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SHOPACHECK FINANCIAL SERVICES LIMITED

31ST DECEMBER, 1993

FINANCIAL STATEMENTS

SMAILES, GOLDIE & CO.  
Chartered Accountants



Company number: 274611

SHOPACHECK FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st December, 1993.

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. Results and dividends

The trading profit for the year, after taxation, amounted to £8,613,593 and the directors recommend the payment of a final ordinary dividend amounting to £5,200,000 leaving £3,413,593 to transfer to reserves.

3. Review of the business

The company was principally engaged during the year in the business of check, hire purchase, voucher, unsecured personal loan and retail trading. Turnover has continued to show a satisfactory increase and this together with the further cost saving resulting from rationalisation has resulted in an increase in trading profits. The directors are confident that this improvement can be maintained and that the company is in a strong position for the future.

4. Tangible fixed assets

The changes in tangible fixed assets during the year are summarised in the notes to the accounts. The most significant changes were the normal replacement of trading assets and the development of the new computer system.

SHOPACHECK FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

5. Directors and their interests

The directors of the company at 31st December, 1993 were:-

J. E. G. Cran (Chairman)  
G. R. Dunn  
G. Clappison  
A. D. Milburn  
A. O. Ayre  
K. I. Dunn  
W. N. Roberts  
N. R. Ashdown  
M. J. Loughman  
M. G. Goulding  
T. McFarlane

Messrs. R. Waudby and B. M. Reid resigned from their directorship on 31st December, 1993.

There were no other changes in directorship during the year, but Mr. A. D. Milburn resigned from his directorship on 31st January, 1994.

Directors' interests

The interests of the directors in the issued share capital of the ultimate holding company, Cattle's (Holdings) p.l.c., according to the register kept under section 325 of the Companies Act 1985 are shown in the report and accounts of the ultimate holding company so far as Messrs. R. Waudby, J. E. G. Cran, A. D. Milburn, G. Clappison and G. R. Dunn are concerned and in respect of the other directors were:-

Beneficial interests	<u>Ordinary Shares of 10p each</u>	
	<u>31st December, 1993</u>	<u>31st December, 1992</u>
K. I. Dunn	65,163	72,989
A. O. Ayre	32,400	46,237
W. N. Roberts	4,000	8,000
T. McFarlane	14,885	10,264
M. G. Goulding	5,000	5,000

The remaining directors had no such interests.

Cattle's (Holdings) Executive Share Option Scheme (1985)

The terms of the Cattle's (Holdings) Executive Share Option Scheme (1985) are detailed in the report and accounts of that company, together with details of options granted under the scheme to Messrs. J. E. G. Cran, R. Waudby, A. D. Milburn, G. Clappison and G. R. Dunn. In addition the following options, exercisable at 70.1p per share, between 8th October, 1995 and 9th October, 2002, remain outstanding.

	<u>31st December, 1992</u>	<u>31st December, 1993</u>
K. I. Dunn	30,000	30,000
A. O. Ayre	30,000	30,000
W. N. Roberts	30,000	30,000
T. McFarlane	30,000	30,000
M. G. Goulding	30,000	30,000
N. R. Ashdown	30,000	30,000
M. J. Loughman	30,000	30,000

SHOPACHECK FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Cattle's (Holdings) Employee Share Scheme

Shares held by the trustees of the scheme under the terms of the Cattle's (Holdings) Employee Share Scheme on behalf of Messrs. J.E.G. Cran, R. Waudby, A.D. Milburn, G. Clappison and G.R. Dunn are shown in the report and accounts of that company. In addition the trustees hold the following shares on behalf of other directors of this company.

	<u>31st December, 1993</u>	<u>31st December, 1992</u>
K. I. Dunn	21,311	22,503
A. O. Ayre	15,016	16,149
W. N. Roberts	15,608	13,434
T. McFarlane	20,233	21,879
N. R. Ashdown	13,186	10,666

The remaining directors had no such interests.

Cattle's Holdings Employee Sharesave Scheme

The terms of the Cattle's Holdings Employee Sharesave Scheme are detailed in the Report and Accounts of that company, together with details of options granted to Messrs. J.E.G. Cran, R. Waudby, A.D. Milburn, G. Clappison and G.R. Dunn which remain outstanding. In addition there remained outstanding at 31st December, 1993 the following options exercisable at 101p per share between 1st August, 1998 and 31st January, 1999.

	<u>31st December, 1993</u>	<u>31st December, 1992</u>
K. I. Dunn	17,079	-
A. O. Ayre	17,079	-
W. N. Roberts	1,366	-
T. McFarlane	17,079	-
M. G. Goulding	17,079	-
N. R. Ashdown	2,732	-
M. J. Loughman	5,123	-

6. Donations

The company has made various charitable donations amounting to £245. There were no political donations.

7. Disabled persons

The company gives sympathetic consideration to applications for employment vacancies from disabled persons wherever practicable. Successful applicants would be given appropriate assistance and training and have the same career prospects as other employees.

SHOPACHECK FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

8. Employee involvement

The directors believe in encouraging the interest and involvement of employees by making them more aware of performance at both local, company and group level. Many employees are able to earn bonus payments based on the profitability of their individual branch or division, and also participate in the employee share incentive scheme, introduced in 1982 whereby an allocation from group profits is made to qualifying employees in the form of shares in the parent company. In addition, due to an increasingly active in-house training programme groups of employees are able to meet on a regular basis to discuss future developments and exchange ideas.

9. Auditors

In accordance with Section 385(2) of the Companies Act 1985 a resolution proposing the reappointment of Smailes, Goldie & Co. as auditors to the company will be put to the annual general meeting.

By Order of the Board

*P. J. Doherty*  
P. J. DOHERTY

Secretary

Registered office:  
Progressive Buildings,  
Sitwell Street,  
Derby.  
22nd March, 1994.

AUDITORS' REPORT TO THE MEMBERS OF SHOPACHECK FINANCIAL SERVICES LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared in accordance with the accounting policies set out on pages 6 and 7.

**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, 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
SMAILES, GOLDIE & CO.

22nd March, 1994.  
Station Court,  
St. Stephen's Square,  
Hull, HU1 3XL

Chartered Accountants  
Registered Auditors

SHOPACHECK FINANCIAL SERVICES LIMITED

ACCOUNTING POLICIES

The company has adopted Financial Reporting Standard No. 3 in preparing the accounts and has restated comparative figures accordingly.

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

(a) Accounting convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention modified to include the revaluation of freehold properties. Consolidated accounts have not been prepared in accordance with S228 of the Companies Act 1985 as the company is a wholly owned subsidiary undertaking of another company registered in England and Wales.

(b) Turnover

Turnover comprises the amounts received or receivable, excluding value added tax, for goods and services supplied to customers and amounts charged in respect of instalment credit agreements.

(c) Deferred revenue

Deferred revenue comprises the proportion of the gross revenue included in customers' accounts receivable remaining after covering initial costs, which is carried forward into future periods. The amount carried forward is calculated to adequately cover future collecting and financing costs and allow for an appropriate contribution to profits in subsequent accounting periods.

(d) Customers' accounts receivable

Customers' accounts receivable consist of amounts outstanding under instalment credit agreements, including repayments not yet due at the year end, less adequate provisions for bad and doubtful debts based upon the individual assessment of accounts.

(e) Depreciation

Depreciation is not provided on freehold land and buildings. It is the policy of the group to maintain its properties in good condition by a regular programme of maintenance and repair, the cost of which is charged to profit and loss account in the year in which the expenditure is incurred. It is considered that this policy extends the useful life of the properties and as a result any depreciation arising would not be material. Depreciation on all other 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:

Short leasehold expenditure	5% to 20% per annum
Fixtures and equipment	10% to 20% per annum
Motor vehicles	20% or 25% per annum

(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 amounts included 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.

SHOPACHECK FINANCIAL SERVICES LIMITED

ACCOUNTING POLICIES

(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) Goodwill

Goodwill arising on the acquisition of subsidiaries and trading assets is brought in at cost, and is offset by capital reserves arising during the year on similar acquisitions. Any resulting excess of capital reserves is included in reserves. Any excess of goodwill is written off firstly against available reserves and thereafter against retained profits brought forward.

(i) Fixed asset investments

Fixed asset investments are included at cost.

(j) 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.



SHOPACHECK FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1993

	<u>Notes</u>	<u>1993</u>		<u>1992</u>	
		£	£	£	£
Turnover	1		176,734,671		166,821,458
Other operating income			163,563		185,395
			<u>176,898,234</u>		<u>167,006,853</u>
Raw materials and consumables		10,465,073		10,694,326	
Other external charges		114,197,628	124,662,701	106,076,223	116,770,549
			<u>52,235,533</u>		<u>50,236,304</u>
Staff costs	3	11,881,295		11,541,414	
Depreciation		1,458,317		1,218,226	
Other operating charges		26,703,968		26,536,371	
Deferred revenue		(548,043)	39,495,537	543,394	39,839,405
Operating profit	2		<u>12,739,996</u>		<u>10,396,899</u>
Income from fixed asset investments		(100,000)		(38)	
Interest receivable		(3,289)	(103,289)	(45)	(83)
Profit on ordinary activities before taxation			<u>12,843,285</u>		<u>10,396,982</u>
Tax on profit on ordinary activities	5		4,229,692		3,449,234
Profit on ordinary activities after taxation			<u>8,613,593</u>		<u>6,947,748</u>
Dividends	6		5,200,000		5,000,000
Retained profit for year	15		<u>£ 3,413,593</u>		<u>£ 1,947,748</u>

There were no acquisitions and no discontinued activities during either the year or the previous year.

STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER, 1993

	<u>1993</u>	<u>1992</u>
	£	£
Profit for the financial year	8,613,593	6,947,748
Unrealised deficit on revaluation of properties	-	(39,109)
Total recognised gains and losses relating to the year	<u>£ 8,613,593</u>	<u>£ 6,908,639</u>

The accounting policies and notes on pages 6 and 7 and pages 10 to 16 form part of these accounts.

SHOPACHECK FINANCIAL SERVICES LIMITED  
BALANCE SHEET AT 31ST DECEMBER, 1993

	<u>Notes</u>	<u>1993</u>		<u>1992</u>	
		£	£	£	£
Fixed assets					
Tangible assets	7		6,071,835		5,332,080
Investments at cost	8		1,692,272		1,692,347
			<u>7,764,107</u>		<u>7,024,427</u>
Current assets					
Customers' accounts receivable					
Amounts falling due after more than one year		88,758,125		86,236,224	
Amounts falling due within one year		8,680,498		11,088,065	
	9	97,438,623		97,324,289	
Debtors	10	2,367,872		3,529,940	
Cash at bank and in hand		1,358,577		267,658	
		<u>101,165,072</u>		<u>101,121,887</u>	
Creditors: amounts falling due within one year					
Creditors	11	55,143,506		53,737,327	
Corporation tax		4,192,334		4,727,961	
Proposed dividends		5,200,000		5,000,000	
Bank borrowings	12	9,155,520		12,343,761	
		<u>73,691,360</u>		<u>75,809,049</u>	
Net current assets			<u>27,473,712</u>		<u>25,312,838</u>
Total assets less current liabilities			35,237,819		32,337,265
Accruals and deferred income					
Deferred revenue		20,453,474		21,026,983	
Provisions for liabilities and charges					
Deferred taxation	13	171,084	20,624,558	110,614	21,137,597
			<u>£ 14,613,261</u>		<u>£ 11,199,668</u>
Capital and reserves					
Called up share capital	14		91,500		91,500
Profit and loss account	15		14,521,761		11,108,168
			<u>£ 14,613,261</u>		<u>£ 11,199,668</u>

G. CLAPPISON - Director

Approved by the Board on 22nd March, 1994.

