

United Kingdom

In my Statements over the last two years I have indicated that the provisions of the British Telecommunications Act 1981 would give us opportunities which had not previously been available, but at the same time we would meet greater competition in some of our traditional markets. It was expected that the benefits to be received would not be immediate and indeed we would be incurring considerable expenses before obtaining those benefits.

I am glad to report that after a setback in 1982, we have achieved a modest recovery in 1983, the bulk of which fell into the second half-year. We did, however, encounter many frustrating delays and disappointments in the phased liberalisation of the British Telecom monopoly. For example the dates for the liberalisation of key telephone systems and dealing boards had been originally planned for October 1982. But by the end of 1983 approval had not been given for our equipment. I will refer to this again under "Prospects" below.

On the positive side, Telephone Rentals was the first private telecommunications service organisation to receive British Standards Institution registration and the Department of Trade and Industry's approval to maintain call-routing systems under the British Telecommunications Act 1981. We have always been proud of our country-wide maintenance service, graphically illustrated on page 2, and we are pleased that this has been recognised by the appropriate official bodies. As a result we completed and brought into service in the early days of August the first of our digital PABX systems which we are now permitted to install, rent and maintain. Further systems were fitted by the end of the year, either on a sale or rental basis.

Our Data Communications Systems Division had a most successful year with an encouraging increase in the number of contracts secured and systems fitted, particularly in the Telex and Message Switching sectors. I referred last year to the opening-up to private enterprise of the Telex market in July 1982. We now have nearly three thousand terminals installed on rental representing a material increase in our overall rental base.

The remainder of our Product Divisions, listed on page 32, performed satisfactorily in what was still a somewhat depressed market.

Our order intake for new rental business exceeded that for any previous year by a substantial margin. This gain is however partly eroded by the premature termination of rental contracts already in being. The termination of contracts cancelled through the liquidation of subscribers showed a decrease, but British Telecom took full advantage of contrived delays in getting type approval for our new telephone systems by mounting an aggressive selling campaign. As we were unable to compete, we suffered the premature cancellation of a greater number of rental contracts than would otherwise have been the case although in general this loss was mitigated by the receipt of compensation under the terms of the contracts.

In view of the increased sums involved in digital PABX systems, particularly in some large national networks, our sales order intake was also at a record level. However, margins and the level of orders came under pressure in the fourth quarter as British Telecom became very much

Telephone Rentals plc

Chairman's Statement (continued)

more active in the above 100 line PABX market with a pricing policy beyond commercial comprehension.

Our wholly owned subsidiary company Electro-Rentals Limited, which operates in the commercial refrigeration market, had another satisfactory year with a further increase in profit.

Overseas Companies

Despite difficult trading conditions our associated company in Australia had a successful year.

Our Canadian subsidiary which had incurred a large loss in 1982 almost broke even in 1983. Its penetration of the telephone market showed a marked improvement particularly on a rental basis.

Our French companies had a mixed performance and overall the profits were lower than in 1982. The rental business secured has, however, shown an encouraging increase.

Our subsidiaries in the Republic of Ireland had a good year and profits showed a substantial increase over those for 1982.

Once again our South African companies performed well and achieved record profits for the twelfth consecutive year. These companies employ a total of 21 Bantu and I have been asked by the Department of Trade and Industry to state that all our non-white employees are paid well above the Supplemented Living Level. Additionally they receive substantial payments under a profit-sharing scheme. More detailed information, if required, is available from the Company Secretary.

In the United States our subsidiary made further encouraging progress and profits increased over those for 1982.

Prospects

The last two years have been for our United Kingdom operation a period of change—in our products and in the market place. We have used that time to good effect so that all sections of our staff are fully trained as we enter the period of opportunity. As the largest company in this country solely in the business communications

market we intend to justify the confidence placed by the Government in the private sector when it decided to break the British Telecom monopoly. Of course we shall meet increasing competition from British Telecom and from elsewhere, but the experience we have gained since our business was started eighty years ago will stand us in good stead as we continue to provide for our customers and subscribers the right communications equipment at a competitive price and above all with an efficient maintenance service.

I have referred earlier to delays in the implementation of liberalisation. I am glad to say, however, that we are now gradually receiving the necessary approvals. For instance, at the end of January this year we received approval for the key telephone system illustrated on page 1. This equipment, which provides internal and external communications, is intended for the smaller business and enables us to compete in a market which was not previously open to us. Many systems have already been fitted on a sale or rental basis and in each case we are responsible for maintenance.

Traditionally we have financed our rental installations from our own cash resources. The increasing business which we now expect to receive will require capital expenditure on a larger scale than hitherto and arrangements have already been made with our bankers to ensure that adequate resources are available. The amounts involved, however, are small in relation to our total assets.

Although the recent Finance Bill contained changes in the structure of capital allowances, it is our belief that there is little likelihood of a liability arising on deferred taxation over the next few years and the accounts have been prepared on this basis. It is hoped however that because of the tax changes, an increasing proportion of potential customers will realise the consequential advantage of obtaining their equipment on a rental basis rather than by outright purchase.

Orders for new rental and sale business in the first four months of this year continue at an encouragingly high level and this, together with the healthy order book at the beginning of the year, presents our installation engineering workforce with the largest volume of work-in-hand for some years. The numbers of our staff

Telephone Rentals plc

Chairman's Statement (continued)

employed in the United Kingdom have been falling for several years. As a result of the opportunities now available we are increasing these numbers in our sales and engineering departments. This naturally leads to an immediate increase in costs but we consider that this will be compensated for by the greater volume of business we hope to obtain.

With the anticipated growth in our United Kingdom business and an expected increase in the contribution from our overseas operations, your Board is confident that 1984 will show a further increase in Group profits.

Directors

Mr. Nigel Graham Maw, senior partner of our solicitors, Messrs. Rowe & Maw, was appointed to the Board on 1st March 1984. He retires in accordance with the Articles of Association and your directors are pleased to recommend his re-appointment.

Mr. E. H. Cooper and Mr. H. G. Lillicrap have both reached the age of 70 and will accordingly be retiring from the Board at the end of the forthcoming Annual General Meeting. Mr.

Cooper joined the Company in 1936 and has been a non-executive director since retiring as Chairman in 1981. Mr. Lillicrap has been a non-executive director since 1976. On your behalf I thank them both for their valuable services to Telephone Rentals.

Staff

The relationship between management and staff, throughout our history, has been of the highest order marred on only isolated occasions by disagreement. We had one of these rare disagreements in the United Kingdom during 1983 when the Company felt it was unable to meet all the aspirations of a section of our engineering force. The ensuing industrial action caused inconvenience to some of our subscribers but fortunately no lasting harm was done to our reputation for good service. Apart from this, our staff throughout the world worked well and conscientiously to further the interests of the Group.

On your behalf therefore I would like to give each employee throughout the world a well-deserved message of thanks for their efforts during the year.

Charles Ball

Telephone Rentals plc

Report of the Directors

The Directors have pleasure in submitting their Annual Report and the Audited Accounts for the year ended 31st December, 1983. The Report and Accounts are presented in the revised format prescribed by the Companies Act 1981 and the comparative information for 1982 has been presented accordingly.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A review of the development of the Company and its Subsidiaries, together with a Statement on the future prospects of the Group is contained in the Chairman's Statement which appears on pages 5, 6 and 7.

DIVIDENDS

On 5th December, 1983 an Interim Dividend of 2p per share was paid in respect of 1983. The Directors recommend the payment of a Final Dividend for 1983 of 3.75p per share making a total of 5.75p per share for the year compared with 5p per share for 1982.

CAPITAL

(a) Savings Related Share Option Scheme

During the year the first options under the Savings Related Share Option Scheme were exercised. These involved 616 shares taken up by employees on retirement. The issued share capital now stands at £19,405,248.

