

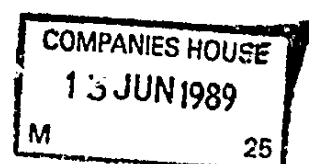
TLS RANGE

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COMPANY INFORMATION

DIRECTORS

R.Y. Birley — Chairman (Non-Executive)
C.J. Miller } Joint Managing Directors
P. A. Roberts }
J.W. Stewart F.C.A. — Finance Director

SECRETARY AND REGISTERED OFFICE

J. W. Stewart F.C.A.
Aubrey Street
Trafford Road
Salford M5 2UP

STOCKBROKERS AND FINANCIAL ADVISERS

Greig Middleton & Co. Limited
66 Wilson Street
London EC2A 2BL

SOLICITORS

Cooper Sons, Hartley & Williams
Woolwich House
66 Mosley Street
Manchester M2 3HZ

AUDITORS

BDO Binder Hamlyn
Chartered Accountants
Scottish Provident House
52 Brown Street
Manchester M2 2AU

BANKERS

The Royal Bank of Scotland plc
PO Box 20
27 Great Underbank
Stockport
Cheshire SK1 1LN

National Westminster Bank plc
PO Box 28
7 Winwick Street
Warrington WA1 1XW

TLS RANGE

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of the company for 1989 will be held at the offices of Larpent Newton & Co. Ltd., 24-26 Baltic Street, London EC1Y 0TB on Friday 5th May 1989 at 12 o'clock noon for the following purposes:

1. To receive and adopt the financial statements for the year ended 31st December 1988 together with the reports of the directors and auditors thereon.
2. To declare a dividend.
3. To elect R.Y. Birley a director of the company.
4. To elect J.W. Stewart a director of the company.
5. To re-appoint the auditors BDO Binder Hamlyn and to authorise the directors to fix their remuneration.

Special Business

6. To consider and if thought fit pass the following resolution:
That the sum of £245,399 standing to the credit of the company's share premium account be capitalised and that such sum be applied in making payment in full at par for 4,907,980 ordinary shares of 5p each in the capital of the company such shares to be distributed as fully paid amongst the persons who are registered as the holders of such ordinary shares at the rate of one ordinary share of 5p each for each ordinary share held by such persons respectively and to be of the same class and rank *pari passu* in all respects as each ordinary share already held by such persons respectively.

14th April 1989

By order of the board



J. W. Stewart
Secretary

Note:

A member entitled to attend and vote at the meeting is entitled to 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. A form of proxy is enclosed.

CHAIRMAN'S STATEMENT

I am delighted to report another record year in this my first report as chairman. Turnover rose 40% to £4,394,000, resulting in an increase of net profit before tax and extraordinary items of 67% to £776,000. This shows earnings per share increased from 63.4p to 103.1p. The increase in the number of vehicles was 38% to 1,059. With the continued need to build reserves for expansion the dividend is being held at 10.2 pence net per 50p ordinary share, but it is proposed that a one for one scrip issue should be made.

These excellent results were achieved in a year of adverse interest rates. A fast growing rental company depends on a modern vehicle fleet, which is quite properly financed by borrowings. Interest is therefore a key cost and as a result the additional cost over budget was more than £50,000. Even then interest cover remained at more than 2½ times. It is indeed a tribute to management to maintain expansion under these circumstances.

I have been involved with the company since December 1981 when Peter Roberts first joined Clive Miller and in the subsequent seven years have watched it grow from 45 vehicles to 1,059. It was, therefore, with considerable pleasure that I accepted the invitation to join the board on 1st September 1988, becoming chairman on 31st December.

More and more commercial and public organisations are coming to realise that rental is the most efficient means of managing transport requirements whether it be in the form of long term contract hire, or meeting day to day fluctuations in demand by short term rental. These are our customers, and because of this TLS Range is truly a service organisation.

To be successful as such requires very tight management and a high standard of professionalism. The outward manifestation of both management and professionalism is an efficient staff. I would like, unusually at this stage of a chairman's statement, to record my very sincere

congratulations and appreciation of the efforts of all who work for TLS in achieving these formidable results, not only in 1988 but over the whole of the company's life.

Vehicle rental businesses are to some extent a barometer of the economic state of a region or even of the country and the rapid growth of TLS over the last four years has been matched by the growth of the economy in the North West. In 1984 Salford and Trafford Park were virtually empty of business. Today, with space at a premium, small, medium and even large businesses are very active. This shows just how fast and far the economy of the North West has come — indeed has to go. From our vantage point, most of the growth has come from modern manufacturing industries, together with distribution and warehouse companies whose transport fleets take advantage of the excellent road system in the area.