The accounting policies and notes on pages 6 and 7 and pages 10 to 16 form part of these accounts.

SHOPACHECK FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1993

1. Turnover and operating profit

The turnover and operating profit is wholly attributable to check, voucher, personal finance and retailing activities, within the United Kingdom.

2. Operating profit

	<u>1993</u>	<u>1992</u>
(a) This is stated after charging or (crediting):	£	£
Directors' remuneration (see (b) below)	379,862	297,061
Operating lease rentals - land and buildings	684,882	701,470
Auditors' remuneration	50,000	48,000
Rents receivable	(112,103)	(125,980)
	<u>1993</u>	<u>1992</u>
(b) Directors' remuneration:	£	£
Other emoluments	373,195	290,394
Pensions to former directors	6,667	6,667
	<u>£ 379,862</u>	<u>£ 297,061</u>

The emoluments of the current chairman and the former chairman excluding pension contributions, were £Nil (1992 £Nil) and of the highest paid director, excluding pension contributions, £66,535 (1992 £51,471). Directors' emoluments, excluding pension contributions, fell within the following ranges:

	<u>1993</u>	<u>1992</u>
	<u>No.</u>	<u>No.</u>
£Nil - £ 5,000	6	6
£30,001 - £35,000	-	1
£35,001 - £40,000	1	2
£40,001 - £45,000	1	2
£45,001 - £50,000	3	1
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
£65,001 - £70,000	1	-

3. Staff costs

	<u>1993</u>	<u>1992</u>
	£	£
Wages and salaries	10,607,472	10,511,338
Social security costs	910,366	842,060
Pension costs	363,457	188,016
	<u>£ 11,881,295</u>	<u>£ 11,541,414</u>

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

	<u>1993</u>	<u>1992</u>
	<u>No.</u>	<u>No.</u>
Directors, administration and supervisory	178	158
Agents and branch office staff	1,138	1,190
	<u>1,316</u>	<u>1,348</u>

SHOPACHECK FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1993

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, 1992. At the date of the latest actuarial valuation the market value of the assets of the scheme was £10,209,000 (including allowance for transfer values of £1,769,000 received in May and October, 1992). The actuarial value of the assets represented 103 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.

In determining the pension cost to be included in the group's accounts, further calculations have been completed assuming that both the annual rate of investment return and the rate of dividend growth will be 0.5 per cent greater than the rates assumed for the actuarial valuation as at 31st March, 1992. On the basis adopted to determine the Pension Cost the excess funding 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 £363,457 (1992 £188,016).

5. Tax on profit on ordinary activities

	<u>1993</u> £	<u>1992</u> £
Based on the profit for the year:		
Corporation tax at 33% (1992 33%)	4,200,000	3,392,482
Deferred taxation	56,150	93,854
	<hr/> 4,256,150	<hr/> 3,486,336
Taxation under/(over) provided in previous years:		
Corporation tax	(30,778)	(19,402)
Deferred taxation	4,320	(17,700)
	<hr/> £ 4,229,692	<hr/> £ 3,449,234

6. Dividends

	<u>1993</u> £	<u>1992</u> £
Ordinary - final proposed	<hr/> £ 5,200,000	<hr/> £ 5,000,000

SHOPACHECK FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1993

7. Tangible fixed assets			Short leasehold property and improve- ments	Motor vehicles	Office equipment
	<u>Total</u>	<u>Freehold</u>			
	£	property	£	£	£
Cost or valuation					
At 31st December, 1992	8,676,341	209,000	896,550	4,236,265	3,334,526
Transfer from fellow subsidiary	266,949	234,000	-	31,219	1,730
Additions	2,476,973	157,946	179,237	1,266,214	873,576
Disposals	(1,307,159)	-	(14,765)	(1,277,256)	(15,138)
At 31st December, 1993	£10,113,104	600,946	1,061,022	4,256,442	4,194,694
Depreciation:					
At 31st December, 1992	3,344,261	-	341,357	1,390,064	1,612,840
Transfer from fellow subsidiary	18,812	-	-	15,287	3,525
Provided during the year	1,501,018	-	130,361	947,128	423,529
Disposals	(822,822)	-	(9,386)	(809,857)	(3,579)
At 31st December, 1993	£ 4,041,269	-	462,332	1,542,622	2,036,315
Net book value at 31st December, 1993	£ 6,071,835	600,946	598,690	2,713,820	2,158,379
Net book value at 31st December, 1992	£ 5,332,080	209,000	555,193	2,846,201	1,721,686

The company's freehold property was professionally valued in December, 1992 and is now included at the revalued amount of £209,000 (historical cost £256,387) with subsequent additions at cost. No provision has been made for the effect of corporation tax which would arise on the disposal of freehold property at the valuation figure adopted in these accounts.

SHOPACHECK FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1993

8. Investments at cost

a) Subsidiary undertakings

The company owns the whole of the issued share capital of the following companies each of which is registered in England and Wales.

Personal Loans (Swansea) Limited	- Dormant
Teleplan Rentals Ltd.	- Television and video recorder rental
Shopaplan Limited	- Dormant
Provincial Lending Co. Limited	- Dormant
R. W. Turner Limited	- Dormant
Morville Credit Finance Ltd.	- Dormant

These investments are shown in the balance sheet at their cost of £1,692,272 (1992 £2,692,272).

	<u>1993</u>	<u>1992</u>
	£	£
b) Unlisted investment	£ -	£ 75
	<u>          </u>	<u>          </u>

9. Customers' accounts are receivable

as follows:

Within one year

Over one year

	<u>1993</u>	<u>1992</u>
	£	£
Within one year	88,758,125	86,236,224
Over one year	8,680,498	11,088,065
	<u>          </u>	<u>          </u>
	£ 97,438,623	£ 97,324,289
	<u>          </u>	<u>          </u>

10. Debtors

Fellow subsidiary companies

Trade debtors

Other debtors

Prepayments and accrued income

Inter company dividend receivable

	<u>1993</u>	<u>1992</u>
	£	£
Fellow subsidiary companies	1,356,497	2,350,487
Trade debtors	240,488	280,025
Other debtors	165,236	441,920
Prepayments and accrued income	505,651	457,508
Inter company dividend receivable	100,000	-
	<u>          </u>	<u>          </u>
	£ 2,367,872	£ 3,529,940
	<u>          </u>	<u>          </u>

SHOPACHECK FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1993

11. Creditors: amounts falling due within one year

Parent and fellow subsidiary companies  
Trade creditors  
Taxation and social security costs  
(excluding corporation tax)  
Accruals and deferred income  
Agent guarantee fund loan accounts

<u>1993</u>
£
48,912,065
4,145,917
1,334,313
641,672
109,539
<u>£ 55,143,506</u>

<u>1992</u>
£
49,115,988
2,721,583
1,000,370
775,139
124,247
<u>£ 53,737,327</u>

12. Bank borrowings

The amount shown as bank borrowings represents the proportion of the total group overdraft and loan facilities of Cattle's (Holdings) p.l.c. currently utilised by this company.

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

13. Provisions for liabilities and charges

Deferred taxation  
Deferred taxation is provided in full and is made up as follows:  
Accelerated capital allowances  
Other timing differences

<u>1993</u>
£
247,620
(76,536)
<u>£ 171,084</u>

<u>1992</u>
£
140,740
(30,126)
<u>£ 110,614</u>

As at 31st December, 1992  
Transfer from profit and loss account

110,614
60,470
<u>£ 171,084</u>

As at 31st December, 1993

14. Share capital

Ordinary shares of £1 each

<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
<u>1993</u>	<u>1992</u>
No.	No.
<u>1993</u>	<u>1992</u>
£	£
91,500	91,500
<u>£ 91,500</u>	<u>£ 91,500</u>

SHOPACHECK FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1993

15. Reserves

	<u>1993</u>
	£
Profit and loss account	
As at 31st December, 1992	11,108,168
Add Retained profit for the year	<u>3,413,593</u>
As at 31st December 1993	<u>£ 14,521,761</u>

16. Reconciliation of movements in shareholders' funds

	<u>1993</u>	<u>1992</u>
	£	£
Profit for the financial year	8,613,593	6,947,748
Dividends	<u>5,200,000</u>	<u>5,000,000</u>
	3,413,593	1,947,748
Other recognised gains and losses relating to the year (net)	-	(39,109)
Goodwill written off	-	(50,577)
Reduction in opening income release provisions	<u>-</u>	<u>7,633,857</u>
Net additions to/(reduction in) shareholders' funds	3,413,593	9,491,919
Shareholders' funds at 1st January 1993	<u>11,199,668</u>	<u>1,707,749</u>
Shareholders' funds at 31st Decembr 1993	<u>£ 14,613,261</u>	<u>£ 11,199,668</u>

17. Operating lease obligations

The company has the following commitments for the year ending 31st December, 1994 in respect of operating leases relating to land and buildings which expire:-

	<u>1993</u>	<u>1992</u>
	£	£
Within one year	82,486	93,741
Between two and five years	275,457	264,998
After five years	<u>307,789</u>	<u>294,878</u>
	<u>£ 665,732</u>	<u>£ 653,617</u>



SHOPACHECK FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1993

18. Capital commitments

	<u>1993</u>	<u>1992</u>
	£	£
Contracted for but not provided in these accounts	£ 219,591	£ 448,713
Authorised by the directors but not contracted for	£ 1,399,043	£ 2,087,000

19. Ultimate holding company

The ultimate holding company of this company is Cattle's (Holdings) p.l.c., registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Cattle's (Holdings) p.l.c.. The consolidated accounts of this group are available to the public and may be obtained from the Registered Office, Haltemprice Court, 38 Springfield Way, Anlaby, Hull. HU10 6RR.