During the year a second offer was made under the Scheme and this was taken up by 121 employees of whom 55 were new members.

As at 31st December, 1983 there were outstanding options in respect of 702,982 shares with a nominal value of £175,745 against £970,255 set aside for the Scheme.

A further offer is being made this year.

(b) Substantial Share Holdings

The Directors have received notification as required by Section 63 of the Companies Act 1981 from Prudential Corporation plc that the interest of their group of companies in Telephone Rentals plc amounts to 5.01% of the issued share capital.

ACTIVITIES AND COMPOSITION OF THE GROUP

The activities of the Group are set out on page 32. They did not change to any material extent during 1983.

The composition of the Group is shown on pages 30 and 31.

DIRECTORS AND DIRECTORS' INTERESTS

Mr. N. N. Graham Maw, the Senior Partner of the Company's Solicitors Messrs. Rowe & Maw, was appointed to the Board on 1st March, 1984. In accordance with the provisions of Article 86 he now retires and, being eligible, offers himself for re-election.

Mr. G. R. N. Gellatly retires by rotation and, being eligible, offers himself for re-election. Mr. Gellatly, who is the Financial Director, has a contract of service requiring three years' notice of termination by the Company.

Mr. E. H. Cooper and Mr. H. G. Lillicrap have both reached the age of 70 and are accordingly retiring from the Board at the end of the forthcoming Annual General Meeting.

Telephone Rentals plc

Report of the Directors (continued)

The persons whose names appear in the table below were Directors of the Company during the whole of the year.

Directors as at 31st December, 1983	Ordinary Shares of 25p each, Fully Paid	
	31st December, 1983	31st December, 1982
Sir Charles Ball	1,500	1,500
C. C. W. Box-Grainger	1,008	860
E. H. Cooper	44,359	48,263
G. R. N. Gellatly	900	900
D. H. Goodchild	800	800
H. G. Lillicrap	1,000	1,000
P. A. Moore	800	800
G. A. Neale	800	800
R. A. Sly	2,092	2,092
Dr. B. F. Willetts	1,000	1,000

The shares listed above were held beneficially.

There were no changes in Directors' interests between 31st December, 1983 and 21st April, 1984.

In addition to the above-mentioned holdings, the following Directors have been granted options under the Telephone Rentals Savings Related Share Option Scheme introduced in 1982:—

C. C. W. Box-Grainger	1,238
G. R. N. Gellatly	928
P. A. Moore	928
R. A. Sly	3,095

The fees at present payable to the Directors for their services under the terms of Article No. 83 are "at the rate of £3,000 per annum with an additional sum at the rate of £1,000 per annum for the Chairman". These have remained unchanged since 1979. It is considered that in order to bring the fees more into line with current conditions there should be an increase to £5,000 per annum and a Special Resolution to this effect will be submitted for Shareholders' approval at the Annual General Meeting.

FIXED ASSETS

The Freehold and Leasehold Properties included in Fixed Assets consist almost entirely of office premises and stores occupied by the Group for business purposes. It is considered that any surplus of market value over the amount at which the properties appear in the Balance Sheet is not of material significance in relation to the Fixed Assets as a whole.

CHARITABLE AND POLITICAL DONATIONS

During the year the Group made contributions of £5,737 to United Kingdom Charitable Organisations.

£5,000 was paid to the Conservative Party.

RESEARCH AND DEVELOPMENT

The Company operates a Research and Development department. This is largely involved with the evaluation and improvement of products from a wide range of suppliers which may profitably be used in providing services to the Company's customers.

Telephone Rentals plc

Report of the Directors (continued)

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the Company to give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continuing employment of persons who become disabled during service and for appropriate training, career development and promotion of disabled persons.

EMPLOYEE INVOLVEMENT

The Company places importance on providing employees with information to assist in good relationships and promotion of the commercial efficiency of the Company. Direct staff communications are maintained through annual meetings, the Employees Annual Report and the TR Journal which is published on a quarterly basis.

The Company recognises and holds meetings with the EET&PU and EESA.

The Company operates a Staff Suggestion Scheme which provides financial rewards for ideas helping to improve the Company's efficiency and profitability.

The Company operates a contributory Pension Fund and Life Assurance Scheme together with an Additional Voluntary Contribution Scheme. It has introduced a Savings Related Share Option Scheme to encourage savings and an investment in the Company's future prosperity.

INCOME AND CORPORATION TAXES ACT, 1970

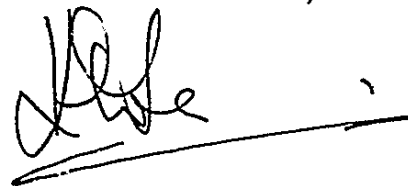
The Directors are of the opinion that the Company is not a Close Company as defined by the Income and Corporation Taxes Act, 1970.

AUDITORS

The Auditors, Messrs. Baker Rooke, Chartered Accountants, are willing to continue in office and a resolution to re-appoint them and to authorise the Directors to fix their remuneration will be submitted to the Annual General Meeting.

TR House,
Bletchley,
Milton Keynes,
Bucks MK3 5JL.
21st May, 1984

By Order of the Board.
K. H. FRANCIS,
Secretary.



Telephone Rentals plc and its Subsidiaries

Consolidated Profit and Loss Account for the year ended 31st December, 1983

	Notes	£000	1983 £000	£000	1982 £000
TURNOVER	2		57,590		57,377
Change in Stocks and Work in Progress			2,765		859
			<u>60,355</u>		<u>58,236</u>
Less: Net Operating Expenses	3	40,730		41,195	
Depreciation on Rental Installations		6,230		5,370	
			<u>47,010</u>		<u>46,565</u>
PROFIT ON TRADING			13,345		11,671
Net Interest Receivable	6		516		862
			<u>13,861</u>		<u>12,533</u>
Share of profits of Associated Company			363		193
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			14,224		12,726
Taxation on profit of ordinary activities	7		3,548		5,385
			<u>10,676</u>		<u>7,341</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			10,676		7,341
Minority interests			66		55
PROFIT BEFORE EXTRAORDINARY ITEMS			10,610		7,286
Extraordinary items	8		—		2,411
			<u>10,610</u>		<u>9,697</u>
PROFIT FOR THE FINANCIAL YEAR			10,610		9,697
Dividends	9		4,463		3,881
BALANCE OF PROFIT RETAINED IN BUSINESS	10		<u>6,147</u>		<u>5,816</u>
EARNINGS PER SHARE	11		<u>13.67p</u>		<u>9.39p</u>

The notes on pages 15 to 23 form part of these Accounts.

Telephone Rentals plc and its Subsidiaries

Consolidated Balance Sheet, 31st December, 1983

	Notes	£000	1983 £000	£000	1982 £000
FIXED ASSETS					
Tangible Assets	12		67,767		58,923
Investments	13		1,690		1,567
			<u>69,457</u>		<u>60,490</u>
CURRENT ASSETS					
Stocks	14	11,576		8,811	
Debtors	15	10,160		10,312	
Investments	16	1,037		5,425	
Cash at Bank and in Hand		365		668	
		<u>23,138</u>		<u>25,216</u>	
CREDITORS: Amounts falling due within one year	17	<u>21,846</u>		<u>18,953</u>	
NET CURRENT ASSETS			<u>1,292</u>		<u>6,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>70,749</u>		<u>66,753</u>
CREDITORS: Amounts falling due after more than one year	18	2,039		3,913	
MINORITY INTERESTS		<u>353</u>		<u>315</u>	
			<u>2,392</u>		<u>4,228</u>
			<u>68,357</u>		<u>62,525</u>
CAPITAL AND RESERVES					
Called up Share Capital	19	19,405		19,405	
Share Premium Account	20	1		—	
Other Reserves	20	36		45	
Profit and Loss Account	20	48,915		43,075	
		<u>68,357</u>		<u>62,525</u>	

The Accounts were approved by the Board of Directors on 26th April, 1984.

