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COMET RADIOVISION SERVICES LIMITED

REPORT and ACCOUNTS

for the financial year ended 2nd SEPTEMBER 1978



Directors:	M. J. Hollingbery - Chairman and Chief Executive G. H. Cox, B.A. J. D. Cumming, R.D., M.A. J. A. Hutton, B.Sc. W. J. Mason A. G. Parker, M.A., F.C.M.A., F.C.I.S. F. R. Pears, F.C.A.
Secretary:	R. W. Towndrow, F.C.A.
Registered Office:	King Charles House, George Street, Hull, HU1 3AU.
Registrars:	Midland Bank Limited, Registrar's Department, Courtwood House, Silver Street Head, Sheffield S1 3RD.
Bankers:	Midland Bank Limited, 55 Whitefriargate, Hull, HU1 2HX.
Solicitors:	Booth & Co., Phoenix House, South Parade, Leeds, LS1 1HQ.
Auditor:	Hodgson, Harris & Co., Chartered Accountants, Bank Chambers, Parham Street Hull, HU1 3BQ.

Annual Report
and Accounts
for the financial year ended
2nd SEPTEMBER 1978

COMET
COMET RADIOVISION SERVICES LIMITED

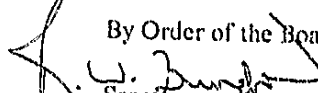
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the forty-fifth Annual General Meeting of the Company will be held at the Registered Office of the Company, King Charles House, George Street, Hull on Thursday 11th January 1979 at 12 noon for the following purposes:

1. To receive and adopt the accounts for the financial year ended 2nd September 1978 and the reports of the directors and of the auditors.
2. To declare a dividend.
3. To re-elect directors.
4. To re-appoint the auditors and authorise the directors to fix their remuneration.
5. To transact any other business of an Annual General Meeting.


By Order of the Board,
Secretary,
King Charles House,
George Street, Hull.

12th December 1978.

Notes:

1. Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member. A proxy card is enclosed and, if used, should be lodged with the Company's Registrar not less than 48 hours before the meeting. Proxy cards should not be sent to the Registered Office of the Company.

2. There will be available for inspection at the Registered Office of the Company, King Charles House, George Street, Hull, during usual business hours on any weekday (Saturday and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting, a copy of each contract of service, not expiring or determinable by the Company without payment of compensation within one year, of any director of the Company with the Company or with any of its subsidiaries.

3. The proposed dividend, if approved, will be paid on Friday 9th February 1979

CHAIRMAN'S STATEMENT

Profits for the Year

During the six months which ended on September 2nd 1978, retail trade was at a considerably higher level than in the corresponding period of 1977, and your company made pre-tax profits of £2,063,000 (1977 £710,000). This makes a total for the year of £6,306,000 pre-tax (1977 £3,808,000).

Dividends

Your Board increased the interim dividend by the maximum permitted amount, and stated at that time that, should the Treasury relax the restrictions placed upon companies, it would increase the final dividend to the maximum permitted under the new regulations.

We were pleased to learn that profit growth may now be recognised in dividend payments, and although we should have wished to recommend a greater increase, we still propose a final dividend of 2.30226p net (3.43621p gross) on 9th February 1979 to members on the register at the close of business on 22nd December 1978.

This makes a total payment for the full year of 3.61291p net (5.39240p gross), an increase of 54% on the net dividend of the previous year.

Balance Sheet, Scrip Issue and Borrowing Powers

In the absence so far of any indication of the form which a permanent scheme of stock relief for taxation purposes might take and in the light of the assurance given by the Chancellor in his April budget statement that legislation will be introduced to limit the build-up of deferred tax liabilities, your Board has reviewed the Group's deferred taxation provisions in the terms of that assurance and has considered it appropriate to write-back to reserves an amount of £1,522,000 in respect of the tax relief obtained in the first two years of the present scheme of stock relief.

The reserves of the company have increased by £3,948,000 during the year and your directors intend, subject to the approval of our shareholders, to issue one new share of 5p for every three shares currently held. This would increase the issued share capital to £1,242,000, exceeding the authorised share capital of £1,200,000. We therefore propose an increase in the authorised share capital to £2,000,000.