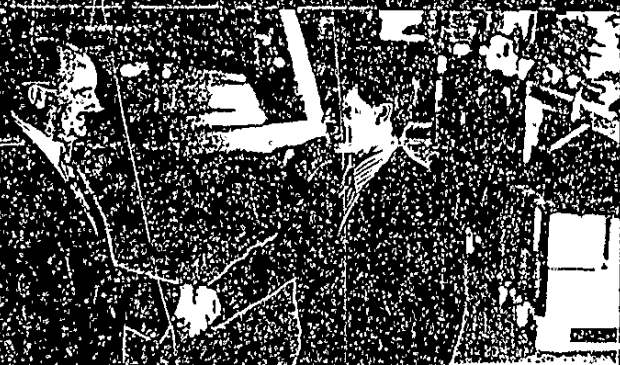
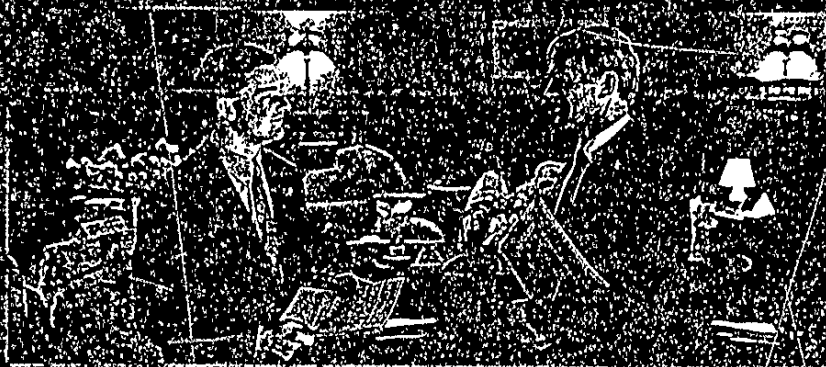
20. Goodwill

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

	<u>Total</u>	<u>Other</u>
	£	£
Customers' accounts receivable	437,645	437,645
Accounting policy alignment (restatement of customers' accounts receivable to company basis)	25,466	25,466
Net assets	463,111	463,111
Consideration	463,111	463,111
Goodwill	£ -	£ -

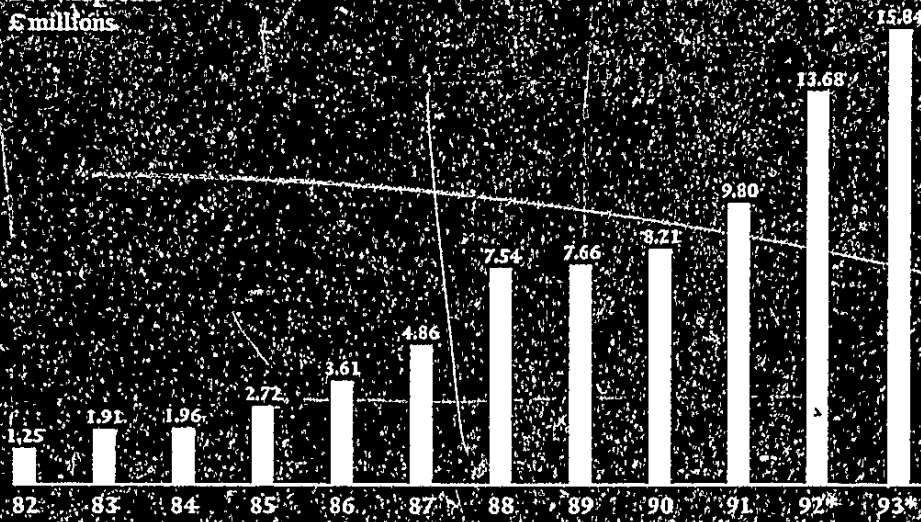
21. Cash flow statement

As the company is a wholly owned subsidiary undertaking of Cattle's (Holdings) p.l.c., 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.



**CATTLE'S (HOLDINGS) p.l.c.**  
**ANNUAL REPORT & ACCOUNTS 1993**

Pre-tax profits  
£ millions



\* Reported under FR53

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PART OF  
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## TWELVE YEARS OF UNBROKEN PROFITS GROWTH

Cattle's Holdings is a financial services group which operates exclusively in the United Kingdom.

In providing financial services to both consumers and corporate customers the group will continue to seek out and develop profitable niche marketing opportunities for the benefit of shareholders.

I am delighted to be able to report in my first statement a year of records in both pre-tax profits and earnings per share. Compared to last year's originally reported figures pre-tax profits rose by 28 per cent to £15.8 million and earnings per share rose by 26 per cent to 9.8p per share.



The pre-tax profit and earnings per share for the previous year have been restated to £13.7 million and 9.0p respectively due principally to last year's extraordinary profit on the disposal of part of our stake in Rosebys being redesignated as an exceptional item as a consequence of applying the FRS3 accounting standard.

It is particularly pleasing that all core activities contributed to the success of this performance in a year of hesitant economic recovery.

The directors are recommending an increased final dividend of 3.1p per share, compared to 2.6p last year, payable on 27th May 1994. This, together with the interim dividend of 1.9p paid in October 1993, makes a

total of 5.0p compared to last year's total, excluding the special interim, of 4.2p, representing an increase of 19 per cent.

Shareholders will again be offered the choice of taking shares in the company as an alternative to the cash dividend. Forms of election will be posted to shareholders on 19th April 1994.

The last three years have seen important changes in a number of areas within the group and 1994 marks the beginning of the next stage of the group's development. A review of strategy has determined that the group should refocus on financial services, the area of its greatest expertise. Non-core activities have been cut back or disposed of, the group's balance sheet has been significantly strengthened and a new team of directors and senior management has been established for the future. The next few years should provide many opportunities within our areas of expertise and I look forward to working with my colleagues to ensure that Cattle's takes full advantage of these.

I am glad to place on record the contribution that my predecessor Roy Waudby has made over almost 40 years in helping to achieve our present position. At the request of the board he retired on 31st December after reaching the age of 65. We wish him well for the future.

Arthur Milburn, who joined the Cattle's board in 1972 when his family business became part of the group, has also retired on reaching his 65th birthday. Arthur has given invaluable service and we wish him a long and happy retirement.

The board now comprises three executive and three non-executive directors. Besides myself, Neil Lewis also joined the board as non-executive in the past twelve months. He has considerable experience in the financial services industry and has already contributed significantly. I am pleased to report that, apart from the proposals which still require guidance, the group now complies with all the Cadbury Committee's recommendations on corporate governance; membership of the various committees is set out in the directors' report.

Staff throughout the business

have performed magnificently to help achieve this year's results. On behalf of the board I would like to thank them all for their valuable contributions.

The directors strongly believe that employee participation as shareholders in the company is to be encouraged. The group has operated an employee share scheme and an executive share option scheme for over 10 years and in 1993 introduced a sharesave SAYE option scheme which attracted applications for almost one million shares. Resolutions at the forthcoming annual general meeting will, if approved, establish replacements for the executive share option scheme and the employee share scheme. Further details of both schemes are set out in my accompanying letter.

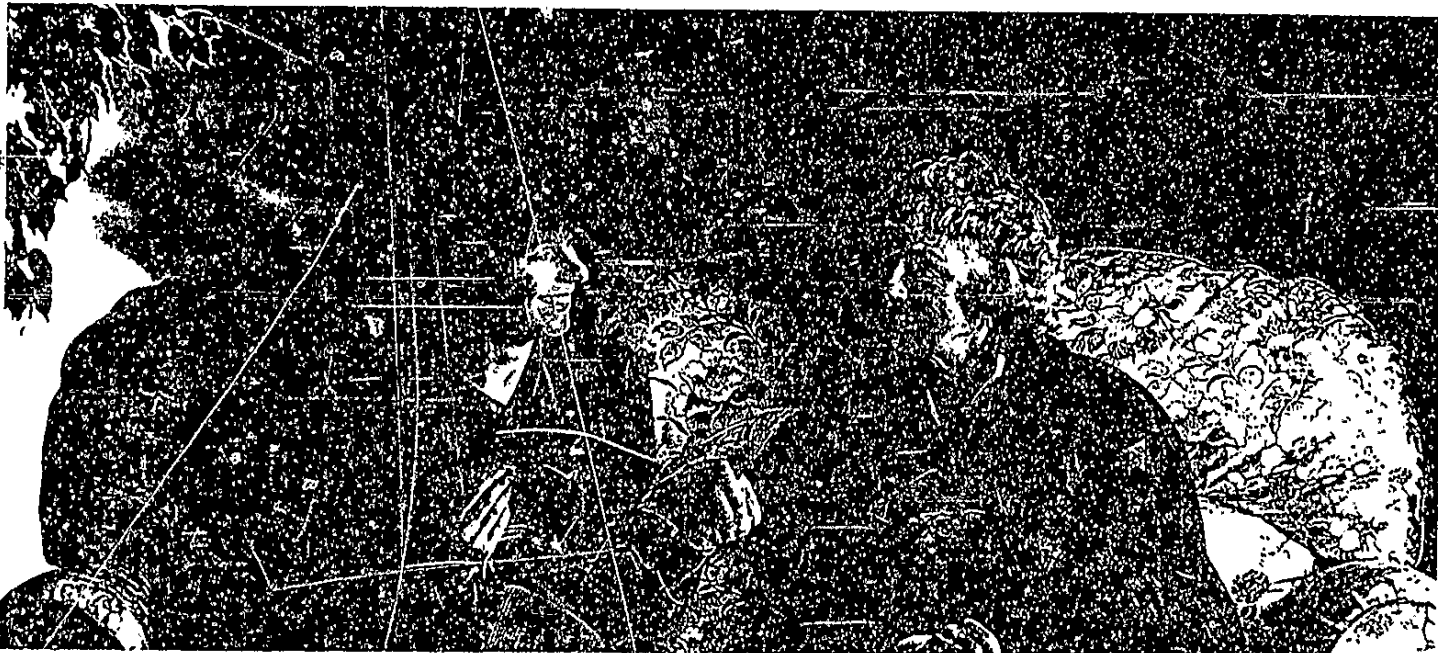
The economic climate continues to be unpredictable. However, we are well prepared for the tasks facing us and I am pleased to report that 1994 has started well.



Peter Courtney

The key factor in the success of our business is the friendly, personal service provided by the agency force through the weekly call at the customer's home

This year has again produced a significant increase in pre-tax profits and maintained the trend of 12 years' unbroken profit progression. Furthermore, since the rights issue for the acquisition of Compass Credit in late 1990, profits have increased from £8.2 million to £15.8 million, equivalent to an average compound rate of growth of almost 25 per cent per year. The group is now firmly focused back into financial services with profit streams in consumer credit, corporate finance and insurance services. This is enabling management to concentrate its efforts on the group's strengths whilst actively seeking complementary additional opportunities.



**CONSUMER CREDIT** The group's consumer credit division is dominated by Shopcheck Financial Services which is the UK's second largest weekly collected credit company, operating through a network of 140 branches and 2,700 agents. This division was again



the group's main profit contributor increasing its pre-tax contribution by 21 per cent to £14.9 million. The most popular product is the small unsecured personal loan which accounts for two thirds of the company's business.

Our stated aim is that, by continuing to offer a variety of products and maintaining a presence in the local community, we shall increase our customer base and our market share.