CHARLES BALL

R. A. SLY

Directors.

Charles Ball
R. A. Sly

The Notes on pages 15 to 23 form part of these Accounts.

Telephone Rentals plc

Balance Sheet, 31st December, 1983

	Notes	£000	1983 £000	£000	1982 £000
FIXED ASSETS					
Tangible Assets	12		54,295		46,379
Investments	13		9,180		8,891
			<u>63,475</u>		<u>55,270</u>
CURRENT ASSETS					
Stocks	14	7,717		4,948	
Debtors	15	6,485		6,699	
Investments	16	700		5,300	
Cash at Bank and in Hand		116		434	
		<u>15,018</u>		<u>17,381</u>	
CREDITORS: Amounts falling due within one year	17	<u>15,463</u>		<u>12,582</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(445)</u>		<u>4,799</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			63,030		60,069
CREDITORS: Amounts falling due after more than one year	18		<u>2,467</u>		<u>4,791</u>
			<u>60,563</u>		<u>55,278</u>
CAPITAL AND RESERVES					
Called up Share Capital	19		19,405		19,405
Share Premium Account	20		1		—
Profit and Loss Account	20		41,157		35,873
			<u>60,563</u>		<u>55,278</u>

The Accounts were approved by the Board of Directors on 26th April, 1984.

CHARLES BALL

R. A. SLY

} Directors.

Charles Ball
[Signature]

The Notes on pages 15 to 23 form part of these Accounts.

Telephone Rentals plc and its Subsidiaries

Consolidated Statement of Source and Application of Funds for the year ended 31st December, 1983

	£000	1983 £000	1982 £000
RESULTS OF OPERATIONS			
Profit on ordinary activities after taxation less minority interests		10,610	7,286
Extraordinary profit		—	2,411
		<u>10,610</u>	<u>9,697</u>
Adjustment for items not involving the movement of funds—			
Depreciation	7,957		6,767
Increase in Minority Interests	38		57
Profit retained in Associated Company and exchange difference on holding investment	(123)		(32)
Changes in reserves due to exchange differences	(316)		699
		<u>7,556</u>	<u>7,491</u>
TOTAL GENERATED FROM OPERATIONS		<u>18,166</u>	<u>17,188</u>
ISSUE OF SHARES		1	—
		<u>18,167</u>	<u>17,188</u>
APPLICATION OF FUNDS			
Dividends paid	3,881		3,590
Net addition to tangible fixed assets	16,801		12,894
Goodwill on purchase of shares in Subsidiary Company	—		216
		<u>20,682</u>	<u>16,700</u>
		<u>(2,515)</u>	<u>488</u>
MOVEMENTS IN WORKING CAPITAL			
Stocks	2,765		859
Debtors	(152)		941
Creditors	(289)		(1,915)
		<u>2,324</u>	<u>(115)</u>
Movement in net liquid funds		<u>(4,839)</u>	<u>603</u>
TOTAL (GENERATED FROM DECREASE)/ABSORBED BY INCREASE IN WORKING CAPITAL		<u>(2,515)</u>	<u>488</u>

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts

1 Accounting Policies

(a) Accounting Convention

The Group Accounts are prepared under the historical cost convention. They have been drawn up to comply in all material aspects with all U.K. Statements of Standard Accounting Practice in force at the relevant time.

(b) Consolidation

The consolidated accounts incorporate the accounts of the company and all subsidiaries made up to 31st December, 1983. Where subsidiaries have been acquired or disposed of during the year, the profit earned subsequent to acquisition or prior to disposal is included in the profit of the Group.

(c) Goodwill

Goodwill arising on acquisition of subsidiary companies is written off in the year of acquisition against Reserves.

(d) Fixed Assets

The cost of installations is depreciated by Telephone Rentals plc on a straight-line basis over the term of the rental contracts.

Depreciation on other assets is provided on a straight-line basis at the following annual rates on cost:—

Freehold and Leasehold Properties	2%
Furniture, Fittings, Plant and Equipment	10% to 33%
Vans and Cars	25%

Depreciation is provided by the Subsidiary and Associated Companies on bases which are substantially similar but with some variations arising from individual circumstances.

(e) Subsidiary Companies

The shares of Subsidiary Companies are stated in the Balance Sheet of Telephone Rentals plc at cost less amounts written off.

(f) Stock and Work in Progress

Stock has been valued consistently at the lower of average cost and net realisable value, applied to individual items; since the majority of the stock is not held for resale, net realisable value in this context normally means the value of the material to the Company for future use having regard to its age and condition.

Work in Progress includes the cost of labour and materials which have been expended on the uncompleted orders at the end of the year together with the appropriate overhead loading less progress payments received.

(g) Deferred Taxation

No provision has been made for deferred taxation as it is unlikely that a liability will arise in the foreseeable future. In view of this the information given in Note 21 has been based on the projected corporation tax rate of 35%.

(h) Foreign Currencies

Foreign currencies have been converted into sterling at the rates in force at the date of the Balance Sheet; the rates used to the pound sterling at 31st December are as follows:—

	1983	1982
French Franc	12.06	10.88
Canadian Dollar	1.80	1.99
South African Rand	1.78	1.74
Australian Dollar	1.62	1.65
United States Dollar	1.45	1.62
Irish Punt	1.27	1.16

Exchange differences arising on consolidation are recorded as a movement on Reserves.

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

2 Turnover and Profits

The geographical analysis of Turnover and Profits is shown below:—

	1983		1982	
	Turnover £000	Profits £000	Turnover £000	Profits £000
United Kingdom	41,311	11,595	40,078	10,855
Rest of Europe	9,390	717	10,380	573
South Africa	3,455	1,411	3,253	1,326
North America	3,434	138	3,666	(221)
	<u>57,590</u>	<u>13,861</u>	<u>57,377</u>	<u>12,533</u>

The Group Turnover is the aggregate of amounts receivable under rental contracts and amounts chargeable to customers for services and equipment supplied, excluding inter-group trading and the turnover of the Associated Company in Australia.
Rental revenue amounted to £32,810,000 (1982 £30,178,000).

3 Net Operating Expenses

	1983 £000	1982 £000
Staff Costs (Note 4)	21,034	20,406
Materials purchased	23,476	18,661
Depreciation on Assets other than rental	1,727	1,397
Audit Fees (Telephone Rentals plc £25,000)	85	77
Other Operating Charges	12,089	13,002
	<u>58,411</u>	<u>53,543</u>
Less: Work capitalised for rental installations	(17,455)	(11,851)
Other Operating Income (Note 5)	(176)	(497)
	<u>40,780</u>	<u>41,195</u>

4 Directors and Employees

	1983 £000	1982 £000
Emoluments of the Directors of Telephone Rentals plc were:—		
In respect of services as Directors	15	15
Management Emoluments	161	163
Pensions	5	5
	<u>181</u>	<u>183</u>

The Chairman and Executive Directors have waived their rights to Directors' fees (£16,000).