The borrowing powers of the company are restricted to two times the value of the shareholders' funds. Under certain circumstances such a restriction could be against the interests of the company. We recommend an amendment to the articles of the company, which would increase its borrowing limit to three times the shareholders' funds.

New Branches

The increase in profit for the year is partly as a result of the rapid expansion in the number of our satellite shops in the period of depressed retailing in 1976 and 1977. During that period 60 shops were added to our chain and they have allowed us to take advantage of the current improvement in the levels of trade.

During the period under review, we have opened a further 18 bringing the total to 88, as well as the warehouse at Neasden on the North Circular Road, and at the end of the year we were trading from 143 locations. In addition, a second Channel Island franchise was opened in Guernsey. Plans are already in hand for a further twelve shops and other suitable sites are being sought.

Diversification

Comet has now reached the stage, both from a management and from a financial point of view, at which it should extend its activities beyond the domestic electrical field. However, we continue to hold the view that our interests would not be well served by opening in Europe unless an exceptional opportunity presents itself.

During a number of visits to the United States we have made a study of the very successful discount catalogue showrooms which are operating there, and we believe that this concept, with some adaptation, is appropriate to the British market.

As a result, our two Scottish McOnomy stores have been trading on this basis since November 7th 1978. Our stock range in these new stores includes jewellery, glass and silverware, china, ceramics and cutlery, leathersgoods, domestic electronic equipment and electrical small appliances, photographic and sports equipment and a range of general housewares.

CHAIRMAN'S STATEMENT CONTINUED

The standard of storefitting is of a very high order, as is the range and quality of merchandise which we are stocking, but everything is being offered to the public at margins which are substantially below those generally charged elsewhere.

This policy is being reflected in the theme "McOnomy Discount with Distinction". There is, however, no catalogue and selling will be through substantial press advertising, backed initially by a campaign on television. Although we expect the trading pattern to be more seasonal than in our electrical business, we are encouraged by the initial response of the public in Glasgow and Edinburgh.

We have two further locations which are suitable for conversion to this method of trading and have identified a number of other possible sites. We anticipate that in the initial stages of McOnomy's development we may experience problems in obtaining some part of our ideal stock range but we are confident that sufficient suitable merchandise will be available to ensure the success of the venture.

Directors and Staff

It was with considerable regret that I accepted Mr. M. J. Foster's resignation in April of this year, enabling him to return to the manufacturing side of the industry. He had made a valuable contribution to the running of the firm during his brief period in office.

His successor, Mr. E. R. Pears, joined the Board in November. Mr. Pears, a chartered accountant, gained experience of the electrical trade during a three year period with the Rediffusion Group, followed by nine years as Managing Director of the wholesale grocery division of Gallaher Limited.

We have also recruited a team of management for our new McOnomy operation.

It is pleasant to have this opportunity to record my thanks to all the directors and staff on your behalf. The record results of this year could not have been achieved without their co-operation and hard work.

Future Trading

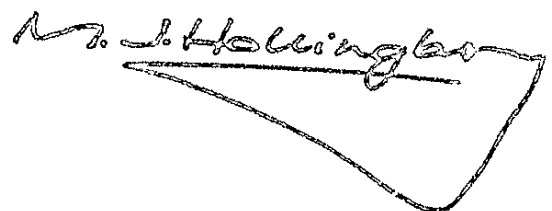
The volume of trade in the current half year is considerably in excess of the level achieved during the same period in 1977 and we expect this increase to continue throughout the important pre-Christmas season. We believe that this trend will continue into 1979 and although the increase may not be as large, the comparison will be with a more buoyant period of trading in 1978.

We expect real living standards to continue to increase throughout 1979 and into the eighties. We are experiencing some margin pressure as our High Street competitors attempt to maintain their market share but we are confident that the structure of your company, which was created specifically with price competition in mind, will ensure that we can meet this competition without damaging ourselves.

We are enthusiastic over the prospects for the new style McOnomy and visualise rapid expansion of this operation once it is profitably established. As can be seen from the balance sheet, we have substantial cash resources and we shall take advantage of any suitable opportunities for expansion when they occur.

I therefore view the future of your company with continued optimism.

M. J. Hollingdale



REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report to the members with the accounts for the financial year ended 2nd September 1978.