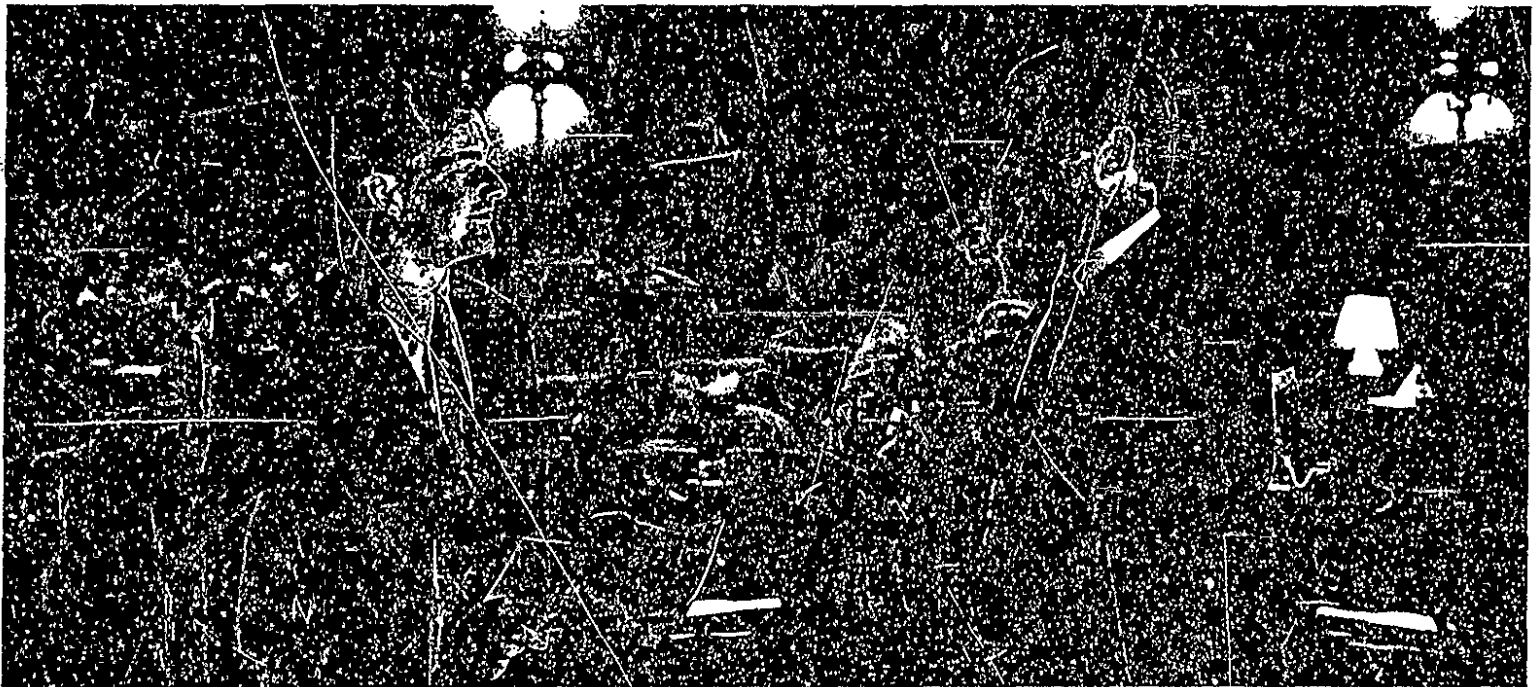
Our stated aim is that, by continuing to offer a variety of products and maintaining a presence in the local community, we shall increase our customer base and our market share. The number of households served and our range of products have both increased in 1993 and we continue to develop the range of services and products further.



Ewbanks Mail Order, the division's merchandising arm, has shown an increase in its contribution from its sales of mainly household goods marketed by Shopacheck through a bi-annual catalogue and a range of leaflets. During the year increased efficiencies in this operation have been obtained through rationalisation of the warehouse network. The number of warehouses has been reduced from six to three, located in Scunthorpe, Wolverhampton and Glasgow.

Shopaplan places great emphasis on delivering a fast, easy to use service which provides the retailer with the highest possible level of acceptances

The division's television rental operation, Teleplan, has improved its profit contribution in 1993. With technology advances leading to



greater reliability of units this operation is expected to show even greater returns in the future.

Shopaplan is proving to be extremely successful in further developing its relationships with many local independent and small

multiple retailers. The number of retailer introduced customers who repay predominantly on a monthly basis and do not require a collection service now exceeds 40,000.

The number of retailer introduced customers who repay predominantly on a monthly basis and do not require a collection service now exceeds 40,000.

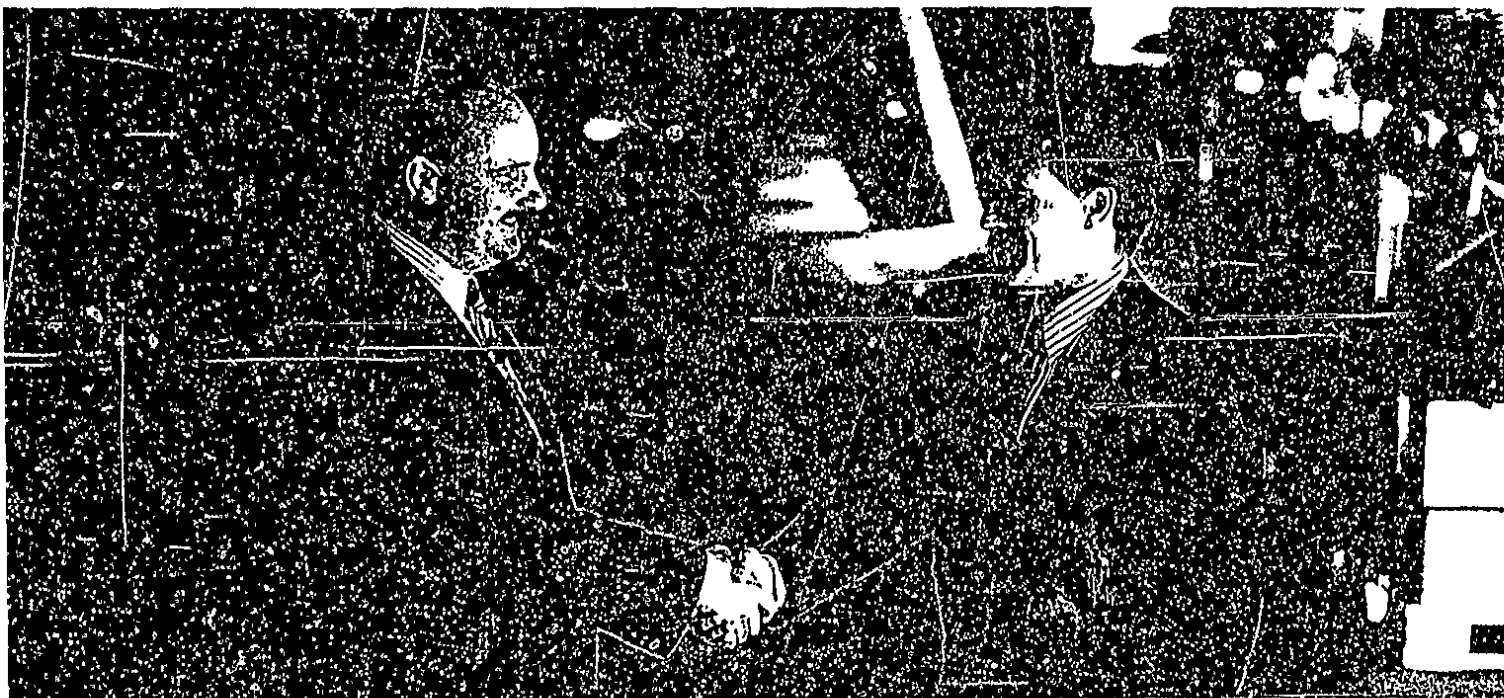
During the year the £7.8 million portfolio of debtor balances acquired in December 1992 from RLJ Finance was gradually integrated into Shopaplan. We have adopted a cautious stance as far as profit release is concerned, though as the collection pattern becomes more established and the bad debt provisions stabilise, we can anticipate a contribution to profits in 1994.

The implementation of information technology in all areas of the consumer credit division will gradually produce the planned benefits from improved efficiency during 1994. The new branch-based computer system 'ACES' has been introduced to almost half the branches and the roll-out will be complete within the next

twelve months. Shopaplan's new system is now fully operational and new systems for both Teleplan and Ewbanks have been successfully piloted.

**CORPORATE FINANCE** The group provides hire purchase and leasing finance to the small and medium sized business community through Cattle's Holdings Finance, Cattle's Holdings Leasing and Mutual Trust & Savings. This division was re-positioned during 1992 and this has contributed to a much improved performance in 1993. A profit of £0.3 million this year is a significant turnaround from the losses of £1.1 million reported in 1992 and £1.5 million in 1991.

CHF provides finance for a whole range of industrial and commercial equipment, vehicles and plant



The hire purchase and leasing receivables have reduced from a level of £42 million at their peak, down to less than £20 million currently. The average outstanding balance is now below £10,000 and lending is predominantly asset backed. Individual exposures are

normally less than £50,000 with emphasis being placed on margin rather than volume.

**INSURANCE SERVICES** Swinton CIB, our franchise motor insurance broker operated through a network of high street branches, has performed creditably in a very difficult market and contributed towards this division's profit of £0.5 million compared to last year's £0.8 million. Our client base has continued to come under highly competitive pressure particularly from the direct insurers. In conjunction with Swinton's management we continue to develop initiatives to reverse this trend.

**OTHER ACTIVITIES** Magicmono, our chain of video libraries, and Travelplan, our travel agencies, have experienced very difficult market conditions and each traded at a small loss for the year. The policy of downsizing these operations will continue if their share of the business in their respective markets shows no sign of increasing.

Our investment in Rosebys produced a contribution of £1.2 million for the year. This investment is included in our balance sheet at £5.6 million though the Stock Market valuation of our shareholding is now approximately £16 million. During the year we were pleased to support a small share placing by Rosebys and subscribed for a further 50,000 shares. As a result our shareholding was reduced from 44.7 to 42.7 per cent.

**FINANCING** Bank borrowings have again been reduced by the generation of cash from our core activities and at the end of 1993 stood at around £58 million with gearing down to its lowest level for some time. With available bank facilities of £92 million we are

operating with a significant margin of comfort. We continue our policy of hedging our borrowing costs through interest rate 'swap' and 'cap' arrangements. This minimises the impact of large fluctuations in interest rate movements and provides a greater degree of certainty in our money costs thereby enabling us to budget more effectively.

**FUTURE** The group is well positioned to progress during 1994 in its core activities. The benefits of increased information technology in both the consumer credit and corporate finance divisions will result in improved efficiency, information and control. We shall continue to increase our market share and further expand the market through our wide range of products and local service to customers. The way in which we deliver our insurance products is under review in conjunction with Swinton Insurance. This will undoubtedly result in new initiatives in this very competitive market place. With the inherent strength of the group's management at all



levels coupled with our strong financial position we look forward with enthusiasm to another year of progress.

A handwritten signature in dark ink, appearing to read 'Edward Cran'. The signature is fluid and cursive, with a large initial 'E'.

Edward Cran

For the year ended 31st December 1993

The directors submit their report together with the group accounts for the year ended 31st December 1993.

#### Principal Activities

A review of the principal business activities is contained in the chief executive's review on pages 4 to 10 and a list of principal operating subsidiary undertakings is set out on page 35.

One of the subsidiary undertakings is an authorised institution under the Banking Act 1987.

#### Results and Dividends

The group profit and loss account is set out on page 16. The performance of the group is reviewed in the chairman's statement on pages 2 and 3 and the chief executive's review on pages 4 to 10.

The turnover for the year was £217,150,000 and the profit before taxation was £15,837,000 after charging interest of £4,986,000. An analysis of turnover and profit before taxation, by activity, is set out in note 4 on page 22. The charge for taxation for the year is set out in note 5 on page 23. After the provision for the payment of dividends, £5,249,000 has been retained in the group profit and loss account.

The group cash flow statement is set out on page 19. The changes in tangible fixed assets during the year are set out in note 15 on pages 27 and 28.