Emoluments (excluding pension contributions) were paid to Directors as follows:—

Chairman	19	19
Highest Paid Director	43	38
Other Directors:	Number	Number
Up to £5,000	4	4
£5,001 to £10,000	1	1
£15,001 to £20,000	—	1
£20,001 to £25,000	2	2
£25,001 to £30,000	1	1

The average number of persons employed by the group was:

Engineers and Storemen	1,173	1,183
Sales, Administration and Other	1,079	1,045
	<u>2,252</u>	<u>2,228</u>

Staff costs amounted to:

	£000	£000
Wages and Salaries	17,468	16,911
Social Security Costs	1,972	1,998
Other Pension Costs	1,594	1,497
	<u>21,034</u>	<u>20,406</u>

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

5 Other Income

	1983 £000	1982 £000
Net Profit on Sale of Assets	84	131
Discounts Received	54	54
Property Rents	37	267
Sundry Income	1	45
	<u>176</u>	<u>497</u>

6 Net Interest Receivable

	1983 £000	1982 £000
Deposits with Local Authorities and Financial Institutions	514	801
Tax Deposit Certificates	13	79
Bank Deposits and Sundry Interest	82	60
	<u>609</u>	<u>940</u>
Less: Interest payable:		
Interest on bank loans, overdrafts and other loans repayable within five years	93	78
	<u>516</u>	<u>862</u>

7 Taxation

	1983 £000	1982 £000
United Kingdom Corporation Tax at 50% and 52% (1982: 52%) based on the profit for the year	3,032	5,079
Less: Double Tax Relief	328	425
	<u>2,704</u>	<u>4,654</u>
Overseas taxation	839	720
Associated Company Taxation	—	81
Prior year adjustments	(147)	(76)
	<u>3,548</u>	<u>5,385</u>
As a result of reliefs for which no deferred taxation is provided, the taxation charge for the year has been reduced by the following amounts:—		
Timing differences on installations	3,593	1,497
Other timing differences	178	(153)
	<u>3,771</u>	<u>1,344</u>

8 Extraordinary Items

	1983 £000	1982 £000
Profit on sale of Freehold and Leasehold Properties	—	2,709
Payment to Pension Fund in respect of employees of business acquired in prior year	—	(84)
Loss on investment in Cellular Radio Ltd.	—	(39)
	<u>Nil</u>	<u>2,586</u>
Less: Attributable Taxation	Nil	175
	<u>Nil</u>	<u>2,411</u>

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

9 Dividends

	1983 £000	1982 £000
Interim Dividend of 2.0 pence per share (1982: 2.0 pence)	1,552	1,552
Final Dividend of 3.75 pence per share (1982: 3.0 pence)	2,911	2,329
	<u>4,463</u>	<u>3,881</u>

10 Balance of Profit Retained in the Business

	1983 £000	1982 £000
The retained profit has been dealt with as follows:		
Telephone Rentals plc	5,284	4,868
Subsidiary Companies	760	942
Associated Company	103	6
	<u>6,147</u>	<u>5,816</u>

11 Earnings per Share

The earnings per share are calculated on the Group Profit after taxation and Minority Interests, but before taking into account Extraordinary Items. The calculation is based on the assumption that 77,620,992 shares were in issue throughout the period of these Accounts.

At 31st December, 1983, there were options outstanding under the Savings Related Share Option Scheme in respect of 702,982 shares. If all outstanding options had been exercised, the diluted earnings per share would not have been materially different.

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

12 Tangible Fixed Assets

The movements on the Tangible Fixed Assets Accounts have been as follows:—

GROUP

Cost

	Installations £000	Land and Buildings £000	Furniture, Fittings, Plant and Equipment £000	Vans and Cars £000	Assets in Course of Construction £000	Total £000
At 1st January, 1983	70,681	7,300	4,337	3,218	2,218	87,754
Difference on Exchange	(691)	(19)	(36)	(41)	(17)	(804)
Additions	—	306	1,246	1,275	17,455	20,282
Assets completed in year	16,856	—	—	—	(16,856)	—
Disposals	(8,892)	(30)	(333)	(765)	—	(10,020)
At 31st December, 1983	77,954	7,557	5,214	3,687	2,800	97,212

Depreciation

At 1st January, 1983	24,371	827	2,074	1,559	—	28,831
Difference on Exchange	(213)	(2)	(18)	(20)	—	(253)
Charge for year	6,230	128	678	921	—	7,957
Disposals	(6,282)	(9)	(217)	(582)	—	(7,090)
At 31st December, 1983	24,106	944	2,517	1,878	—	29,445
Book Value at 31st December, 1983	53,848	6,613	2,697	1,809	2,800	67,767
Book Value at 31st December, 1982	46,310	6,473	2,263	1,659	2,218	58,923

TELEPHONE RENTALS plc

Cost

At 1st January, 1983	53,989	6,820	3,577	2,298	1,711	68,395
Additions	—	299	1,047	962	13,926	16,234
Assets completed in year	13,524	—	—	—	(13,524)	—
Disposals	(7,612)	(23)	(307)	(566)	—	(8,508)
At 31st December, 1983	59,901	7,096	4,317	2,694	2,113	76,121

Depreciation

At 1st January, 1983	18,424	764	1,718	1,110	—	22,016
Charge for year	4,531	120	568	677	—	5,896
Disposals	(5,445)	(7)	(200)	(434)	—	(6,086)
At 31st December, 1983	17,510	877	2,086	1,353	—	21,826
Book Value at 31st December, 1983	42,391	6,219	2,231	1,341	2,113	54,295
Book Value at 31st December, 1982	35,565	6,056	1,859	1,188	1,711	46,379

The net book value of Land and Buildings was as follows:

	Group £000	1983 Telephone Rentals plc £000	Group £000	1982 Telephone Rentals plc £000
Freehold Property	5,611	5,223	5,406	5,002
Leasehold Property—Long term	996	996	1,054	1,054
Short term	6	—	13	—
	6,613	6,219	6,473	6,056

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

13 Fixed Asset Investments

	Subsidiary Companies		Associated Company		
	Shares	Loans	Shares	Share of Retained Profit	Total
	£000	£000	£000	£000	£000
The movements on the fixed asset investment accounts have been as follows:—					
GROUP					
Cost					
At 1st January, 1983			449	1,118	1,567
Exchange Adjustments			—	20	20
Share of Retained Profits for year			—	103	103
At 31st December, 1983			449	1,241	1,690
TELEPHONE RENTALS plc					
Cost					
At 1st January, 1983	6,644	2,298	449		9,391
Exchange Difference	—	27	—		27
Additions	262	—	—		262
Converted to Shares	1,381	(1,381)	—		—
At 31st December, 1983	9,287	944	449		9,680
Amounts Provided					
At 1st January, 1983 and 31st December, 1983	500	—	—		500
Book Value at 31st December, 1983	7,787	944	449		9,180
Book Value at 31st December, 1982	6,144	2,298	449		8,891

The following information is given in respect of all the Subsidiary Companies, the holdings in which consist entirely of Ordinary Shares:—

Company and Country of Operation	Country of Incorporation	Proportion of Nominal Value of Issued Shares held by Telephone Rentals plc or by subsidiaries* %
United Kingdom—		
Electro-Rentals Ltd.	England	100
Dictograph Telephones Ltd.	England	100
Attack Fire (Robots) Ltd.	England	100
TR Time Services Ltd.	England	100
Republic of Ireland—		
Irish Telephone Rentals Ltd.	Scotland	100
T.R. Communications Services (Ireland) Ltd.	Ireland	100
France—		
Le Teleautomate S.A.	France	100
La Telephonie Europeenne S.A.	France	100
Paris France Interphone Telephone S.A.R.L.	France	75*
Canada—		
Canadian Telephone Rentals Ltd.	Canada	100
T.R. Services Ltd.	Canada	100*
Telematic Communications Ltd.	Canada	100*
South Africa—		
Telephone Rentals (South Africa) (Proprietary) Ltd.	South Africa	100
T.R. Services (Proprietary) Ltd.	South Africa	88*
T.R. Services (Cape) (Proprietary) Ltd.	South Africa	100*
K.P.I. (Proprietary) Ltd.	South Africa	100*
United States of America—		
T.R. Services Incorporated	United States of America	100

The Associated Company is T.R. Services Pty. Limited and it is incorporated in Australia. Telephone Rentals plc holds 50% of the Ordinary Share Capital as an unquoted investment.

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

14 Stocks

	1983		1982	
	Group	Telephone Rentals plc	Group	Telephone Rentals plc
	£000	£000	£000	£000
Raw Materials and Goods for resale	7,694	4,981	6,942	3,934
Work in Progress	4,480	3,199	2,452	1,527
Payments on Account	(598)	(463)	(583)	(513)
	<u>11,576</u>	<u>7,717</u>	<u>8,811</u>	<u>4,948</u>

If stocks were valued at replacement cost, the values of the stock would not materially alter.

