

CCN Systems Limited

Report and Financial Statements
for the year ended 31 March 1990

Coopers
& Lybrand
Deloitte

CCN SYSTEMS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990

CCN SYSTEMS LIMITED

DIRECTORS REPORT

The directors present their report and the audited accounts for the year ended 31 March 1990.

DIRECTORS AND THEIR INTERESTS

The directors holding office during the year were as follows:-

E M Barnes - Chairman
D Stonehouse
J Peace
D S Fird
L Foster
J W Saunders
R M Aubrook

At 31 March 1990 the directors had no interests in the shares of the company or any of its fellow subsidiary companies or, except for Mr Barnes, its ultimate holding company. The interest of Mr Barnes in the shares of the ultimate holding company is disclosed in that company's directors' report.

ACTIVITIES

The company provides bureau and information services for consumer credit control, business information, direct marketing and credit card management.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Both the level of business and the year end financial position were satisfactory and the directors expect that the level of activity will again be increased during the present year.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4.

No interim dividend was paid during the year (1989: £Nil). The directors propose a final dividend of £3,094,000 (1989: £2,088,000).

FIXED ASSETS

Details of changes in the fixed assets of the company are shown in note 11 to the account.

CCN SYSTEMS LIMITED

DIRECTORS REPORT (CONTINUED)

CHARITABLE DONATIONS

During the year the company made donations to United Kingdom charitable organisations amounting to £712 (1989: £310).

EMPLOYMENT OF DISABLED PERSONS

The company's policy and practice is to encourage and assist the employment of disabled people, their recruitment, training and promotion and the retention of employees who become disabled, having regard to the requirements and demands of employment opportunities which are available.

EMPLOYEE INVOLVEMENT

It has been the established practice of the company for many years through various Consultative Committees developed with the full co-operation of the relevant Trade Unions, together with other staff meetings on a broader scale, to disclose to staff at all levels information on matters of concern to them as employees.

These activities are also an essential requirement of management in achieving a common awareness by all employees of the financial and economic factors affecting the performance of the company and will, as a matter of policy, continue to be so.


AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Coopers & Lybrand Deloitte as auditors to the company will be put to the annual general meeting.

Registered office:

Talbot House
Talbot Street
Nottingham
NG1 5HF

By Order of the Board



Secretary

15 October 1990

AUDITORS' REPORT TO THE MEMBERS OF
CCN SYSTEMS LIMITED

We have audited the accounts set out on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 31 March 1990 and of its profit and source of application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Chartered Accountants

Nottingham

15 October 1990

CCN SYSTEMS LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1990

	<u>Notes</u>	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
Turnover	2	44,112	38,574
Cost of sales		(29,075)	(25,732)
		<hr/>	<hr/>
GROSS PROFIT		15,037	12,842
Distribution costs		(2,711)	(2,351)
Administrative expenses		(2,879)	(2,578)
		<hr/>	<hr/>
OPERATING PROFIT		9,447	7,913
Other income	3	1,066	948
Interest payable	4	(778)	(459)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	9,735	8,402
Taxation	8	(3,458)	(2,947)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEFORE EXTRAORDINARY ITEM		6,277	5,455
Extraordinary item	9	(89)	(235)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		6,188	5,220
Dividend	10	(3,094)	(2,088)
		<hr/>	<hr/>
RETAINED PROFIT FOR YEAR		3,094	3,132
Retained profit brought forward		11,578	8,446
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		14,672	11,578
		<hr/>	<hr/>