Considerable effort was made during the year to strengthen the group's management team in order to cater for the next stage of expansion. Accordingly in 1988 several qualified and experienced managers were recruited. They have settled in and are now active and fully capable of helping Clive Miller and Peter Roberts manage the business through a period when we expect a substantial increase in the number of vehicles and depots from which we operate.

Our main growth has been organic, however when an occasion has arisen to acquire the business of local vehicle rental companies that opportunity has been taken. 1988 saw the seventh such acquisition when the business and assets of Reddish Car and Van Hire were bought. This gave us a depot in the very busy sector of Manchester just north of Stockport. In February 1989 we acquired the business and assets of Fletcher Bros (Car Hire) near Chapel-en-le-Frith.

Up to now the area in which we operate has been easily accessible from our head office. With the new management structure and systems in place and

TLS RANGE

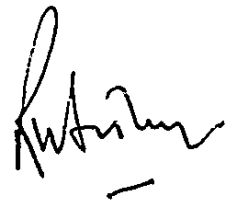
with a number of our vehicles working away from existing depots, we are now capable of managing depots at much greater distances from our centre of operations at Salford.

No record of success is achieved without setbacks and 1988 saw a failed investment referred to in detail elsewhere and treated as an extraordinary item. Your company acquired Hebden Bros, a motor dealership, in January 1988 with the purpose of securing the location of our Burnley depot. Hebden Bros was in difficulties and it was our intention to seek buyers for the non-rental business. Various initiatives proved fruitless and in December your board decided to put this business into liquidation.

The board is appreciative of the support which it has received in the early years from Friends' Provident Growth Fund and Refuge Assurance and since 1987 from the Greater Manchester Residuary Body Pension Fund and Petra Ltd. It is the continued support of institutions during the period of rapid growth of an unquoted company which most enables it to achieve its objective of being able to seek a quotation on the Unlisted Securities Market. This stage has now been reached and I will write to you in this connection shortly.

In February 1989 we welcomed John Stewart as finance director. Prior to retiring from BDO Binder Hamlyn, he had been since 1982 the partner in charge of our audit so knows the company well. Michael Carnwath resigned on 1st September, 1988 to pursue a new career. The board would like to wish him every success and record its appreciation of his valuable contribution to the company, particularly the work he did on the reorganisation of the group and its funding in the summer of 1987.

1989 has started well and is in line with our projected growth. In order to provide for further growth and make more space for our operating divisions at Salford, the administration and top management are moving in April a mile down the road to newly refurbished offices in Eccles.



R. Y. Birley
11th April 1989

REVIEW OF OPERATIONS

The joint managing directors are pleased to report the results of another very successful year. The very steep rise in interest base rates during most of the year restricted profit growth in a year that saw significant changes in the company. New depots were acquired and existing depot performances improved. New management was employed and some existing experienced managers were promoted. We look to the new year with confidence and expectation with the company well placed to take advantage of any new opportunities. Short term rental and contract hire operations developed in line with expectations.

In 1987 we extended the range of our commercial fleet to include heavy goods vehicles and this has proved to be very effective. During 1988 the heavy goods vehicle rental fleet increased by 25 units (59 per cent.) and this created additional customers to include substantial companies engaged in distribution, warehousing and transport. TLS is also now hiring other types of vehicles to these companies as a consequence of this move.

In July 1988 we purchased the business of Reddish Car and Van Hire based in Reddish near Stockport. This provides us with a depot in an important 'open' area in South Manchester between our depots in Northenden and Hyde. This depot has performed exceptionally well, doubling its operating fleet by the year end. Credit must go to Brian Denvir and the depot manager Bernard Williams for this achievement. Traditionally rental companies have been demand-led, with little new business being created. We believe that at this depot, by very careful and skilful marketing we have created a new type of car rental customer.

In February 1989, after three years of negotiation, we purchased the old established business of Fletcher Bros (Car Hire) at Chapel-en-le-Frith. This business covers the strategic area east of our Glossop depot in the High Peak and includes the major centre of Buxton. Despite the title this business was principally based on commercial vehicles and

we intend to develop car rental alongside the existing commercials. The depot has good premises, keen management and excellent future growth potential.

The total hire fleet increased by 289 units (38 per cent.) during the year passing the 1,000 vehicle level in November, operating from 7 depots and providing a record turnover of £4.4m.

During the year a small sales team was formed to secure new contract hire business and to promote the company's rental activities over the enlarged geographical operating area. Contract hire income increased to in excess of £1m for the first time and despite keen competition the company was able to maintain its margins.