15 Debtors

	1983		1982	
	Group	Telephone Rentals plc	Group	Telephone Rentals plc
	£000	£000	£000	£000
Receivable within one year—				
Trade Debtors	7,262	2,972	7,363	2,927
Amounts owed by subsidiaries	—	1,381	—	1,575
Amounts owed by Associated Company	75	75	105	105
Other Debtors	2,058	1,580	2,229	1,609
Prepayments and Accrued Income	471	225	328	251
	<u>9,866</u>	<u>6,233</u>	<u>10,025</u>	<u>6,467</u>
Receivable in more than one year—				
Trade Debtors	12	—	—	—
Other Debtors	282	252	287	232
	<u>294</u>	<u>252</u>	<u>287</u>	<u>232</u>
Total Debtors	<u>10,160</u>	<u>6,485</u>	<u>10,312</u>	<u>6,699</u>

16 Investments held as Current Assets

	1983		1982	
	Group	Telephone Rentals plc	Group	Telephone Rentals plc
	£000	£000	£000	£000
Deposits with Local Authorities and Financial Institutions	537	200	4,925	4,800
Tax Deposit Certificates	500	500	500	500
	<u>1,037</u>	<u>700</u>	<u>5,425</u>	<u>5,300</u>

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

17 Creditors—Amounts falling due within one year

	1983		1982	
	Group	Telephone Rentals plc	Group	Telephone Rentals plc
	£000	£000	£000	£000
Bank Loans and Overdrafts	890	—	742	—
Trade Creditors	4,237	3,215	2,250	1,382
Bills of Exchange Payable	789	—	925	—
Amounts owed to Subsidiaries	—	112	—	250
Other Creditors	1,167	413	1,255	586
Taxation—Corporation Tax	4,988	4,839	5,165	4,798
Social Security	337	172	323	167
Proposed Dividend	2,911	2,911	2,329	2,329
Accruals	1,710	1,188	1,676	1,207
Rents received in advance	4,817	2,613	4,288	1,863
	<u>21,846</u>	<u>15,463</u>	<u>18,953</u>	<u>12,582</u>

Note: The Bank Loans and Overdrafts of certain subsidiary companies are secured on the assets of those companies to the extent of £171,000.

18 Creditors—Amounts due after more than one year

	1983		1982	
	Group	Telephone Rentals plc	Group	Telephone Rentals plc
	£000	£000	£000	£000
Amounts owed to subsidiaries	—	1,695	—	1,692
Corporation Tax	1,162	725	3,256	3,045
Other Creditors	830	—	603	—
Accruals and Deferred Income	47	47	54	54
	<u>2,039</u>	<u>2,467</u>	<u>3,913</u>	<u>4,791</u>

19 Share Capital of Telephone Rentals plc

	No. of Shares	1983 £000	No. of Shares	1982 £000
Authorised—				
Ordinary Shares of 25p each	100,000,000	25,000	100,000,000	25,000
Issued and Fully Paid—				
Ordinary Shares of 25p each				
At 31st December, 1982	77,620,376	19,405	38,810,186	9,703
Shares issued in the year by capitalisation of reserves	—	—	38,810,186	9,702
Shares issued during the year under the Savings Related Share Option Scheme	516	—	—	—
	<u>77,620,992</u>	<u>19,405</u>	<u>77,620,376</u>	<u>19,405</u>

Savings Related Share Option Scheme

Under the term Scheme, which has been approved by the Inland Revenue, the Board may offer options to purchase ordinary shares in the Company once in each financial year to those United Kingdom employees and executive directors who enter into a Save As You Earn (SAYE) savings contract. The option price of the shares is fixed by the directors at not less than 90% of the market value prevailing shortly before an offer of options is made and, in any event, at not less than the nominal value of such shares. The options may normally be exercised during the period of six months after completion of the SAYE contract, either five or seven years after entering the Scheme.

Options under the Scheme were granted on 3rd August, 1982 at a price of 126p per share and on 1st June, 1983 at a price of 162p per share and options were outstanding at 31st December, 1983 in respect of a total of 702,982 shares.

The total number of unissued ordinary shares made available to the Scheme is 3,281,020 representing 5% of the Issued Share Capital at the commencement of the Scheme.

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

17 Creditors—Amounts falling due within one year

	1983		1982	
	Group	Telephone Rentals plc	Group	Telephone Rentals plc
	£000	£000	£000	£000
Bank Loans and Overdrafts	890	—	742	—
Trade Creditors	4,237	3,215	2,250	1,382
Bills of Exchange Payable	789	—	925	—
Amounts owed to Subsidiaries	—	112	—	250
Other Creditors	1,167	413	1,255	586
Taxation—Corporation Tax	4,988	4,839	5,165	4,798
Social Security	337	172	323	167
Proposed Dividend	2,911	2,911	2,329	2,329
Accruals	1,710	1,188	1,676	1,207
Rents received in advance	4,817	2,613	4,288	1,863
	<u>21,846</u>	<u>15,463</u>	<u>18,953</u>	<u>12,582</u>

Note: The Bank Loans and Overdrafts of certain subsidiary companies are secured on the assets of those companies to the extent of £171,000.

18 Creditors—Amounts due after more than one year

	1983		1982	
	Group	Telephone Rentals plc	Group	Telephone Rentals plc
	£000	£000	£000	£000
Amounts owed to subsidiaries	—	1,695	—	1,692
Corporation Tax	1,162	725	3,256	3,045
Other Creditors	830	—	603	—
Accruals and Deferred Income	47	47	54	54
	<u>2,039</u>	<u>2,467</u>	<u>3,913</u>	<u>4,791</u>

19 Share Capital of Telephone Rentals plc

	No. of Shares	1983		1982	
		£000	No. of Shares	£000	
Authorised—					
Ordinary Shares of 25p each	100,000,000	25,000	100,000,000	25,000	
Issued and Fully Paid—					
Ordinary Shares of 25p each					
At 31st December, 1982	77,620,376	19,405	38,810,183	9,703	
Shares issued in the year by capitalisation of reserves	—	—	38,810,183	9,702	
Shares issued during the year under the Savings Related Share Option Scheme	616	—	—	—	
	<u>77,620,992</u>	<u>19,405</u>	<u>77,620,376</u>	<u>19,405</u>	

Savings Related Share Option Scheme

Under the terms of the Scheme, which has been approved by the Inland Revenue, the Board may offer options to purchase ordinary shares in the Company once in each financial year to those United Kingdom employees and executive directors who enter into a Save As You Earn (SAYE) savings contract. The option price of the shares is fixed by the directors at not less than 90% of the market value prevailing shortly before an offer of options is made and, in any event, at not less than the nominal value of such shares. The options may normally be exercised during the period of six months after completion of the SAYE contract, either five or seven years after entering the Scheme.

Options under the Scheme were granted on 3rd August, 1982 at a price of 126p per share and on 1st June, 1983 at a price of 162p per share and options were outstanding at 31st December, 1983 in respect of a total of 702,982 shares.

The total number of unissued ordinary shares made available to the Scheme is 3,881,020 representing 5% of the Issued Share Capital at the commencement of the Scheme.