A final dividend of 3.1 pence per share is proposed and, if approved, will be paid on 27th May 1994 to shareholders on the register on 8th April 1994. A scrip alternative to the final cash dividend will be offered. Forms of election will be posted to shareholders on 19th April 1994. The final dividend, together with the interim dividend of 1.9 pence paid in October 1993, makes a total for the year of 5.0 pence.

#### Donations

Charitable donations during the year amounted to £844: there were no political donations.

#### Auditors

A resolution to re-appoint the auditors, Smailes, Goldie & Co., will be proposed at the annual general meeting.

#### Close Company Status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

#### Substantial Shareholdings

As at 23rd March 1994 the directors had been notified of the following interests amounting to 3 per cent or more of the share capital of the company:

Framlington Group plc	3.94 per cent
Electricity Supply Pension Scheme	3.02 per cent

#### Directors' Service Contracts

The directors appointed since the thirty-eighth annual general meeting held on 13th May 1993 and offering themselves for election are P. H. Courtney and N. Lewis, neither of whom has a service contract.

The director retiring by rotation and offering himself for re-election is G. Clappison who has a revolving service contract determinable by a period of notice of two years from the company or six months from the director.

### Directors' Interests

The directors named on page 11 were in office for the whole of the financial year except for N. Lewis who was appointed to the board on 29th July 1993 and P. H. Courtney who was appointed to the board on 4th January 1994.

R. Waudby retired on 31st December 1993 and A. D. Milburn retired on 31st January 1994.

The interests of the directors in the shares of the company, according to the register kept under section 325 of the Companies Act 1985, were as follows:

	31st December 1993			31st December 1992		
	Beneficial	Outstanding options	Non-beneficial as trustee*	Beneficial	Outstanding options	Non-beneficial as trustee*
Peter H. Courtney	—	—	—	—	—	—
J. Edward G. Cran	20,261	188,663	—	20,000	175,000	—
Grant Clappison	114,963	192,079	450,000	109,076	175,000	—
Graham R. Dunn	109,425	142,079	—	104,205	125,000	—
R. Walwyn Chapman	284,081	—	450,000	288,081	—	1,180,000
Neil Lewis	—	—	—	—	—	—
Roy Waudby	696,280	17,079	2,555,294	689,870	—	3,614,036
Arthur D. Milburn	542,405	—	489,615	536,850	—	1,223,657
	1,767,415	539,900	3,944,909	1,748,082	475,000	6,017,693
Deduct joint trustee holdings	—	—	1,350,000	—	—	2,360,000
	1,767,415	539,900	2,594,909	1,748,082	475,000	3,657,693

\*Additionally, R. Waudby, R. W. Chapman and G. Clappison had non-beneficial interests as trustees of the Employee Share Scheme in 1,808,961 shares of the company as at 31st December 1993 (1992: R. Waudby and R. W. Chapman: 2,032,385 shares), including their own entitlements as members of the scheme. R. Waudby resigned as a trustee of the Employee Share Scheme and the Cattle's Staff Pension Fund on 31st December 1993 and thereby ceased to have a non-beneficial interest in these holdings from such date.

During the year R. Waudby, G. Clappison and G. R. Dunn made application for and were granted options in respect of 17,079 shares each and J. E. G. Cran in respect of 13,663 shares at 101 pence per share under the Cattle's Employee Sharesave Scheme.

Following his retirement on 31st December 1993, under the rules of the Sharesave Scheme, R. Waudby retains the right to exercise such options up to a maximum of 2,970 shares by no later than 30th June 1994.

On 5th January 1994 N. Lewis purchased a beneficial holding of 10,000 shares.

On 12th January 1994 P. H. Courtney purchased a beneficial holding of 10,000 shares.

On 12th January 1994 the trustees of the Cattle's Staff Pension Fund disposed of 50,000 shares out of the non-beneficial holdings shown above.

The trustees of the Employee Share Scheme have made disposals totalling 24,714 shares on behalf of employees between 31st December 1993 and 23rd March 1994.

On 20th January 1994 P. H. Courtney was appointed a trustee of the Cattle's Staff Pension Fund and thereby became non-beneficially interested in the Fund's holding of 400,000 shares at such date.

Indemnity insurance is provided by means of a directors and officers policy at an annual premium of £11,000.

There were no contracts of significance subsisting during the period in which a director is or was materially interested.

### Allotment of Shares

By a special resolution passed at the annual general meeting of the company held on 13th May 1993, the directors were authorised under section 80 of the Companies Act 1985 to exercise the power to allot relevant securities (as defined in section 80(2)) up to a maximum nominal amount of £3,673,758 which was the then appropriate maximum under the guidelines of the investment committees of institutional investors. The authority to allot relevant securities applies to every issue of shares, grant of options or issue of instruments convertible into shares for any form of consideration, except for the grant of options or issue of shares under employee share schemes. That authority will not expire until the annual general meeting in 1998, or 12th May 1998, whichever is the sooner, unless earlier revoked, varied or renewed by the company in general meeting. Of the original nominal amount so authorised, £3,668,760 nominal amount of relevant securities remains available for allotment pursuant to the existing authority. The directors consider that it is not necessary to renew, vary or extend the existing authority.

### Pre-emption Rights

At the annual general meeting of the company held on 13th May 1993 a special resolution was passed pursuant to section 95 of the Companies Act 1985 disapplying the pre-emption rights under section 89(1) by empowering the directors to allot equity securities (as defined in section 94(2)).

In accordance with the guidelines of the investment committees of institutional investors, the directors seek renewal annually of the power to disapply the statutory pre-emption rights contained in section 89(1), in respect of the allotment for cash consideration of equity securities (as defined in section 94(2)). The notice of annual general meeting therefore includes a special resolution to be proposed at the meeting, whereby the directors seek power to allot shares for cash otherwise than in accordance with the pre-emption rights set out in section 89(1) in connection with a rights issue or otherwise up to a maximum nominal amount of £553,500. This is equivalent to 5 per cent of the company's issued ordinary share capital as at 31st December 1993.

### Dividends – Share Alternative

#### New Employee Share Scheme

#### New Executive Share Option Scheme

Enclosed with these accounts is an explanatory letter setting out details of the scrip dividend alternative in respect of the final dividend for the year ended 31st December 1993 and proposals to introduce a new employee share scheme and a new executive share option scheme.

### Employment Policy

The group gives sympathetic consideration to applications for employment vacancies from disabled persons wherever practicable. Successful applicants are given appropriate assistance and training and have the same career and promotion prospects as other employees.

### Employee Involvement

The directors believe in encouraging the interest and involvement of employees by making them more aware of performance at both local and group level. Many employees are able to earn bonus payments based on the profitability of their individual branch or division, participate in the employee share incentive scheme, introduced in 1982, whereby an allocation from group profits is made to qualifying employees in the form of shares in the company, and subscribe for options under the employee sharesave scheme, introduced in 1993. In addition, due to an active in-house training programme, groups of employees are able to meet on a regular basis to discuss future developments and exchange ideas.



### Corporate Governance

The board continued to make progress in complying with the recommendations of the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) contained in its Code of Best Practice with which it could not comply at the commencement of the year. Additional non-executive directors were appointed, Neil Lewis on 29th July 1993 and Peter Courtney on 4th January 1994, and the following committees were formally set up on 20th January 1994.

#### Audit committee

The audit committee comprises the three non-executive directors under the chairmanship of Peter Courtney. Its terms of reference include the monitoring of the group's internal controls, accounting policies and financial reporting. The committee calls upon the external auditors, internal auditors and executive directors to attend meetings as required.

#### Remuneration committee

The remuneration committee comprises the three non-executive directors under the chairmanship of Neil Lewis. It reviews the terms and conditions of employment of the executive directors and makes recommendations for the granting of share options.

#### Nomination committee

The nomination committee comprises the three non-executive directors and the chief executive under the chairmanship of Peter Courtney. It meets on an ad hoc basis to propose to the board any new appointments whether of executive or non-executive directors.

The company is now in full compliance with the requirements of the Code of Best Practice, apart from proposals which cannot be complied with until the necessary guidance for companies has been developed as recommended in the Committee's report, namely the reporting by directors on the effectiveness of the system of internal control and on going concern.

#### Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board,  
P. J. DOHERTY, Secretary  
23rd March 1994

*P. J. Doherty*

	Notes	Year ended 31st December 1993 £'000	Year ended 31st December 1992 £'000
<b>Turnover</b>			
– continuing operations		217,150	210,180
– discontinued operations		–	7,606
	4	<u>217,150</u>	<u>217,786</u>
<b>Profit before taxation</b>			
– continuing operations		14,623	11,385
– discontinued operations		–	18
		<u>14,623</u>	<u>11,403</u>
– associated undertaking		1,214	870
		<u>15,837</u>	<u>12,273</u>
– exceptional profit		–	1,406
<b>Profit before taxation</b>	2	<u>15,837</u>	<u>13,679</u>
<b>Taxation</b>	5	<u>5,054</u>	<u>3,808</u>
<b>Profit after taxation</b>	3	<u>10,783</u>	<u>9,871</u>
<b>Dividends</b>	6	<u>5,534</u>	<u>5,181</u>
<b>Retained profit for the year</b>	23	<u>5,249</u>	<u>4,690</u>
<b>Earnings per share</b>			
– basic	10	9.8p	9.0p
– as originally reported			7.8p
<b>Statement of total recognised gains and losses</b>			
Profit for the financial year after taxation		10,783	9,871
Unrealised deficit on revaluation of properties		(150)	(921)
<b>Total recognised gains and losses for the financial year</b>		<u>10,633</u>	<u>8,950</u>
<b>Note of historical cost profits and losses</b>			
Profit on ordinary activities before taxation		15,837	13,679
Realisation of property revaluation gains of prior years		22	140
Realisation of trade investment loss provision of prior years		–	(82)
<b>Historical cost profit on ordinary activities before taxation</b>		<u>15,859</u>	<u>13,737</u>
<b>Historical cost profit on ordinary activities after taxation and dividends</b>		<u>5,271</u>	<u>4,748</u>

The notes on pages 20 to 33 form part of these accounts

	Notes	31st December 1993 £'000	31st December 1992 £'000
<b>Fixed assets</b>			
Tangible assets	15	16,008	16,150
Investments	13	5,642	5,130
		<u>21,650</u>	<u>21,280</u>
<b>Current assets</b>			
Customers' accounts receivable:			
Amounts falling due after more than one year		16,245	20,807
Amounts falling due within one year		100,103	100,304
		<u>116,348</u>	<u>121,111</u>
Less: Deferred revenue		22,583	23,741
		<u>93,765</u>	<u>97,370</u>
Stocks	16	1,165	989
Debtors	17	7,083	5,675
Cash at bank		4,480	5,137
Cash in hand		331	280
		<u>106,824</u>	<u>109,451</u>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	19	40,778	39,405
<b>Net current assets</b>		<u>66,046</u>	<u>70,046</u>
<b>Total assets less current liabilities</b>		<u>87,696</u>	<u>91,326</u>
Creditors – amounts falling due after more than one year	19	43,400	52,500
<b>Net assets</b>		<u>44,296</u>	<u>38,826</u>
<b>Capital and reserves</b>			
Called up share capital	20	11,070	11,021
Share premium account	21	9,586	9,102
Reserves	22	2,460	2,482
Profit and loss account	23	21,180	16,221
<b>Shareholders' funds</b>		<u>44,296</u>	<u>38,826</u>