CCN SYSTEMS LIMITEDBALANCE SHEET AS AT 31 MARCH 1990

	<u>Notes</u>	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
FIXED ASSETS			
Tangible fixed assets	11	14,926	11,539
Investments	12	371	120
		<hr/>	<hr/>
		15,297	11,659
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	13	164	120
Debtors	14	22,949	18,854
Cash at bank and in hand		1,752	589
		<hr/>	<hr/>
		24,865	19,563
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	(17,984)	(12,654)
		<hr/>	<hr/>
Net Current Assets		6,881	6,909
		<hr/>	<hr/>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		22,178	18,568
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	16	(6,916)	(6,375)
PROVISION FOR LIABILITIES AND CHARGES			
	17	(101)	(126)
		<hr/>	<hr/>
NET ASSETS		15,161	12,067
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	18	489	489
Profit and loss account		14,672	11,578
		<hr/>	<hr/>
		15,161	12,067
		<hr/>	<hr/>

The financial statements on pages 4 to 16 were approved by the Board of Directors on 15 October 1990 and were signed on its behalf by:-

David Smith
W. H. H. H. H.
)
) Directors
)

CCN SYSTEMS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH 1990

	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	9,735	8,402
Extraordinary item before taxation	(150)	(361)
	<hr/>	<hr/>
	9,585	8,041
Adjustments for items not involving the movement of funds:		
Depreciation	4,127	2,663
Profit on disposal of fixed assets	-	-
	<hr/>	<hr/>
Total funds generated from operations	13,712	10,704
Proceeds from disposal of fixed assets	-	1
New finance lease agreements	6,835	3,179
	<hr/>	<hr/>
TOTAL SOURCE OF FUNDS	20,547	13,884
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Dividends paid	(2,088)	(1,770)
Taxation paid	(2,967)	(2,171)
Purchase of fixed assets	(7,514)	(4,099)
Purchase of investments	(251)	(120)
Finance lease capital payments	(3,601)	(2,223)
	<hr/>	<hr/>
TOTAL APPLICATION OF FUNDS	(16,421)	(10,383)
	<hr/>	<hr/>
NET SOURCE OF FUNDS	4,126	3,501
	<hr/>	<hr/>
The net source of funds is represented by the following increase in working capital:		
Increase/(Decrease) in stocks	44	(10)
Increase in debtors	4,095	5,669
(Increase) in Creditors	(1,176)	(2,002)
	<hr/>	<hr/>
	2,963	3,657
Movement in net liquid funds:		
Increase/(decrease) in Cash at bank and in hand	1,163	(156)
	<hr/>	<hr/>
INCREASE IN WORKING CAPITAL	4,126	3,501
	<hr/>	<hr/>

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990

- 1 A summary of the principal accounting policies is set out below, all of which have been applied consistently through the year and the preceding year.

a) Basis of Accounting

The accounts have been prepared under the historical cost basis of accounting. As permitted by Section 228(7) of the Companies Act 1985 the holding company's profit and loss account has not been included in these financial statements.

b) Tangible Fixed Assets

Fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Plant and machinery	-	20% per annum
Fixtures and fittings	-	10% to 20% per annum
Lensed assets (Computer equipment)	-	over the period of the lease

c) Stocks

Stocks are stated at the lower of cost and net realisable value.

d) Deferred Taxation

Provision is made for deferred taxation on timing differences except where such differences are expected, with reasonable probability, to continue for the foreseeable future.

e) Lensed Assets

Fixed assets held under finance leases are capitalised. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

f) Turnover

Turnover comprises the value of services (excluding value added tax) performed in the normal course of business.

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)

g) Pension Costs

The company provides pension benefits to eligible employees through membership of a pension plan operated by its parent company. The plan has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds. The cost of providing retirement benefits, which is based on pension costs across the group as a whole, is charged to profit and loss account over the expected period of employment in accordance with recommendations made by qualified actuaries.

h) Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange arising in the normal course of trading and exchange differences arising on the translation of foreign currency balances are dealt with in the profit and loss account.

2 TURNOVER

An analysis of turnover by geographical market and the analysis of turnover and profit before taxation by class of business has not been given.