Principal activities

The principal activities of the group are the retailing (including mail order) from discount warehouses and conventional shops, after-sales service and repairing of television, audio, domestic electrical and gas appliances. The directors regard these activities as a single and integral class of business.

Since the end of the financial year, the group has extended its range of activities to include the retailing of other consumer products.

The country of operation of the company and its trading subsidiaries is Great Britain.

Accounts

Profit for the year

The profit for the year after taxation is	£000
	3,076
Dividend payments have been made, or are recommended, totalling	339
leaving a retained profit of	<u>2,737</u>

In accordance with the policy of earlier years, full provision has been made for deferred taxation on the profit for the year.

During the year the group exported goods to a sales value of £671,000.

Share capital

On 5th January 1978, the authorised share capital of the company was increased from £700,000 to £1,200,000 by the creation of a further 10,000,000 Ordinary shares of 5p each. On the same date the company resolved to issue 6,210,000 Ordinary shares of 5p each credited as fully paid up by way of capitalisation of £310,500 standing to the credit of reserves.

This issue of shares was made since the directors were of the opinion that the reserves contained in the balance sheet were sufficient to warrant conversion of some part of them to issued share capital.

Dividends

An interim dividend of 1.31065p per 5p share was declared during the year on the increased share capital and paid on 4th August 1978.

The directors have obtained Treasury approval for a substantial increase in the final dividend and accordingly recommend a final dividend of 2.30226p per 5p share making a total of 3.61291p per 5p share for the year, which with the related tax credit is equivalent to 5.39240p per 5p share (1977 3.54933p, adjusted for capitalisation); if approved, payment will be made on 9th February 1979 to holders registered on 22nd December 1978.

Formal notices of waiver of final dividend have been lodged covering 9,226,093 shares. The table below shows the dividend waivers made.

	1978		1977	
	No. of shares	Dividends waived	No. of shares (adjusted for capitalisation)	Dividends waived
		£000		£000
Interim	9,226,093	121	9,558,735	103
Final	9,226,093	213	9,534,735	121
		<u>334</u>		<u>224</u>

REPORT OF THE DIRECTORS CONTINUED

Fixed assets

Movements on fixed assets during the year are given in note 7 to the accounts. The leaseholds in certain properties at Cardiff, Newcastle, Penwortham, Willenhall, Southport and Liverpool have been disposed of during the year, together with freehold properties in Hull and Carlisle and the following properties have been acquired:

<i>Freehold</i>		
Ashton-under-Lyne	Carlisle	Cheltenham
Chesterfield	Dumfries	Greenock
Kings Lynn	Leigh	Perth
Southport		Weymouth
<i>Leasehold</i>		
Ayr	Basildon	Catford
Chelsea	Crewe	Salisbury
Slough		Watford

The directors are of the opinion that the market value of the freehold and leasehold properties held at 2nd September 1978 did not differ materially from the book value of these assets.

During the year the company adopted a policy of leasing new vehicles. In addition, a number of vehicles which were held as fixed assets at 27th August 1977 were sold and leased back.

Directors' and other shareholdings

The table below shows the persons who were directors of the company at 2nd September 1978, together with their interests in the shares of the company, including those of their families.

	<i>13th November 1978</i>	<i>2nd September 1978</i>	<i>27th August 1977 (not adjusted for capitalisation)</i>
<i>Beneficial</i>			
M. J. Hollingbery	9,848,235	9,848,235	6,765,490
G. H. Cox	5,250	5,250	3,500
J. D. Cumming	15,000	15,000	11,000
J. A. Hutton	12,000	2,000	8,000
W. J. Mason	186,750	186,750	124,500
A. G. Parker	4,500	4,500	3,000
<i>Non-beneficial</i>			
M. J. Hollingbery	24,600	24,600	16,400
G. H. Cox	450,000	450,000	300,000

The 450,000 shares (1977 300,000 shares) shown as a non-beneficial interest of G. H. Cox are also included in the beneficial holdings of M. J. Hollingbery at the above dates.

REPORT OF THE DIRECTORS CONTINUED

On 13th November 1978 the following interests in the shares of the company had been notified to the company:-

(a) 6,364,500 shares held by K. P. Helm, M. J. Hollingbery and P. B. Thomas. This shareholding represents 34.16% of the issued share capital and is included in the beneficial holdings of M. J. Hollingbery at that date.