Approved by the board on 23rd March 1994

Signed

Peter H. Courtney

J. Edward G. Cran

Grant Clappison

} Directors

The notes on pages 20 to 33 form part of these accounts

	Notes	31st December 1993 £'000	31st December 1992 £'000
<b>Fixed assets</b>			
Tangible assets	15	1,198	1,144
Investment in subsidiary undertakings	12	18,886	18,806
Investments	13	4,079	3,997
		<u>24,163</u>	<u>23,947</u>
<b>Current assets</b>			
Debtors	17	80,975	86,888
Cash in hand		2	1
		<u>80,977</u>	<u>86,889</u>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	19	23,759	21,059
		<u>57,218</u>	<u>65,830</u>
<b>Net current assets</b>		<u>81,381</u>	<u>89,777</u>
<b>Total assets less current liabilities</b>		<u>43,400</u>	<u>52,500</u>
Creditors – amounts falling due after more than one year	19	37,981	37,277
<b>Net assets</b>		<u>37,981</u>	<u>37,277</u>
<b>Capital and reserves</b>			
Called up share capital	20	11,070	11,021
Share premium account	21	9,586	9,102
Reserves	22	11,939	11,939
Profit and loss account	23	5,386	5,215
		<u>37,981</u>	<u>37,277</u>

Approved by the board on 23rd March 1994

Signed

Peter H. Courtney

J. Edward G. Cran

Grant Clappison

} Directors

The notes on pages 20 to 33 form part of these accounts

	Notes	Year ended 31st December 1993 £'000	Year ended 31st December 1992 £'000
<b>Operating activities</b>			
Profit before taxation		15,837	13,679
Profit retained by associated undertaking		(1,214)	(870)
Depreciation		3,045	3,172
Loss/(profit) on disposal of tangible fixed assets		17	(225)
(Increase)/decrease in stocks		(175)	97
Decrease in debtors		3,975	6,505
Increase in creditors		893	378
(Decrease) in deferred revenue		(1,262)	(1,329)
Loss on sale of quoted investments		—	84
(Decrease) in provision against quoted investments		—	(82)
Profit arising on disposal of part interest in subsidiary undertaking		—	(1,406)
<b>Net cash inflow from operating activities</b>		<b>21,116</b>	<b>20,003</b>
<b>Returns on investments and servicing of finance</b>			
Dividends paid		(4,898)	(4,841)
Dividends received from associated undertaking		368	75
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(4,530)</b>	<b>(4,766)</b>
<b>Taxation</b>			
Corporation tax paid including ACT		(4,511)	(1,361)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(4,490)	(5,861)
Acquisition of subsidiary undertakings and businesses	25	(538)	(6,498)
Purchase of shares in associated undertaking		(82)	—
Sale of tangible fixed assets		1,420	1,807
Disposal of part interest in subsidiary undertaking	25	—	10,020
Sale of quoted investments		—	4
<b>Net cash outflow from investing activities</b>		<b>(3,690)</b>	<b>(528)</b>
<b>Net cash inflow before financing</b>		<b>8,385</b>	<b>13,348</b>
<b>Financing</b>			
Issue of share capital		460	199
<b>Increase in cash and cash equivalents</b>	26	<b>8,845</b>	<b>13,547</b>

The notes on pages 20 to 33 form part of these accounts

## 1 Accounting policies

## (a) Accounting convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention, modified to include the revaluation of freehold and long leasehold properties, and in compliance with Schedule 9 of the Companies Act 1985 in view of the exemption from reporting under Schedule 4 of this Act granted to groups which include an authorised institution under the Banking Act 1987, although the format and additional disclosure requirements of Schedule 4 of the Companies Act have been followed wherever practicable.

The group has adopted Financial Reporting Standard No. 3 in preparing the accounts and has restated comparative figures accordingly.

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

## (b) Basis of consolidation

The group profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to the end of the financial period and incorporate the group's interest in associated undertakings. The results of subsidiary undertakings and associated undertakings acquired or disposed of during the year are included in the group profit and loss account from the date of their acquisition or up to the date of their disposal.

## (c) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and trading assets is brought in at cost and is offset firstly against negative goodwill arising during the year on similar acquisitions, secondly against available reserves brought forward and thereafter against retained profits brought forward.

## (d) Turnover

Turnover comprises the amounts received or receivable, excluding value added tax, for goods and services supplied to customers, amounts charged to customers in respect of instalment credit agreements and rentals receivable on leasing transactions, but excluding, where practicable, transactions financed within the group.

## (e) Pension funding

The group 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.

## (f) Deferred revenue

Deferred revenue comprises the proportion of the gross revenue included in customers' accounts receivable remaining after covering initial costs and, in respect of monthly instalment business, financing costs, which is carried forward into future periods. The amount carried forward is calculated to adequately cover future collecting and financing costs and allow for an appropriate contribution to profits in subsequent accounting periods.

## (g) Customers' accounts receivable

Customers' accounts receivable consist of amounts outstanding under instalment credit agreements and finance leases, including repayments not yet due at the year end, less adequate provisions for bad and doubtful debts based upon the individual assessment of accounts and formulae related to past experience.

## (h) 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 amounts included in the accounts, which, in the opinion of the directors, may result in a corporation tax liability or benefit in the foreseeable future, and is shown in the balance sheet after adjusting for any unrelieved advance corporation tax paid and payable in respect of dividends paid and proposed, which is available for set off against future taxation liabilities.



### 3 Holding company profit and loss account

The group profit includes £5,705,000 (1992: £8,085,000) dealt with in the accounts of the company, and £799,000 (1992: £559,000) dealt with in the accounts of the associated undertaking. In accordance with section 230 of the Companies Act 1985, the holding company is not required to present a separate profit and loss account.

### 4 Segmental analysis

	Turnover £'000	1993 Profit before taxation £'000	Net assets £'000	Turnover £'000	1992 Profit before taxation £'000	Net assets £'000
Consumer credit	176,980	14,910	19,459	167,095	12,293	15,374
Corporate finance	13,356	280	2,152	15,436	(1,129)	2,255
Insurance services	20,830	493	1,060	21,899	769	884
Other activities	5,984	(77)	1,393	5,750	(166)	132
Associated undertaking	—	1,214	5,642	—	870	5,129
Discontinued operations	—	—	—	7,606	18	—
	<u>217,150</u>	<u>16,820</u>	<u>28,706</u>	<u>217,786</u>	<u>12,655</u>	<u>23,774</u>
Group costs and unallocated net assets		(623)	15,590		(32)	15,052
Employee share scheme allocation		(360)	—		(350)	—
		<u>15,837</u>	<u>44,296</u>		<u>12,273</u>	<u>38,826</u>
Exceptional profit		—			1,406	
Profit before taxation		<u>15,837</u>			<u>13,679</u>	

In accordance with the requirements of FRS3 the profit for the previous year has been restated as follows:

Profit before taxation as originally reported	12,413
Extraordinary profit on flotation of Roseby PLC now reclassified	1,406
Profits on disposals of properties restated	(140)
Profit before taxation as restated under FRS3	<u>13,679</u>

Discontinued operations relate principally to Rosebys PLC, a former wholly owned subsidiary undertaking which obtained a separate listing on the London Stock Exchange in March 1992. A shareholding in the company has been retained and this investment has been dealt with as an associated undertaking from that date.

The company and its subsidiary undertakings operate wholly in the United Kingdom.



5	Taxation	1993	1992
	The charge for taxation based on the profit for the year was as follows:	£'000	£'000
	UK corporation tax at 33% (1992: 33%)	4,767	4,008
	Transfer to/(from) deferred taxation	155	(402)
	Corporation tax attributable to share of associated undertaking profit	415	311
	Amount attributable to goodwill	43	118
		<u>5,380</u>	<u>4,035</u>
	Adjustments in respect of previous years:		
	Corporation tax	(54)	1,370
	Deferred taxation	(272)	(1,597)
		<u>5,054</u>	<u>3,808</u>

As a result of timing differences not provided through the deferred taxation account, the charge for the year was increased by £nil (1992: £6,000).

	Group		Company	
Deferred Taxation:	1993 £'000	1992 £'000	1993 £'000	1992 £'000
As at 31st December 1992	117	2,499	40	40
Arising on acquisitions and disposals	-	(383)	-	-
Transfer (to)/from profit and loss account	(117)	(1,999)	5	-
	<u>-</u>	<u>117</u>	<u>45</u>	<u>40</u>
Advance corporation tax recoverable	-	117	45	40
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31st December 1993	-	-	-	-

The full potential liability on timing differences and the provision for deferred taxation made in the accounts was as follows:

	Provision		Full potential liability	
Group	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Capital allowances	77	(291)	(484)	(621)
Revaluation surplus and rollover relief	-	-	237	314
Other timing difference:	(77)	408	(77)	408
	<u>-</u>	<u>117</u>	<u>(324)</u>	<u>101</u>
Company				
Capital allowances	45	40	45	40

6	Dividends	1993	1992
	The following dividends have been paid or are proposed in respect of the year:	£'000	£'000
	Interim 1.9p per share (1992: 1.6p) paid 29th October 1993	2,102	1,763
	Proposed final 3.1p per share (1992: 2.6p) payable 27th May 1994	3,432	2,868
		<u>5,534</u>	<u>4,631</u>
	Special interim (1992: 0.5p)	-	550
		<u>5,534</u>	<u>5,181</u>

## 9 Pension costs

The group 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 1992. At the date of the latest actuarial valuation the market value of the assets of the scheme was £10,209,000 (including allowance for transfer values of £1,769,000 received in May and October 1992). The actuarial value of the assets represented 103 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.

In determining the pension cost to be included in the group's accounts, further calculations have been completed assuming that both the annual rate of investment return and the rate of dividend growth will be 0.5 per cent greater than the rates assumed for the actuarial valuation as at 31st March 1992.

On the basis adopted to determine the Pension Cost the excess funding disclosed has been spread over the average expected future working lives of scheme members.

The group charge for Pension Cost for the year was £517,000 (1992: £121,000).

The group's contributions in the year, together with the previous year's excess of £65,000, exceeded the Pension Cost by £69,000. No provision has been made in these accounts for this credit.

## 10 Earnings per share

Basic earnings per share are calculated on the profit after taxation of £10,783,000 (1992: £9,871,000) and the weighted average number of shares in issue during the year of 110,523,000 (1992: 110,098,000).

Earnings per share as originally reported for 1992 were calculated on the profit after taxation as originally reported of £8,605,000 and the weighted average number of shares in issue during that year of 110,098,000.

The potential dilution of earnings would be negligible in the event of the exercise of outstanding share options.

## 11 Operating lease obligations

The group has the following commitments for the year ending 31st December 1994 in respect of operating leases relating to land and buildings which expire:

	Group	
	1993 £'000	1992 £'000
Within one year	113	107
Between two and five years	399	393
After five years	650	646
	<u>1,162</u>	<u>1,146</u>

## 12 Investment in subsidiary undertakings

The investment by the parent company is represented by shares in subsidiary undertakings, all of which are registered in the United Kingdom, wholly owned and included at cost.