3 OTHER INCOME

	1990 £'000	1989 £'000
Other income comprises:		
Interest receivable	1,062	948
Other	4	-
	<hr/> 1,066	<hr/> 948
	=====	=====

4 INTEREST PAYABLE

	1990 £'000	1989 £'000
On finance leases	778	459
	<hr/> 778	<hr/> 459
	=====	=====

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year		
- tangible owned fixed assets	520	440
- tangible fixed assets held under finance lease	3,607	2,223
Auditors' remuneration	30	30
Staff costs (see note 6)	15,201	13,075
Property Rentals - operating leases	366	373
	=====	=====

6 DIRECTORS AND EMPLOYEES

Particulars of employees (including executive directors) are as shown below:

Staff costs during the year:

	<u>1990</u>		<u>1989</u>	
	<u>Full</u> <u>time</u> <u>£'000</u>	<u>Part</u> <u>time</u> <u>£'000</u>	<u>Full</u> <u>time</u> <u>£'000</u>	<u>Part</u> <u>time</u> <u>£'000</u>
Wages and salaries	13,593	175	11,711	180
Social security costs	1,301	15	1,052	15
Other pension costs	117	-	117	-
	-----	-----	-----	-----
	15,011	190	12,880	195
	=====	=====	=====	=====

The average weekly number of persons employed by the company during the year was as follows:

	<u>1990</u>		<u>1989</u>	
	<u>Number employed</u>		<u>Number employed</u>	
	<u>Full</u> <u>time</u>	<u>Part</u> <u>time</u>	<u>Full</u> <u>time</u>	<u>Part</u> <u>time</u>
Production	1,079	54	1,026	60
Distribution/sales	83	-	81	-
Administrative	25	-	22	-
	-----	-----	-----	-----
	1,187	54	1,129	60
	=====	=====	=====	=====

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)

7 DIRECTORS' REMUNERATION

	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
Aggregate emoluments (including pension contributions) of the company's directors were:		
Management remuneration	533	401
Emoluments (excluding pension contributions) of the Chairman	41	33
Emoluments (excluding pension contributions) of the highest paid director	86	71
Other directors' emoluments fall within the following ranges:		
	<u>1990</u> <u>Number</u>	<u>1989</u> <u>Number</u>
£20,001 - £25,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	1	1
£55,001 - £60,000	-	1
£60,001 - £65,000	1	1
£65,001 - £70,000	2	-
£75,001 - £80,000	1	-

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)

8 TAXATION

	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
UK Corporation tax at 35%		
Current	3,459	2,967
Deferred	(25)	(25)
Overseas taxation	-	-
Under provision in prior years:		
Current	24	5
	<hr/> 3,458	<hr/> 2,947
	<hr/>	<hr/>

9 EXTRAORDINARY ITEM

	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
Closure of Manchester office	150	361
Taxation credit	(61)	(126)
	<hr/> 89	<hr/> 235
	<hr/>	<hr/>

10 DIVIDEND

	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
Ordinary:		
Final - proposed	3,094	2,088
	<hr/>	<hr/>

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)

11 TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures and fittings £'000	Leased assets £'000	Total £'000
COST				
At 1 April 1989	20	4,297	13,018	17,335
Additions	-	679	6,835	7,514
At 31 March 1990	20	4,976	19,853	24,849
DEPRECIATION				
At 1 April 1989	15	2,111	3,670	5,796
Charge for the year	2	518	3,607	4,127
At 31 March 1990	17	2,629	7,277	9,923
NET BOOK VALUE				
At 31 March 1990	3	2,347	12,576	14,926
At 31 March 1989	5	2,186	9,348	11,539

12 FIXED ASSET INVESTMENTS

	1990 £'000	1989 £'000
Subsidiaries - shares at cost	371	120

The principal subsidiaries are as follows:

CCN Systems Australia Pty Incorporated and registered in Australia, 100% owned.

CCN Holding B V incorporated and registered in the Netherlands, a 100% owned dormant holding company.

CCN Finance N V incorporated and registered in the Dutch Antilles, 100% owned.