Telephone Rentals plc and its Subsidiaries

Notes on the Accounts (continued)

20 Reserves

	Other Reserves Non-Distributable £000	Share Premium Account £000	Retained Earnings £000	Total Reserves £000
Group				
Opening Balance at 1st January, 1983	45	—	43,075	43,120
Exchange Difference	(5)	—	(311)	(316)
Transfer from Profit and Loss Account	—	—	6,147	6,147
Transfers between Reserves	(4)	—	4	—
Arising on Issue of Shares	—	1	—	1
Balance at 31st December, 1983	36	1	48,915	48,952
Telephone Rentals plc				
Opening Balance at 1st January, 1983	—	—	35,873	35,873
Transfer from Profit and Loss Account	—	—	5,284	5,284
Arising on Issue of Shares	—	1	—	1
Balance at 31st December, 1983	—	1	41,157	41,158

21 Deferred Taxation

If full provision for Deferred Taxation had been made at 31st December, 1983, out using the projected rate of 35%, it would have amounted to:—

	Group £000	Telephone Rentals plc £000
Timing differences on Installations	16,393	15,357
Other timing differences	701	775
Capital Gains rolled over	619	619
	<u>17,713</u>	<u>16,751</u>

22 Capital Commitments

The commitments at 31st December, 1983 for capital expenditure were as follows:—

	Group £000	1983 Telephone Rentals plc £000	Group £000	1982 Telephone Rentals plc £000
Contracted for	1,900	1,900	120	120
Authorised but not contracted for	—	—	80	80

23 Contingent Liabilities

Telephone Rentals plc has guaranteed overdraft and other credit arrangements of certain of its subsidiaries up to a maximum of £945,000. At 31st December, 1983 the actual liability under these arrangements was £863,000.

Telephone Rentals plc and its Subsidiaries

Consolidated Current Cost Profit and Loss Account for the year ended 31st December, 1983

	Notes	£000	1983 £000	1982 £000
Turnover			57,590	57,377
Profit on Trading, Historical Cost Basis			13,345	11,671
Deduct: Current Cost operating adjustments				
Depreciation	1(b)	4,781		5,807
Cost of Sales	1(d)	250		197
Monetary Working Capital	1(e)	(238)		(140)
			4,793	5,864
Group Current Cost Operating Profit			8,552	5,807
Share of Current Cost profits of Associated Company			127	3
Net Interest Receivable		516		862
Gearing Adjustment	1(f)	177		140
			693	1,002
Group Current Cost Profit before Taxation			9,372	6,812
Deduct: Taxation			3,548	5,385
Group Current Cost Profit after Taxation			5,824	1,427
Deduct: Current Cost Minority Interests			20	20
Group Current Cost Profit before Extraordinary Items			5,804	1,407
Extraordinary Items	1(g)		—	2,269
Group Current Cost Profit attributable to Telephone Rentals plc			5,804	3,676
Deduct: Dividends			4,463	3,881
Net Transfer to/(from) Reserves			1,341	(205)
Current Cost Earnings per Share			7.48p	1.8p

Telephone Rentals plc and its Subsidiaries

Consolidated Current Cost Balance Sheet, 31st December, 1983

	Notes	£000	1983 £000	1982 £000
Fixed Assets:				
Tangible assets	2		83,721	81,089
Investments			2,456	2,337
Current Assets:				
Stocks	1(c)	11,660		8,918
Debtors		10,160		10,312
Investments and Cash		1,402		6,093
		23,222		25,323
Creditors: amounts falling due within one year		21,846		18,953
Net Current Assets			1,376	6,370
Total Assets Less Current Liabilities			87,553	89,796
Creditors: Amounts falling due in more than one year		2,039		3,913
Minority Interests		495		467
			2,534	4,380
			85,019	85,416
Capital and Reserves				
Called-up Share Capital			19,405	19,405
Reserves				
Share Premium Account		1		—
Current Cost Reserve	3	39,336		40,899
Retained Earnings	2	26,241		25,067
Other Reserves	3	36		45
			65,614	66,011
			85,019	85,416

Telephone Rentals plc and its Subsidiaries

Notes on Group Current Cost Accounts

1 Accounting Policies

(a) General

The group current cost accounts make allowance for the effect of price changes in accounting for fixed assets, stocks and other assets of a non monetary nature. The current cost profit attributable to shareholders is the surplus after allowing for the impact of price changes on the funds needed to maintain the shareholders' proportion of net operating assets. It is shown after interest, taxation, minority interests and gearing adjustment and is calculated in accordance with the guidelines set out in Statement of Standard Accounting Practice No. 16 on current cost accounting issued by the Accounting Standards Committee.

(b) Fixed Assets

Rental installations have been revalued at their current cost to the group by reference to indices produced by the group or appropriate indices published by the Department of Industry where they are available. Where specific indices are not available general price indices have been used. The current cost of properties is based on a valuation produced by the group's professional advisors during 1980 as adjusted by movements since that date and appropriate price indices. Other fixed assets have been revalued by reference to appropriate indices or, if these are not available, general price indices.

The additional depreciation charge is the result of deducting the charge for depreciation in the historic cost accounts from the charge based on the current cost of assets.

(c) Stocks and Work in Progress

Stocks and work in progress have been revalued by reference to current costs at 31st December, 1983 or where these were not readily available by reference to general price indices.

(d) Cost of Sales Adjustment

The cost of sales adjustment is the result of deducting the cost of sales in the historic cost accounts from the cost of sales valued at current cost.

(e) Monetary Working Capital

Monetary working capital comprises the aggregate of trade debtors and prepayments, less trade creditors and accruals. Material transactions of a capital nature, short term borrowings, deposits and cash at banks are excluded from monetary working capital.

The amount provided as a current cost operating adjustment reflects the extent to which changes in price levels through the year have resulted in additional, or reduced, needs for monetary working capital.

(f) Gearing Adjustment

The gearing adjustment ascribes to lenders, rather than shareholders, a part of the burden arising from changes in price levels as reflected by the current cost operating adjustments. The actual amount allocated to lenders reflects the extent to which they have financed the group's activities. For this purpose short term borrowings and indebtedness to Government for Corporation Tax less deposits and cash at banks are taken as comprising the finance obtained from lenders.

(g) Extraordinary Items

	1983 £000	1982 £000
Profit on sale of Freehold and Leasehold Properties	—	2,567
Payment to Pension Fund in respect of employees of business acquired in prior year	—	(84)
Loss on investment in Cellular Radio Ltd.	—	(39)
	<u>Nil</u>	<u>2,444</u>
Less: Attributable Taxation.	<u>Nil</u>	<u>175</u>
	<u>Nil</u>	<u>£2,269</u>

2 Fixed Assets

	31st December, 1983			1982
	Current Cost £000	Depreciation £000	Net £000	Net £000
Installations	114,372	47,197	67,175	65,564
Other	24,266	7,720	16,546	15,525
	<u>138,638</u>	<u>54,917</u>	<u>83,721</u>	<u>81,089</u>

Telephone Rentals plc and its Subsidiaries

Notes on Group Current Cost Accounts (continued)

3 Reserves

	£000	Current Cost £000	Retained Earnings £000	Other Reserves (non distributable) £000
At 1st January, 1983		40,899	25,067	45
Exchange Difference		(141)	(171)	(5)
Transfer from Profit and Loss Account		—	1,341	—
Transfer between Reserves		—	4	(4)
Revaluation Surpluses reflecting price changes				
Fixed Assets	(1,460)			
Stocks and Work in Progress	225			
Associated Company	231			
		(1,004)		
Monetary Working Capital Adjustment	(241)			
Gearing Adjustment	(177)	(418)		
At 31st December, 1983		39,336	26,241	36

Note: As at 31st December, 1983 the Current Cost Reserve of £39,336,000 included £22,689,000 of realised gains.

Telephone Rentals plc and its Subsidiaries

Report of the Auditors

To the members of Telephone Rentals plc

We have audited the Financial Statements on pages 11 to 23 in accordance with approved Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1983 and of the profit and source and application of funds of the Group for the year ended on that date and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost accounts set out on pages 24 to 27 have been properly prepared in accordance with the policies and methods described in notes 1 to 3 to give the information required by Statement of Standard Accounting Practice No. 16.

99 Aldwych,
London WC2B 4JY

21st May, 1984

BAKER ROOKE,
Chartered Accountants.