## 13 Fixed asset investments

Fixed asset investments by the group and the company are included at cost, plus, in the case of the associated undertaking, attributable share of retained profit, and comprise:

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Associated undertaking (note 1)	5,642	5,129	4,079	3,996
Other	-	1	-	1
	<u>5,642</u>	<u>5,130</u>	<u>4,079</u>	<u>3,997</u>

The market value of the investments, all of which are listed on the London Stock Exchange, at 31st December 1993 was £15,889,000 (1992: £10,611,000). If the investments were realised at the balance sheet date at the market value, the consequent taxation liability has been estimated at £3 million (1992: £1.5 million).

### (i) Investment in associated undertaking

Associated undertaking	Rosebys PLC
Country of incorporation	England
Principal area of operation	United Kingdom
Total issued share capital at 31st December 1993	19,661,545 ordinary shares of 25p
Percentage of total shares held	42.7 per cent
Share of results based on accounts to	31st December 1993
Nature of business	Retailer of household textiles

	1993 £'000	1992 £'000
Profit after taxation and minority interests	1,801	1,416
Dividends received during the year	368	75
Share of profit retained	431	484
Share capital and reserves	13,350	10,957
Share of net assets	5,700	4,898

Until 2nd March 1992 the associated undertaking was a wholly owned subsidiary undertaking at which date it obtained a separate listing on the London Stock Exchange. The company subscribed for a further 50,000 shares at 163p per share under a share placing by Rosebys PLC on 8th December 1993, which resulted in a small reduction in the percentage shareholding from 44.7 to 42.7 per cent.

## 14 Capital commitments

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Capital expenditure authorised and contracted for, but not provided in these accounts	260	573	10	24
Capital expenditure authorised, but not contracted for	1,465	2,165	27	-
	<u>1,725</u>	<u>2,738</u>	<u>37</u>	<u>24</u>

## 15 Tangible fixed assets

Group	Total £'000	Freehold land and buildings £'000	Leasehold land and buildings long £'000	Leasehold buildings short £'000	Fixtures equipment and motor vehicles £'000	Assets held for rental £'000
Cost or valuation at 31st December 1992	23,734	5,557	1,096	1,433	10,931	4,717
Additions	4,490	263	—	228	3,010	989
Deficit arising on revaluation	(150)	—	(150)	—	—	—
Eliminated in respect of disposals	(3,222)	(400)	(18)	(29)	(1,810)	(965)
Cost or valuation at 31st December 1993	24,852	5,420	928	1,632	12,131	4,741
Depreciation at 31st December 1992	7,584	—	—	540	4,577	2,467
Amount provided this year	3,045	—	—	204	1,949	892
Eliminated in respect of disposals	(1,785)	—	—	(13)	(1,156)	(616)
Depreciation at 31st December 1993	8,844	—	—	731	5,370	2,743
Net book amount at 31st December 1993	16,008	5,420	928	901	6,761	1,998
Net book amount at 31st December 1992	16,150	5,557	1,096	893	6,354	2,250
Historical cost of revalued assets:						
As at 31st December 1993	5,662	4,225	1,401	36		
As at 31st December 1992	6,033	4,595	1,402	36		
Company						
Cost or valuation at 31st December 1992	1,488	760	—	—	728	—
Additions	247	—	—	—	247	—
Group transfers	27	—	—	—	27	—
Eliminated in respect of disposals	(156)	—	—	—	(156)	—
Cost or valuation at 31st December 1993	1,606	760	—	—	846	—
Depreciation at 31st December 1992	344	—	—	—	344	—
Amount provided this year	151	—	—	—	151	—
Group transfers	8	—	—	—	8	—
Eliminated in respect of disposals	(95)	—	—	—	(95)	—
Depreciation at 31st December 1993	408	—	—	—	408	—
Net book amount at 31st December 1993	1,198	760	—	—	438	—
Net book amount at 31st December 1992	1,144	760	—	—	384	—
Historical cost of revalued assets:						
As at 31st December 1993	1,156	1,156				
As at 31st December 1992	1,156	1,156				

15 Tangible fixed assets continued

Tangible fixed assets include valuations as follows:

Group	Total £'000	1993 £'000	1992 £'000	1984 £'000	1978 £'000
Freehold land and buildings	5,157	—	5,157	—	—
Long leasehold land and buildings	928	200	728	—	—
Short leasehold land and buildings	45	—	—	25	20

Company

Freehold land and buildings	760	—	760	—	—
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The directors reviewed the value at which a surplus long leasehold property held for sale was previously stated and, after taking appropriate professional advice, reduced it to £200,000.

16 Customers' accounts receivable

Customers' accounts receivable were in respect of:

	1993 £'000	1992 £'000
Hire purchase contracts	11,648	15,446
Other instalment credit agreements	97,868	98,275
Finance leases	6,832	7,390
	<u>116,348</u>	<u>121,111</u>
Less: Provision for deferred revenue	<u>22,583</u>	<u>23,741</u>
	<u>93,765</u>	<u>97,370</u>

The amounts shown in respect of customers' accounts receivable are stated after deduction of provisions for bad and doubtful debts.

The aggregate instalments and rentals receivable during the year were:

In respect of hire purchase contracts	8,913	13,823
In respect of finance leases	5,180	5,618
In respect of operating leases	<u>3,442</u>	<u>3,634</u>

The costs of assets acquired during the year were:

For the purpose of hire purchase contracts	6,078	6,968
For letting under finance leases	<u>4,598</u>	<u>2,857</u>

17 Debtors

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Amounts falling due within one year:				
Trade debtors	3,268	2,853	—	—
Amounts due from subsidiary undertakings	—	—	77,168	83,925
Other debtors	491	726	39	325
Prepayments and accrued income	2,328	1,282	1,495	481
Advance corporation tax recoverable	—	—	1,277	1,343
	<u>6,087</u>	<u>4,861</u>	<u>79,979</u>	<u>86,074</u>
Amounts falling due in more than one year:				
Advance corporation tax recoverable	996	814	996	814
	<u>7,083</u>	<u>5,675</u>	<u>80,975</u>	<u>86,888</u>

## 18 Stocks

Stocks comprise finished goods bought in for resale.

## 19 Creditors

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Amounts falling due within one year:				
Deposit accounts (note i)	2,103	2,607	—	—
Trade creditors	10,457	10,861	60	36
Amounts owing to subsidiary undertakings	—	—	2,774	3,126
Corporation tax	3,483	3,248	—	—
Advance corporation tax	1,552	1,519	1,552	1,519
Other taxes and social security	1,529	1,399	24	47
Other creditors	113	14	—	11
Accruals	3,211	2,144	1,019	1,188
Dividends	3,432	2,868	3,432	2,868
	<hr/> 25,880	<hr/> 24,660	<hr/> 8,861	<hr/> 8,795
Bank advances (note ii)	<hr/> 14,898	<hr/> 14,745	<hr/> 14,898	<hr/> 12,264
	<hr/> 40,778	<hr/> 39,405	<hr/> 23,759	<hr/> 21,059
Amounts falling due after more than one year:				
Bank advances (note iii)	<hr/> 43,400	<hr/> 52,500	<hr/> 43,400	<hr/> 52,500

- (i) The deposit accounts are subject to repayment on notice of withdrawal, varying from the day of demand up to six months.
- (ii) Of the group bank advances, £9,298,000 comprise overdrafts repayable within one year utilised from available committed facilities of £12 million under the terms of a renewable syndicated bank facility. A further £5,600,000, repayable on various dates within one year, was utilised from committed and uncommitted bilateral facilities of £11 million.
- (iii) The remaining bank advances of £43,400,000 comprise term loans and acceptances which will be rolled over, in one year or less, under the terms of a renewable syndicated bank facility of £69 million requiring notice of termination of more than one year.
- (iv) Interest rate hedging, by means of 'swap' or 'cap' arrangements, is entered into from time to time. These arrangements have the effect of fixing or capping the borrowing costs for the duration of the contracts in quarterly stages and thus minimise the overall impact on the group of large fluctuations in interest rates. At 31st December 1993 hedging arrangements totalling £60 million were in place expiring on various dates between 1994 and 1997. As existing positions mature, new arrangements are entered into as considered appropriate. The net benefit or cost, as it arises, is reflected in the total charge for interest on borrowings (note 2).

20 Share capital	Number	£'000
Authorised: Ordinary shares of 10p each	150,000,000	15,000
Allotted, called up and fully paid:		
As at 31st December 1992	110,212,746	11,021
Exercise of executive share options	156,887	16
Employee share incentive scheme allocation	280,579	28
Scrip dividend	49,979	5
As at 31st December 1993	110,700,191	11,070

Options under the Cattle's (Holdings) Executive Share Option Scheme (1985):

During the year options have been granted over a further 60,000 ordinary shares, exercisable at 141.5p per share between 6th October 1996 and 6th October 2003.

Options have been exercised during the year in respect of 31,887 shares at 71.88p per share and 125,000 shares at 71.5p per share. No options were exercised by directors during the year.

Outstanding options at 31st December 1993 including directors are as follows:

325,000 shares (directors: 325,000) at 71.5p per share exercisable between 30th April 1994 and 29th April 2001.

525,000 shares (directors: 150,000) at 70.1p per share exercisable between 8th October 1995 and 8th October 2002.

60,000 shares (directors: nil) at 141.5p per share exercisable between 6th October 1996 and 6th October 2003.

Options under the Cattle's Employee Sharesave Scheme:

During the year options have been granted over 961,444 ordinary shares, exercisable at 101p per share between 1st August 1998 and 31st January 1999. Outstanding options at 31st December 1993 totalled 939,139 shares (including directors: 64,900).

Details of the directors' interests in these options and the issued shares of the company are included in the report of the directors on page 13.