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)

13 STOCKS

	<u>1990</u>	<u>1989</u>
	£'000	£'000

Raw materials and consumables	164	120
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	164	120
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14 DEBTORS

	<u>1990</u>	<u>1989</u>
	£'000	£'000

Amounts falling due within one year:

Trade debtors	10,229	8,422
Due from holding company	6,268	6,522
Due from subsidiary companies	816	-
Due from fellow subsidiaries	544	694
Other debtors	225	169
Prepayments and accrued income	4,867	3,047

	22,949	18,854
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15 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>1990</u>	<u>1989</u>
	£'000	£'000

Trade creditors	955	1,578
Due to fellow subsidiaries	358	265
Due to subsidiary companies	13	-
Corporation tax	3,619	3,164
Other taxation and social security	1,848	896
Other creditors	576	216
Proposed dividend	3,094	2,088
Accruals and deferred income	1,855	1,474
Obligations under finance leases	5,666	2,973

	17,984	12,654
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CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31 MARCH 1990 (Continued)

16 CREDITORS:

AMOUNTS FALLING DUE AFTER MORE
THAN ONE YEAR

	<u>1990</u> £'000	<u>1989</u> £'000
Creditors falling due after more than one year comprise:		
Obligations under finance leases	6,916	6,375

17 PROVISIONS FOR LIABILITIES AND CHARGES

The provision for liabilities and charges comprises:

	<u>1990</u> £'000	<u>1989</u> £'000
Deferred taxation	101	126

The provision for deferred taxation and the full potential liability are analysed as follows:

	<u>1990</u>		<u>1989</u>	
	Full potential liability £'000	Provision made £'000	Full potential liability £'000	Provision made £'000
Accelerated capital allowances	265	265	248	248
Other	(164)	(164)	(122)	(122)
	<u>101</u>	<u>101</u>	<u>126</u>	<u>126</u>

The movement on the provision for deferred taxation was as follows:-

	£'000
Provision at 1 April 1989	126
Transfer to profit and loss account	(25)
Provision at 31 March 1990	<u>101</u>

CCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)

18 CALLED UP SHARE CAPITAL

	<u>1990</u>	<u>1989</u>
Authorised		
500,500 ordinary shares of £1 each	£500,500	£500,500
Allotted, called up and fully paid		
489,186 ordinary shares of £1 each	£489,186	£489,186

19 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

	<u>1990</u> £'000	<u>1989</u> £'000
Contingent liabilities	99	NIL

The company has guaranteed certain leases and bank loans on behalf of a fellow subsidiary company.

	<u>1990</u> £'000	<u>1989</u> £'000
Capital commitments		
Contracted but not provided for	75	75
Authorised but not contracted for	—	—
	<u>75</u>	<u>75</u>

2

	<u>1990</u>		<u>1989</u>	
	<u>Land & Buildings</u> £'000	<u>Plant & Equipment</u> £'000	<u>Land & Buildings</u> £'000	<u>Plant & Equipment</u> £'000
Lease commitments				
The company had annual commitments under non cancellable operating leases as follows:				
Expiring within one year	472	817	402	694
Expiring within two to five years inclusive	23	-	43	-
Expiring in over five years	-	-	-	-
	<u>495</u>	<u>817</u>	<u>445</u>	<u>694</u>

GCN SYSTEMS LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1990 (Continued)

20 PENSION COMMITMENTS

The company provides pension benefits to eligible employees through membership of a pension plan operated by its ultimate holding company The Great Universal Stores Plc. The plan has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds.

The total pension cost was £117,000 (1989: £117,000) and this is based on pension costs across the group as a whole. The pension cost is assessed in accordance with the advice of a qualified actuary and the results of the latest valuation are reported in the accounts of The Great Universal Stores Plc.

21 ULTIMATE HOLDING COMPANY

The company's ultimate holding company is The Great Universal Stores Plc, which is incorporated in Great Britain.