Telephone Rentals plc and its Subsidiaries

Summarised Ten Year Group Record

	1974 £M	1975 £M	1976 £M	1977 £M	1978 £M	1979 £M	1980 £M	1981 £M	1982 £M	1983 £M
TURNOVER										
Rental	12.69	14.25	16.20	17.23	19.08	21.40	23.86	27.08	30.18	32.81
Other	10.48	11.95	13.30	13.55	17.03	18.46	24.49	26.59	27.20	24.78
Total	23.17	26.20	29.50	30.78	36.11	39.86	48.35	53.67	57.38	57.59

PROFITS

Profit before Taxation	7.45	7.93	9.01	9.55	10.92	11.27	12.43	13.83	12.73	14.22
Extraordinary Profits/(Losses)	—	—	—	—	—	0.40	—	(0.20)	2.41	—
Taxation	2.66	3.20	3.22	2.49	3.35	3.54	4.56	5.69	5.39	3.55
Minority Interests	0.03	0.03	0.05	0.05	0.06	0.03	0.04	0.05	0.05	0.06
Dividends	1.70	1.84	2.03	2.28	2.56	2.91	3.20	3.59	3.88	4.46
Profit retained in Business	3.06	2.86	3.71	4.73	4.95	5.19	4.63	4.30	5.82	6.15

ASSETS EMPLOYED

Rental Installations	20.94	22.91	25.16	28.49	32.17	36.17	40.11	43.90	48.47	56.60
Other Fixed Assets	2.18	3.99	6.10	6.30	6.67	7.48	7.61	8.82	10.39	11.12
Associated Company	0.98	1.19	1.19	1.22	1.30	1.33	1.34	1.62	1.67	1.69
Net Current Assets	4.42	4.34	3.60	3.86	4.58	4.97	5.25	5.46	5.57	0.46
Total	28.52	32.43	36.05	39.87	44.72	49.95	54.31	59.80	66.10	69.87

FINANCED BY

Share Capital	9.70	9.70	9.70	9.70	9.70	9.70	9.70	9.70	19.41	19.41
Reserves	17.67	20.58	24.68	28.63	33.15	38.05	41.67	46.52	43.12	48.95
Minority Interests .	0.17	0.18	0.24	0.25	0.18	0.20	0.24	0.26	0.31	0.35
Future Taxation . .	0.98	1.97	1.43	1.29	1.69	2.00	2.70	3.32	3.26	1.16
Total	28.52	32.43	36.05	39.87	44.72	49.95	54.31	59.80	66.10	69.87

Earnings per Share	6.15p	6.06p	7.40p	9.03p	9.68p	9.92p	10.09p	10.43p	9.39p	13.67p
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Dividends per Share (net)	2.19p	2.37p	2.64p	2.95p	3.26p	3.75p	4.12p	4.63p	5.00p	5.75p
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Telephone Rentals plc

**Head Office: TR House, Bletchley,
Milton Keynes MK3 5JL**

Tel: Milton Keynes (0908) 71200 Telex: 825107/8

Operating Regions in the United Kingdom

EASTERN REGION

TR House, Bretton Way, Peterborough PE3 8DD
Telephone: 0733 262322 Telex: 32717

Branch Office

Greystones Hall, Greystones Hall Road,
Sheffield S11 7BB
Telephone: Sheffield 665291 (STD 0742)

Sub-Office

TR House, 13 Riverside Road, Norwich NR1 1SQ
Telephone: 0603 20824

LONDON REGION

T. R. House, 30/36 Curtain Road EC2A 3DD
Telephone: 01-377 8866 Telex: 892416

MIDLANDS REGION

TR House, Stafford Park 1, Telford TF3 3BD
Telephone: 0952 619141 Telex: 35471

Branch Office

220 Gooch Street, Birmingham B5 7JA
Telephone: 021-622 3626

NORTH EAST REGION

TR House, 471 Stanningley Road, Bramley,
Leeds LS13 4AR
Telephone: Pudsey 567891 (STD 0532) Telex: 556176

Branch Office

TR House, Redburn Road, Westerhope,
Newcastle upon Tyne NE5 1PN
Telephone: 0632 860301

NORTHERN HOME COUNTIES

TR House, 11 Caxton Hill, Hertford SG13 7ND
Telephone: Hertford 551001 (STD 0992) Telex: 81341

NORTH WEST REGION

TR House, Southmoor Road, Wythenshawe,
Manchester M23 9LS
Telephone: 061-998 8611 Telex: 565868

Branch Office

Pioneer House, 16 Crosby Road North,
Waterloo, Liverpool L22 0LQ
Telephone: 051-920 6363

NORTHERN IRELAND REGION

TR House, Quarry Corner, Dundonald, Belfast BT16 0UD
Telephone: 023 18 89531 Telex: 74677

SCOTTISH REGION

TR House, 775 Boydstone Road, Thornliebank,
Glasgow G46 8QP
Telephone: 041-638 6526 Telex: 776525

Branch Office

10 Dean Bank Lane, Stockbridge, Edinburgh EH3 5BS
Telephone: 031-343 2611

Sub-Office

13 Whorterbank, Lochee, Dundee DD2 4DN
Telephone: 0382 610057

SOUTH EAST REGION

TR House, Lennox Road, Basingstoke,
Hants. RG22 4AL
Telephone: 0256 26311 Telex: 859698

Branch Office

TR House, 1 Christopher Road,
East Grinstead, West Sussex RH19 3BU
Telephone: 0342 21181 Telex: 957282

SOUTH WEST REGION

TR House, Concorde Road, Patchway,
Bristol BS12 5TW
Telephone: 0272 698151 Telex: 449010

Branch Office

Frixia House, East Canal Wharf, Cardiff CF1 5QQ
Telephone: 0222 487851 Telex: 497217

GROUP SERVICES

CENTRAL STORES & CENTRAL SERVICE DEPOT

29 Mollison Avenue, Brimsdown, Enfield,
Middlesex EN3 7NQ

GROUP ENGINEERING TRAINING CENTRE TELEPHONE RENTALS plc

TR House, Bletchley, Milton Keynes MK3 5JL
Telephone: Milton Keynes (0908) 71200

SALES TRAINING SCHOOL TELEPHONE RENTALS plc

TR House, Bletchley, Milton Keynes MK3 5JL
Telephone: Milton Keynes (0908) 71200

Subsidiary and Associated Companies

Europe

U.K. AND REPUBLIC OF IRELAND

ATAK FIRE (ROBOTS) LIMITED

Atack House, Thirstin Road, Honley,
Huddersfield HD7 2JH
Telephone: 0484 662111

DICTOGRAPH TELEPHONES LIMITED

TR House, Bletchley, Milton Keynes MK3 5JL
Telephone: (0908) 71200

ELECTRO-RENTALS LIMITED

Aurelia Road, Croydon CR9 3AR
Telephone: 01-689 1741
220 Gooch Street, Birmingham B5 7HY
Telephone: 021-622 6864
Atack House, Thirstin Road, Honley,
Huddersfield HD7 2JH
Telephone: 0484 663151

Telephone Rentals plc

Subsidiary and Associated Companies (continued)

IRISH TELEPHONE RENTALS LIMITED
(Incorporated in Scotland)
'Ashurst', Mount Merrion Avenue, Blackrock,
Co. Dublin
Telephone: Dublin 887371. Telex: 30647

Branch Office
17, St. Patrick's Place, Cork.
Telephone: 021 503144/503157

Sub-Office
24, Little Gerald Griffin Street, Limerick
Telephone: 061 44796/48725

T.R. COMMUNICATIONS SERVICES (IRELAND) LTD.

Ashurst, Mount Merrion Ave.,
Blackrock, Co. Dublin
Telephone: Dublin 887371 Telex: 30647

TR TIME SERVICES LTD.