(b) 1,146,000 shares held by F. G. Baxter and P. B. Thomas. This shareholding represents 6.15% of the issued share capital and is included in the beneficial holdings of M. J. Hollingbery at that date.

(c) 1,033,500 shares held by Mrs. M. O. Shannon. This shareholding represents 5.55% of the issued share capital.

Save as aforesaid and so far as is known there is no person or corporate body holding or beneficially interested in 5% or more of the issued share capital of the company.

At no time during the year has any director had any material interest in a contract with the company or its subsidiaries.

Income and Corporation Taxes Act, 1970

So far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act, 1970 do not apply to the company; nor has there been any change in that respect since 2nd September 1978.

Administration

Employees

The average number of persons employed by the group was 2,305 and their aggregate remuneration for the year amounted to £7,415,000.

Donations

Payments of a charitable nature made during the year amounted to £7,886. In addition, the company made donations of £5,000 to the Humberside Industrialist Council, £1,000 to the Yorkshire Committee for Electoral Reform, £300 to the Industrial Society, £300 to the West Hull Conservative Association and £100 to the Hull Conservative Federation.

Directors

Mr. M. J. Foster resigned as a director on 28th April 1978 and Mr. E. R. Pears was appointed a director on 14th November 1978.

In accordance with the articles of association, Mr. J. A. Hutton and Mr. A. G. Parker retire by rotation, together with Mr. E. R. Pears who was appointed since the last annual general meeting and, being eligible, they offer themselves for re-election.

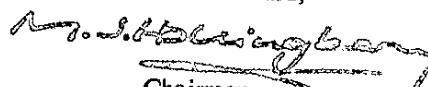
Directors' emoluments which have been waived are shown in note 2 to the accounts. There are no arrangements subsisting under which any director has waived or agreed to waive future emoluments.

Auditors

The auditors, Hodgson, Harris & Co., are eligible for re-appointment.

Hull 12th December 1978

On behalf of the Board,


Chairman

ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, including the revaluation of certain assets.

Comparative figures

The figures for 1977 have been restated on the basis of the new policies of accounting for depreciation and extraordinary items as stated below.

Consolidation

The group accounts consolidate the accounts of Comet Radiovision Services Limited and of its subsidiary companies. Fixed assets held by subsidiaries are carried in the group accounts at the original cost or subsequent valuation.

Turnover

Turnover is the amount invoiced by the group, exclusive of V.A.T., to customers outside the group for goods and services and maintenance and guarantee income due.

Depreciation of fixed assets

Depreciation is calculated by reference to cost or valuation at rates estimated to write off the relevant assets over their expected useful lives, taking into account normal commercial and technical obsolescence. No depreciation has been provided on freehold properties other than unutilised building materials. The estimated useful lives assumed are:

- Leasehold land and buildings
 - Premiums — unexpired period to next rent review
 - Improvements — unexpired term of lease
- Plant and equipment — 10 years
- Commercial vehicles — 4 years
- Motor cars — 3 years

In previous years, premiums on leases were depreciated over the unexpired term of the leases and £92,000 has been transferred from reserves in respect of additional depreciation for earlier years. The effect of this change in policy has been to increase the charge for depreciation during the year ended 2nd September 1978 by £22,000.

Stock

Stock has been valued on a basis consistent with that of previous years at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Minor items of service stock have been disregarded.

Foreign exchange

Accounts payable which are quoted in foreign currencies and paid by bills of exchange are converted to sterling at the exchange rates ruling on the dates of acceptance of the bills of exchange. No adjustment is made to the bills of exchange accepted but not matured at the year-end in respect of any profit or loss on exchange arising on maturity.

Provision for warranties

Provision has been made for estimated liabilities in the year ending 2nd September 1979 under the twelve month labour-inclusive warranty on goods sold in the financial year ended 2nd September 1978.

Deferred income

Income received in advance on maintenance and colour tube guarantee contracts is spread forward over the term of the contracts, without deduction for any future tax which may arise thereon.

Deferred taxation

An amount has been set aside using the deferral method to recognise the deferment of taxation arising from:

- (a) claims for relief (limited to the amounts utilised) for the increase in the value of stock between 1st September 1974 and 2nd September 1978.
- (b) other timing differences including the excess of capital allowances for taxation purposes over the cumulative charge for depreciation on the relevant assets.