21 Share premium account	Group £'000	Company £'000
As at 31st December 1992	9,102	9,102
Premium on scrip dividend	68	68
Premium on shares issued in respect of employee share incentive and executive share option schemes	418	418
Expenses relating to the issue of new shares	(2)	(2)
As at 31st December 1993	9,586	9,586

22 Reserves	Group £'000	Company £'000
Capital reduction reserve:		
As at 31st December 1992	—	8,840
As at 31st December 1993	—	8,840
Merger reserve:		
As at 31st December 1992	1,799	3,099
As at 31st December 1993	1,799	3,099
Revaluation reserve:		
As at 31st December 1992	683	—
Eliminated in respect of disposals	(22)	—
Reduction in value of a long leasehold property	(150)	—
Transfer from profit and loss account	150	—
As at 31st December 1993	661	—
Total reserves as at 31st December 1993	2,460	11,939

23 Profit and loss account	Group £'000	Company £'000
As at 31st December 1992	16,221	5,215
Elimination of previous revaluation surpluses on property disposals	22	—
Transfer to revaluation reserve	(150)	—
Goodwill arising on acquisitions	(162)	—
Retained profit for the year	5,249	171
As at 31st December 1993	21,180	5,386

24 Reconciliation of movements in shareholders' funds	1993 £'000	1992 £'000
Profit for the financial year after taxation	10,783	9,871
Dividends	(5,534)	(5,181)
Other recognised gains and losses relating to the year	(150)	(921)
New share capital issued	533	199
Goodwill written off during the year	(162)	(304)
Goodwill previously written off, reinstated on the partial disposal and flotation of Rosebys PLC	—	3,167
Shareholders' funds as at 31st December 1992	5,470	6,831
Shareholders' funds as at 31st December 1993	38,826	31,995
	44,296	38,826



## 25 Acquisition and disposal of subsidiary undertakings and businesses

	Acquisitions		Disposals	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Tangible fixed assets	—	—	—	8,075
Stock	—	—	—	8,225
Debtors	438	8,862	—	2,142
Cash at bank and in hand	—	—	—	52
Minority interests and dividend	—	(41)	—	(182)
Associated undertaking investment	—	—	—	(4,666)
Bank borrowings	—	—	—	(2,595)
Creditors	—	(520)	—	(6,811)
Deferred revenue	(105)	(2,202)	—	—
Taxation	43	117	—	(932)
Deferred taxation	—	(22)	—	(404)
Parent company loan	—	—	—	(2,622)
	376	6,194	—	282
Profit on disposal	—	—	—	1,406
	376	6,194	—	1,688
Goodwill	162	304	—	3,167
	538	6,498	—	4,855
Satisfied by:				
Shares allocated	—	—	—	—
Cash consideration	538	6,498	—	4,855
	538	6,498	—	4,855
Summary of the net (outflow)/inflow of cash and cash equivalents:				
Cash consideration	(538)	(6,498)	—	4,855
Cash in hand	—	—	—	(52)
Bank borrowings	—	—	—	2,595
Repayment of parent company loan	—	—	—	2,622
	(538)	(6,498)	—	10,020

## 26 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1993 £'000	1992 £'000	Change in 1993 £'000	Change in 1992 £'000
Cash at bank	4,480	5,137	(657)	706
Cash in hand	331	280	51	(75)
Bank advances	(58,298)	(67,245)	8,947	13,189
Deposit accounts	(2,103)	(2,607)	504	(273)
	(55,590)	(64,435)	8,845	13,547

27 Analysis of changes in financing during the year

	1993		1992	
	Share capital including premium £'000	Merger reserve £'000	Share capital including premium £'000	Merger reserve £'000
As at 31st December 1992	20,123	1,799	19,924	484
Inflow from financing	460	—	199	—
Scrip dividend	73	—	—	—
Reinstatement of goodwill previously written off	—	—	—	1,315
As at 31st December 1993	20,656	1,799	20,123	1,799

28 Goodwill

During the year the group made the following acquisitions, wholly in cash:	1993 £'000
Customers' accounts receivable and debtors	438
Other current assets, less current liabilities and provisions	(62)
Net assets	376
Consideration	538
Goodwill	162
Goodwill has been dealt with in the accounts as follows:	
Written off against profit and loss account (note 23)	162

In the opinion of the directors the book values of the assets acquired did not differ materially from their fair values.

Cumulative goodwill, excluding subsequent disposals, written off against reserves since 1st January 1989 amounted to £13,906,000. The directors do not consider it practicable to extract information in respect of earlier periods.

29 Contingent liabilities

The company has entered into unlimited multilateral bank guarantees covering the bank loans and overdrafts of its subsidiary undertakings.

The company remains as guarantor of a proportion of the leases of properties held and utilised by Rosebys PLC entered into when that company was a wholly owned subsidiary undertaking.

We have audited the financial statements on pages 16 to 33 which have been prepared in accordance with the accounting policies set out on pages 20 and 21.

**Respective Responsibilities of Directors and Auditors**

As described on page 15 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.

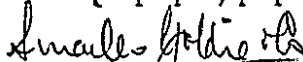
**Basis of Opinion**

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 affairs of the company and the group at 31st December 1993 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SMALES, GOLDIE & CO.  
Chartered Accountants  
Registered Auditors  
Station Court  
St. Stephen's Square  
Hull HU1 3XL  
23rd March 1994

### Consumer Credit

Shopacheck Financial Services Ltd  
Ewbanks Mail Order Ltd  
Teleplan Rentals Ltd  
Voucher Clearing Services Ltd

Weekly collected and monthly Shopaplan credit  
Merchandise support for weekly collected credit  
Television and video recorder rental  
Clearing and processing of retail vouchers

### Corporate Finance

Cattle's Holdings Finance Ltd  
Cattle's Holdings Leasing Ltd  
Mutual Trust & Savings Ltd

Hire purchase credit  
Equipment leasing  
Hire purchase credit and financial services

### Insurance Services

Swinton CIB Ltd  
Cattle's Insurance Services Ltd

Motor and household insurance services  
Insurance services to the group

### Other Activities

Springfield Debt Collection Services Ltd  
Travelplan Ltd  
Magicmono Ltd  
Cattle's Properties Ltd

Debt recovery services  
Retail travel agencies  
Retail video libraries  
Property services

Companies which are dormant or whose operations are insignificant in relation to the group's overall interests have been excluded.

Notice is hereby given that the thirty-ninth annual general meeting of Cattle's (Holdings) p.l.c. will be held at the Willerby Manor Hotel, Well Lane, Willerby, Hull on Thursday, 12th May 1994 at 3.00 p.m. for the following purposes:

- 1 To receive the directors' report and audited accounts in respect of the year ended 31st December 1993. (Resolution 1)
- 2 To declare the proposed final dividend. (Resolution 2)
- 3 To elect directors.  
The following director, retiring by rotation, will be proposed for re-election:  
G. CLAPPISON (Resolution 3(a))  
The following directors, appointed since the thirty-eighth annual general meeting, will be proposed for election:  
P. H. COURTNEY (Resolution 3(b))  
N. LEWIS (Resolution 3(c))
- 4 To re-appoint Smailes, Goldie & Co. as auditors to the company in accordance with section 385 of the Companies Act 1985 and to authorise the board of directors to determine their remuneration for the ensuing year. (Resolution 4)

**SPECIAL BUSINESS**

To consider and, if thought fit, pass the following resolutions of which Resolution 5 will be proposed as a SPECIAL RESOLUTION and Resolutions 6 and 7 will be proposed as ORDINARY RESOLUTIONS.

- 5 "That:
  - (a) the directors of the company be and they are hereby empowered, pursuant to section 95 of the Companies Act 1985 ("the Act") to allot equity securities as defined in section 94(2) of the Act pursuant to the authority conferred by resolution 5 passed at the annual general meeting of the company held on 13th May 1993 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
    - (i) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders and holders of any other shares or securities of the company that by their terms are entitled to participate in such rights issue where the equity securities respectively attributable to the interests of all ordinary shareholders and such holders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them or into which their shares or securities are to be deemed converted in calculating the extent of their participation but subject to such exclusions as the directors of the company may deem fit to deal with fractional entitlements or problems arising in respect of any overseas territory; and
    - (ii) the allotment wholly for cash (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £553,500;
  - (b) the power hereby conferred shall expire on the conclusion of the next annual general meeting of the company following the date of this resolution (or, if sooner, fifteen months from the date of this resolution) or such later date as the company may by special resolution from time to time prescribe but may be previously revoked, varied or renewed by special resolution;
  - (c) the power hereby conferred shall enable the company to make any offer or agreement before the expiry of such power that would or might require equity securities to be allotted after such power expires and the directors of the company may allot equity securities in pursuance of any such offer or agreement up to the maximum amount permitted by this resolution as if the power hereby conferred had not expired; and

(d) the power conferred by resolution numbered 6(a) passed at the annual general meeting of the company held on 13th May 1993 is hereby revoked, but without prejudice to any allotment, offer or agreement made or entered into prior to the passing of this resolution".

(Resolution 5)

- 6 "That subject to the approval of the Board of Inland Revenue, the trust deed and rules of the Cattle's Employee Share Scheme 1994 ("the Share Scheme") as produced to the meeting and initialled by the Chairman by way of identification, be and they are hereby approved and the directors be and they are hereby authorised to make any amendments to the trust deed and rules of the Share Scheme as may be necessary or desirable in order to obtain the approval of the Inland Revenue".

(Resolution 6)

- 7 "That subject to the approval of the Board of Inland Revenue, the rules of the Cattle's Executive Share Option Scheme 1994 ("the Executive Scheme") as produced to the meeting and initialled by the Chairman by way of identification, be and they are hereby approved and the directors be and they are hereby authorised to make any amendments to the rules of the Executive Scheme as may be necessary or desirable in order to obtain the approval of the Inland Revenue".

(Resolution 7)

By order of the board,

P. J. DOHERTY Secretary

Haltemprice Court

38 Springfield Way

Anlaby

Hull HU10 6RR

19th April 1994

NOTES:

- (i) A member of the company entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.
- (ii) A form of proxy is enclosed with this notice for use in connection with the business set out above. In the event of you being unable to attend the meeting you are requested to complete and return the form of proxy so as to reach the company's registrars not later than 3.00 p.m. on Tuesday, 10th May 1994.
- (iii) The register of directors' interests in shares in the company or its subsidiaries and copies of the directors' service contracts will be available for inspection at the registered office of the company during business hours only on any weekday (excluding Saturdays and public holidays) from the date of this notice until the date of the annual general meeting and at the place of the meeting from 2.45 p.m. on 12th May 1994 until the conclusion of the meeting.
- (iv) The proposed dividend, if approved, will be paid on 27th May 1994.

Year ended 31st December:	Reported under FRS3		1991 £'000	As originally reported	
	1993 £'000	1992 £'000		1990 £'000	1989 £'000
<b>Trading results</b>					
Turnover	217,150	217,786	244,677	202,841	182,413
Profit before taxation:					
– continuing operations	14,623	11,385			
– discontinued operations	–	18			
– associated undertaking	14,623	11,403			
	1,214	870			
– exceptional profit	15,837	12,273			
	–	1,406			
Profit before taxation	15,837	13,679	9,800	8,206	7,658
Taxation	(5,054)	(3,808)	(3,157)	(2,887)	(2,732)
Minority interests	–	–	(162)	(239)	(252)
Extraordinary items	–	–	(495)	320	389
Available group profit	10,783	9,871	5,986	5,400	5,063
Dividends (note i)	5,534	5,181	4,110	3,431	2,397
Retained profit	5,249	4,690	1,876	1,969	2,666
(i) 1992 includes a special interim of £550,000.					
<b>Net funds employed</b>					
Tangible fixed assets	16,008	16,150	24,039	23,721	18,244
Investments	5,642	5,130	7	119	179
Current assets	106,824	109,451	117,507	129,091	86,866
Current liabilities	128,474	130,731	141,553	152,931	105,289
	40,778	39,405	108,308	122,405	84,450
Total assets less current liabilities	87,696	91,326	33,245	30,526	20,839
Creditors – due over one year	43,400	52,500	–	–	–
Liabilities and charges	–	–	1,119	526	1,923
Net assets	44,296	38,826	32,126	30,000	18,916
<b>Capital and reserves</b>					
Called up share capital	11,070	11,021	10,993	10,498	6,699
Share premium account	9,586	9,102	8,931	17,551	2,803
Reserves	2,460	2,482	1,168	651	–
Profit and loss account	21,180	16,221	10,903	9,366	8,685
Goodwill write off reserve	–	–	–	(8,840)	–
Shareholders' funds	44,296	38,826	31,995	29,226	18,187
Minority interests	–	–	131	774	729
	44,296	38,826	32,126	30,000	18,916
Earnings per share	9.8p	9.0p	6.13p	7.04p	6.59p