TR House, Bletchley, Milton Keynes MK3 5JL
Telephone: (0908) 644055 Telex: 825107

FRANCE

TELEPHONE RENTALS (FRANCE)

45 Boulevard Richard-Lenoir,
75011 Paris
Telephone: (1) 805-46-00

LE TELEAUTOMATE S.A.

45 Boulevard Richard-Lenoir
75011 Paris

Telephone (1) 805-46-00

LA TELEPHONIE EUROPEENNE S.A.

97 Quai de la Marne,
94340 Joinville-le-Pont
Telephone: (1) 886-11-26

Division Normandie: **NORD TELEPHONE**

Impasse de Carville,
76160 Darnétal-les-Rouen
Telephone: (35) 70-70-70

PARIS-FRANCE INTERPHONE TELEPHONE (Sarl)

23 rue Dombasle, 75015 Paris
Telephone: (1) 533-83-10

Rest of the World

CANADA

CANADIAN TELEPHONE RENTALS LTD.

TR SERVICES LIMITED

TELEMATIC COMMUNICATIONS LTD.

2422 Dunwin Drive,
Mississauga, Ontario L5L 1X4
Telephone: (416) 828-1170

Branch

MONTREAL

100 Alexis Nihon Blvd.,
Suite 875,
St. Laurent, Quebec H4M 2P4
Telephone: (514) 747-1721

SOUTH AFRICA

TELEPHONE RENTALS (SOUTH AFRICA)
(PROPRIETARY) LIMITED

TR SERVICES (PROPRIETARY) LTD.

JOHANNESBURG

P.O. Box 58, Bergville, 2012
Telephone: 786-2266

DURBAN

P.O. Box 18045, Dalbridge, 4014
Telephone: 68308

CAPE TOWN

TR SERVICES (CAPE) (PROPRIETARY) LTD.

P.O. Box 81, Paarden Eiland, 7420
Telephone: 51-3323

PORT ELIZABETH

P.O. Box 280, Port Elizabeth, 6000
Telephone: 54 1291

UNITED STATES

T.R. SERVICES INC.

567 Vickers Street, Tonawanda,
New York 14150
Telephone: Area Code 716-694-3750

Branches

SYRACUSE

6493 Ridings Road,
New York 13206
Telephone: (315)-437-2693

ERIE

PO Box 692 ERIE
Pennsylvania 16509
Telephone: (814)-868-8657

PITTSBURGH

700 Vista Park Drive, Pittsburgh,
Pennsylvania 15205
Telephone: (412)-787-7200

AUSTRALIA

T.R. SERVICES PTY. LTD.

HEAD OFFICE

TR House, Help Street, Chatswood,
New South Wales 2067
Telephone: 419 2331 Telex AA 22726

Branches

ADELAIDE

282 Gouger Street,
Adelaide 5000, South Australia
Telephone: 51 2442

BRISBANE

Holman House, Holman Street,
Kangaroo Point, Queensland 4169
Telephone: 391 6511

HOBART

TR House, 487 Main Road, Montrose TAS 7010
Telephone: 72 2056

MELBOURNE

TR House, 19 Walkers Road,
Nunawading, Victoria 3131
Telephone: 877 2055

PERTH

TR House, 4 O'Connor Way,
Wangara Industrial Estate,
Wanneroo, W.A. 6065
Telephone: 409 1122

SYDNEY

TR House, Help Street, Chatswood,
New South Wales 2067
Telephone: 419 2331

Telephone Rentals plc

The Activities of the Group

Telephone Rentals plc operates throughout the United Kingdom the full range of T.R. Services which include:

- | | |
|----------------------------------|---|
| Telecommunications | Digital PABX systems and networks approved for connection to the PSTN.
Key telephone systems.
Electronic internal telephone systems combining fast-switching push button handsets and Paxmaster executive loudspeaking master stations.
Loudspeaking and push button intercom installations.
Industrial loudspeaking communicator equipment.
Call Information Logging Equipment. |
| Data Communications | Automatic Message Switching systems.
Speech and Telegraph/data Transmission and modem equipment.
Data Switching Systems.
Advanced Telex Terminals.
Facsimile Transmission and Telewriters. |
| Staff Location | Audible, digital and video pocket paging systems.
Speaker systems for voice paging, music and emergency control.
Audible and visual staff location facilities. |
| Time Control | Electronic master clock controlled time services.
Omnitime electronic calculating attendance time recording systems.
Data collection devices and time recorders for factory job timing.
Flexible Working Hours control systems.
Automatic time signal programme controllers. |
| Production Control | Production signalling and control.
Machine performance recording.
Time and unit counting systems.
Display and indicating equipment. |
| Fire Alarm | Manually operated fire alarm systems to meet legislative requirements.
Emergency lighting equipment. |
| Fire Detection | Fully automatic F. O. C. approved heat and smoke detection installations with local and/or remote alarm signalling. |
| Security Guard Protection | Signalling and recording equipment for control and supervision of Security Guard patrols.
Manual and automatic alarm facilities. |
| Hotel Services | Central control consoles and room bed-head units incorporating communication, music, radio, alarm and security facilities. |

Electro-Rentals Limited installs and maintains on sale and maintenance, or rental, all types of Commercial Refrigeration including Cold Rooms, Refrigerators, Ice Cream and Frozen Food Conservators, Display Cabinets, Ice-making Machines, Beer-cooling Equipment and Air Conditioning for Hotels, Restaurants and Public Houses, etc.

Atack Fire (Robots) Limited are manufacturers of, and contractors for, Atack AUTOMATIC Fire Extinguishing installations.

TR Time Services Limited are the United Kingdom agents for the supply, installation and maintenance of the full range of Simplex Time Recorder Company (USA) clocks, time-stamps and associated equipment.

Overseas Subsidiary and Associated Companies engage in activities which are substantially the same as those of Telephone Rentals plc. The Paris Subsidiaries also operate as Electrical Contractors whilst the activities of the Canadian Company include Educational Services. In the U.S.A., France and Republic of Ireland the Companies are also concerned with the provision of PABX and Keyphone systems in the available inter-connect markets.

Telephone Rentals plc

Proxy Form for Annual General Meeting

Please insert
full name(s)
and
address(es)
IN BLOCK
CAPITALS

I/We
ofbeing

(a) Member(s) of TELEPHONE RENTALS plc, HEREBY APPOINT Sir Charles Ball or failing him the
Chairman of the Meeting
as my/our Proxy to attend for me/us and on a poll to vote on my/our behalf at the Annual General
Meeting of the Company to be held at 12.30 p.m. on the 14th June, 1984.

I/We desire to vote in respect of the Resolutions to be submitted at the Meeting, which are in the
same order as in the Notice of Meeting, as follows:—

Resolution 1	To adopt the Report of the Directors and the Audited Accounts of the Company for the year ended 31st December, 1983, and to declare a dividend.	*For/Against
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To re-elect Directors:

Resolution 2	Mr. G. R. N. Gellatly	*For/Against
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Resolution 3	Mr. N. N. Graham Maw	*For/Against
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Resolution 4	To alter article No. 83	*For/Against
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Resolution 5	To re-appoint Messrs. Baker Rooke as Auditors and to authorise the Directors to fix their remuneration for 1984.	*For/Against
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***Strike out "For" or "Against". Where this is not done the Proxy will vote or abstain at his
discretion.**

SIGNED Date.....

- N.B.** 1. To be valid this proxy must be lodged at the Bristol Office of the Company's Registrars at the address
overleaf not less than forty-eight hours before the time for holding the Meeting.
2. If the Shareholder be a Corporation, the Proxy must be under its Common Seal, or under the hand of
some officer or attorney duly authorised on his behalf.
3. If any other Proxy is preferred, strike out the names already stated, insert the name of the Proxy desired
and initial alterations.
4. In the case of joint holdings only one holder need sign, but the names of all joint holders should be given.