The amount set aside is reduced by advance corporation tax recoverable.

The provision for deferred taxation at 27th August 1977 included £1,522,000 in respect of claims for relief for the increase in the value of stock between 1st September 1972 and 31st August 1974, computed at the rates of corporation tax operative in that period. In view of the assurance given by the Chancellor in the last budget statement that the balance of the relief for the first two years in which stock relief was available will be written off (if by April 1979 the government is still unable to see what form a permanent scheme for inflation accounting will take), this provision of £1,522,000 has been released and credited to reserves but no adjustment has been made to the comparative figures for 1977.

Extraordinary items

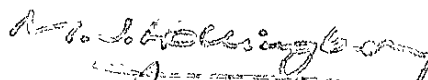
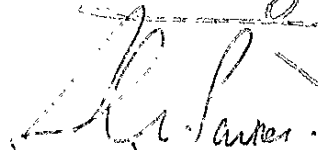
The policy of accounting for extraordinary items has been changed to exclude those items which are not material.

CONSOLIDATED PROFIT & LOSS ACCOUNT 53 WEEKS ENDED 2nd SEPTEMBER 1978

	Note	1978	1977
		£000	£000
Turnover		<u>123,937</u>	<u>82,915</u>
Profit before taxation	1	6,306	3,808
Taxation	3	<u>3,230</u>	<u>1,813</u>
Profit after taxation (of which £2,851,000 (1977 £1,821,000) has been dealt with in the accounts of Comet Radiovision Services Limited)		<u>3,076</u>	<u>1,995</u>
Dividends	4	<u>339</u>	<u>213</u>
Profit retained	5	<u>2,737</u>	<u>1,782</u>
Earnings per share (1977 adjusted for capitalisation)	6	<u>16.5p</u>	<u>10.7p</u>

CONSOLIDATED BALANCE SHEET AT 2nd SEPTEMBER 1978

	Note	1978		1977	
		£000	£000	£000	£000
Employment of funds:					
Fixed assets	7				
Investments	10		6,465		6,761
Current assets:			474		
Stock		30,673		22,706	
Debtors		2,420		2,098	
Bank balances and deposits		10,478		4,099	
		<u>43,571</u>		<u>28,903</u>	
Current liabilities:					
Trade creditors		29,486		21,878	
Other creditors		2,497		1,817	
Bills payable	11	352		360	
Provision for warranties		928		589	
Taxation		166		110	
Proposed dividends		216		115	
		<u>33,645</u>		<u>24,869</u>	
Net current assets			9,926		4,034
			<u>16,865</u>		<u>10,795</u>
Source of funds:					
Share capital	13	932		621	
Reserves	5	7,958		4,010	
Deferred income		8,890		4,631	
Deferred taxation	14	1,046		793	
		6,929		5,371	
		<u>16,865</u>		<u>10,795</u>	

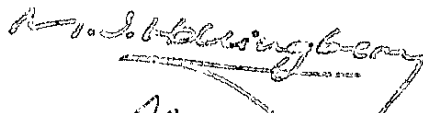
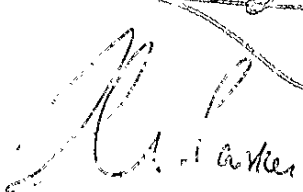



} Directors

BALANCE SHEET

OF COMET RADIOVISION SERVICES LTD. AT 2nd SEPTEMBER 1978

	Note	1978	1977
		£000	£000
Employment of funds:			
Fixed assets	7		
Subsidiary companies	9	5,911	6,147
Investments	10	645	1,029
Current assets:		474	
Stock			
Debtors		25,859	18,676
Bank balances and deposits		1,931	1,655
		10,728	4,162
		<u>38,518</u>	<u>24,493</u>
Current liabilities:			
Trade creditors		25,939	18,692
Other creditors		2,049	1,479
Bills payable	11	352	360
Provision for warranties		784	482
Taxation		166	110
Proposed dividends		216	115
		<u>29,506</u>	<u>21,238</u>
Net current assets		<u>9,012</u>	<u>3,255</u>
		<u>16,042</u>	<u>10,431</u>
Source of funds:			
Share capital	13	932	621
Reserves	5	7,537	3,814
		<u>8,469</u>	<u>4,435</u>
Deferred income		903	625
Deferred taxation	14	6,670	5,371
		<u>16,042</u>	<u>10,431</u>

} Directors

NOTES ON THE ACCOUNTS YEAR ENDED 2nd SEPTEMBER 1978

	1978	1977
	£000	£000
1. Profit before taxation:		
Stated after crediting:		
Income from deposits	598	488
Dividends from listed investments	4	—
Profit on sale of listed investments	1	—
and after charging:		
Depreciation	728	609
Loss on disposal of fixed assets	53	27
	781	636
Hire of motor vehicles, office machinery and equipment	440	218
Directors' emoluments:		
As directors	2	1
As executives including pension contributions	223	171
	225	172
Auditors' remuneration	27	22
Bank interest	7	8
Costs incurred in connection with the offer for the share capital of Henry Wigfall & Son Ltd.	52	—
2. Emoluments of directors and employees (excluding pension contributions):		
Chairman's emoluments (after tax £16,600)	48	38
Emoluments of highest paid director (after tax £20,100)	69	50

Two directors waived rights to receive emoluments totalling £94,264 (1977 £49,240)

Other directors' emoluments for the year fall into the following scale:

Gross	After tax	No.	No.
0 - £2,500	£2,240	1	1
£2,501 - £10,000	£7,240	—	1
£10,001 - £17,500	£10,570	—	1
£17,501 - £20,000	£11,320	—	1
£20,001 - £22,500	£11,940	1	—
£22,501 - £25,000	£12,570	2	—
£25,001 - £27,500	£13,040	1	1

The after tax figures are based on income tax rates for 1978/79 at the higher end of each bracket and assume that each director is a married man receiving no other tax allowances and with no other source of income.

Employees whose emoluments exceed £10,000:	No.	No.
Gross		
£10,001 - £12,500	3	3

NOTES CONTINUED

	1978	1977
	£000	£000
3. Taxation:		
The charge based on the profit of the year comprises:		
Corporation tax	—	—
Deferred taxation	3,229	1,812
Tax credit on income from listed investments	1	—
	<u>3,230</u>	<u>1,812</u>
/ adjustments for earlier years	—	1
	<u>3,230</u>	<u>1,813</u>

The charge to taxation has been reduced by £192,000 (1977 £260,000) by reason of tax losses brought forward in subsidiary companies.

There are substantial losses for taxation purposes at 2nd September 1978 arising out of the stock relief available under current legislation in excess of stock relief already dealt with under deferred taxation. The future benefit arising from these losses at current rates is estimated to be of the order of £4,750,000 in terms of corporation tax capable of deferment on the basis that stock levels are maintained.

	1978		1977	
	£000	£000	£000	£000
4. Dividends:				
Interim dividend of 1.31065p per share equivalent with the related tax credit to 1.95619p per share (1977 1.63091p adjusted for capitalisation) paid on 4th August 1978	244		201	
Formal waivers lodged	(121)	123	(103)	98
	<u>—</u>		<u>—</u>	
Final dividend of 2.30226p per share, equivalent with the related tax credit to 3.43621p per share (1977 1.91842p adjusted for capitalisation) recommended for payment on 9th February 1979	429		236	
Formal waivers lodged	(213)	216	(121)	115
	<u>—</u>		<u>—</u>	
Total payable for the year		<u>339</u>		<u>213</u>

NOTES CONTINUED

	1978		1977	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
5. Reserves:	£000	£000	£000	£000
Opening reserves:				
As previously reported	4,102	3,903	2,299	2,274
Adjustments for earlier years:				
Change in basis of accounting for depreciation on premiums on leases	(92)	(89)	(71)	(68)
As restated	4,010	3,814	2,228	2,206
Transfer from deferred taxation in respect of relief for increases in trading stocks between 1st September 1972 and 31st August 1974	1,522	1,522		
Capitalisation in January 1978	(311)	(311)		
Retained profit for the year	2,737	2,512	1,782	1,608
Closing reserves	<u>7,958</u>	<u>7,537</u>	<u>4,010</u>	<u>3,814</u>
	1978		1977	
6. Earnings per share, calculated on:	£000		£000	
Profit after taxation	3,076		1,995	
Ordinary shares of 5p each	No.		No.	
(1977 adjusted for capitalisation)	<u>18,630,000</u>		<u>18,630,000</u>	

The effect of tax losses brought forward in subsidiary companies (referred to in note 3) has been to increase the earnings per share by 1.0p (1977 1.4p).

NOTES CONTINUED

	<i>Freehold land and buildings £000</i>	<i>Leasehold land and buildings</i>		<i>Plant, equipment and vehicles £000</i>	<i>Total £000</i>
		<i>Long term £000</i>	<i>Short term £000</i>		
7. Fixed assets:					
Group:					
Cost or valuation:					
At 27th August 1977	2,395	272	1,234	4,278	8,179
Adjustments	—	—	(5)	5	—
Additions	458	30	101	557	1,146
Disposals	(85)	—	(62)	(935)	(1,082)
At 2nd September 1978	2,768	302	1,268	3,905	8,243
Accumulated depreciation:					
At 27th August 1977	22	11	142	1,151	1,326
Adjustments	—	6	86	—	92
Charged for the year	8	8	93	619	728
Appropriated on disposals	—	—	(5)	(363)	(368)
At 2nd September 1978	30	25	316	1,407	1,778
Net book value:					
At 2nd September 1978	2,738	277	952	2,498	6,465
At 27th August 1977	2,373	255	1,006	3,127	6,761
Cost or valuation comprises:					
Cost	2,441	197	1,214	3,905	7,757
Valuation 1972	327	105	25	—	457
Valuation 1974	—	—	29	—	29
At 2nd September 1978	2,768	302	1,268	3,905	8,243
Company:					
Cost or valuation:					
At 27th August 1977	2,395	272	789	3,959	7,415
Adjustments	—	—	(5)	5	—
Additions	412	30	86	524	1,052
Group transfers	—	—	—	10	10
Disposals	(85)	—	(8)	(883)	(976)
At 2nd September 1978	2,722	302	862	3,615	7,501
Accumulated depreciation:					
At 27th August 1977	22	11	94	1,052	1,179
Adjustments	—	6	83	—	89
Charged for the year	9	8	69	579	665
Group transfers	—	—	(1)	1	—
Appropriated on disposals	—	—	(1)	(342)	(343)
At 2nd September 1978	31	25	244	1,290	1,590
Net book value:					
At 2nd September 1978	2,691	277	618	2,325	5,911
At 27th August 1977	2,373	255	612	2,907	6,147
Cost or valuation comprises:					
Cost	2,395	197	837	3,615	7,044
Valuation 1972	327	105	25	—	457
At 2nd September 1978	2,722	302	862	3,615	7,501

NOTES CONTINUED

	1978		1977	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£000	£000	£000	£000
8. Future capital expenditure:				
Contracted for	209	198	588	588
Authorised by directors but not contracted for	387	356	251	231

9. Subsidiary companies (all wholly owned):

Trading:

Eclipse Radio and Television Services Limited
McOnomy Limited

Non-trading:

Comet Radiovision (Maintenance) Limited
Comet Radiovision Services Limited (incorporated in the Republic of Ireland)
Flaxenfine Wholesale Jewellers Limited (formerly Comet Radiovision Wholesale Supplies Limited) — commenced trading in September 1978.
Gas Trend Limited
Newpc¹ Service Company Limited

	1978	1977
	£000	£000
Interest in subsidiaries:		
Shares at cost less amounts provided or written off	390	235
Amounts receivable less amounts provided	5,839	3,421
Amounts payable	(5,584)	(2,627)
	645	1,029

	1978		1977	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£000	£000	£000	£000
10. Listed investments:				
Ordinary shares at cost	474	474	—	—
Market value	600	600	—	—

NOTES CONTINUED

11. Bills payable:

All the bills payable matured by 22nd October 1978 and the cumulative effect of profits and losses on exchange arising on maturity was a loss of £9,000. No adjustment has been made for these profits and losses in stating the accounts.

12. Contingent liabilities:

The company has guaranteed to the boards of all subsidiary companies the payment of external debts due by them.

13. Share capital:

Authorised

1978	1977
£000	£000

1,200	700
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Issued and fully paid:

18,630,000 (1977 12,420,000)
shares of 5p each

932	621
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14. Deferred taxation:

Corporation tax deferred by:

Relief for increases in trading stock
Other timing differences

1978		1977	
Group	Company	Group	Company
£000	£000	£000	£000
6,535	6,353	5,078	5,078
1,247	1,170	943	943
7,782	7,523	6,021	6,021
853	853	650	650
6,929	6,670	5,371	5,371

No provision has been made for corporation tax on notional gains which might arise on the disposal of certain of the group's properties.

SOURCE AND APPLICATION OF FUNDS YEAR ENDED 2nd SEPTEMBER 1978

	1978		1977	
	£000	£000	£000	£000
Source of funds:				
Profit before taxation		6,306		3,808
Items not involving movement of funds:				
Depreciation etc.	781		636	
Increase in provision for warranties	339		104	
Increase in deferred income	253		95	
	<u> </u>	1,373	<u> </u>	835
		<u>7,679</u>		<u>4,643</u>
Application of funds:				
Fixed assets:				
Purchases	1,146		2,805	
Assets sold and leased back	(310)		—	
Other realisations	(351)		(173)	
	<u> </u>	485	<u> </u>	2,632
Investments:				
Purchases	512		—	
Realisations	(38)		—	
	<u> </u>	474	<u> </u>	—
Increase in working capital:				
Increase in stock	7,967		8,664	
Increase in debtors	322		291	
Increase in creditors and bills payable	(8,280)		(6,511)	
	<u> </u>	9	<u> </u>	2,444
Corporation tax paid		94		143
Dividends paid		238		236
		<u>1,300</u>		<u>5,455</u>
Increase/(decrease) in liquid funds during the year		<u>6,379</u>		<u>(812)</u>

AUDITORS' REPORT

REPORT OF THE AUDITORS to the members of Comet Radiovision Services Limited

In our opinion the accounts on pages 9 to 19, which have been prepared under the historical cost convention, including the revaluation of certain assets, give, so far as concerns members of Comet Radiovision Services Limited, a true and fair view of the state of affairs at 2nd September 1978 and of the profit and the source and application of funds for the financial year ended on that date and comply with the Companies Acts 1948 and 1967.

12th December 1978

Morgan Harris & Co
Chartered Accountants

TEN YEAR REVIEW

	(Amounts in £000)									
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
Turnover	1,008	2,797	6,519	22,467	43,272	48,648	49,767	47,401	82,915	123,937
Profit before tax	42	127	341	1,396	1,992	1,466	2,259	1,474	3,808	6,306
Profit after tax	22	80	199	831	1,086	621	1,055	678	1,995	3,076
Fixed assets	501	630	948	1,767	3,800	4,783	3,691	4,835	6,761	6,465
Net current assets	(159)	(175)	(161)	327	(590)	(404)	3,302	1,320	4,034	10,400
Net assets employed	342	455	787	2,094	3,210	4,379	6,993	6,155	10,795	16,865
Share capital	135	135	135	621	621	621	621	621	621	932
Reserves	126	202	430	796	1,444	1,716	2,734	2,299	4,010	7,958
Shareholders' funds	261	337	565	1,417	2,065	2,337	3,355	2,920	4,631	8,890
Gross dividend declared per share	0.02p	0.02p	0.02p	0.013p	2.667p	2.667p	2.933p	3.227p	3.549p	5.392p
Earnings per share	0.11p	0.43p	1.07p	4.46p	5.83p	3.33p	5.66p	3.64p	10.71p	16.51p
Post-tax return (%) on shareholders' funds	8.4	23.7	35.2	58.6	52.6	26.6	31.4	23.2	43.1	34.6

Notes: 1. The details of dividends declared and earnings per share for earlier years have been adjusted for the change in share capital.

2. In 1975, the fixed assets and net current assets were affected by the sale of the television rental business.

3. In 1976, the figures were affected by the acquisition of McOnomy Limited and Eclipse Radio and Television Services Limited as wholly owned subsidiary companies.

4. Turnover includes purchase tax up to April 1973.

5. In 1978, reserves include £1,522,000 transferred from deferred taxation in respect of stock relief claimed for the period 1st September 1972 to 31st August 1974.