To assist us in the management of the business, internal promotions were made during the year. Brian Miller who joined the company in 1983 and has a broad experience of all aspects of the business becomes a general manager responsible for the operation of the main Salford depot and the accident repair workshop and servicing facility. Jeffrey Hewitson, previously responsible for the successful introduction of the heavy goods rental fleet, becomes general manager, sales, marketing and contract hire. Brian Denvir with considerable rental experience is operations manager supervising the running of the company's depots. To strengthen the finance and administration departments John Stewart F.C.A., previously a partner in the company's auditors, BDO Bird & Hamlyn joined the board as finance director. Robert Swire, also a chartered accountant, joined us in mid year as financial controller. This completes the management team.

C. J. Miller
P. A. Roberts
11th April 1989

TLS RANGE

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts of the company for the year ended 31st December 1988.

CHANGE OF NAME

On 11th April 1989 the company changed its name by special resolution to TLS Range plc and re-registered as a public company.

PRINCIPAL ACTIVITIES

The group continues to be engaged in the hiring out of commercial and private motor vehicles. A review of the group's operations is given on page 6.

RESULTS AND DIVIDENDS

The profit after taxation amounted to £506,000 and is stated before charging extraordinary items totalling £96,000 net.

The directors recommend a dividend of 10.1875p per share on each of the A, B and C 50p ordinary shares absorbing £50,000. After dividends retained profits of £360,000 have been transferred to reserves.

CHANGES IN THE VEHICLE FLEET

Fleet additions amounted to £5,152,000. Disposal proceeds amounted to £2,550,000. The number of vehicles at the end of the year was 1,059 (1987 - 770).

CHANGES IN FIXED ASSETS

All the group's properties were professionally revalued on 31st December 1988 on the basis of open market value for existing use. The new values have been incorporated into the accounts and the surplus arising of £94,000 has been credited to the revaluation reserve. Further details of the changes to fixed assets are contained in note 11 to the accounts.

EXTRAORDINARY ITEM

In January 1988 the group acquired a majority holding in Hebden Bros Limited, a motor dealership. Warranties concerning the net assets were obtained from the vendors. The company was placed in voluntary liquidation in January 1989. The cost of the investment and certain loans made to the company and its fellow subsidiary totalling £108,000 have been written off as an extraordinary item. Proceedings have been commenced against the vendors for breaches of their warranties.

SUBSEQUENT EVENTS

On 1st February 1989 the group acquired the assets and business of Fletcher Bros (Car Hire), for £291,000 in cash.

On 11th April 1989 each of the existing shares of 50p each in the capital of the company were divided into ten shares of 5p each. A resolution will be proposed at the annual general meeting for a capitalisation issue of one new 5p share for every 5p share held.

REPORT OF THE DIRECTORS

continued

DIRECTORS

The present membership of the board is set out on page 2. M.S. Carnwath resigned on 1st September 1988 and R.Y. Birley was appointed on the same date. J.W. Stewart was appointed on 1st February 1989. R.Y. Birley and J.W. Stewart retire in accordance with the articles and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARE CAPITAL

	A Ordinary Shares	
	1st January 1988	31st December 1988
R.Y. Birley	6,135	6,135
C.J. Miller	100,000	100,000
P.A. Roberts	157,247	157,247

M.S. Carnwath held no shares on 1st January 1988. None of the directors held any B or C ordinary shares.

AUDITORS

The auditors changed their name to BDO Binder Hamlyn on 12th September 1988. A resolution will be proposed at the annual general meeting to re-appoint BDO Binder Hamlyn as auditors.

11th April 1989

By order of the board

John W Stewart

J. W. Stewart
Secretary

TLS RANGE**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the year ended 31st December 1988

	Notes	1988 £'000	1987 £'000
TURNOVER	2	4,394	3,128
Cost of sales		2,715	2,044
GROSS PROFIT		1,679	1,084
Administrative expenses		486	358
OPERATING PROFIT	3	1,193	726
Other income		20	—
Interest receivable		26	5
Interest payable	6	463	317
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		776	414
Taxation	7	270	138
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		506	276
Extraordinary items	8	96	—
PROFIT FOR THE FINANCIAL YEAR		410	276
Proposed dividend	9	50	50
RETAINED PROFIT FOR THE YEAR		360	226

Movements in reserves are set out on page 21.

CONSOLIDATED BALANCE SHEET

as at 31st December 1988

	Notes	1988 £'000	1987 £'000
FIXED ASSETS:			
Tangible assets			
Contract hire vehicles	10	1,419	1,097
Properties	11	995	421
Equipment, fixtures and fittings	11	290	101
		2,704	1,619
CURRENT ASSETS:			
Short term hire vehicles	10	4,150	2,660
Vehicle parts stock		112	63
Debtors	12	1,396	930
Bank and cash balances		11	24
		5,659	3,677
CREDITORS:			
Amounts falling due within one year			
Hire purchase finance		1,916	1,267
Bank loans and overdrafts		856	79
Loan stock		60	30
Other creditors	13	1,175	370
		4,007	2,346
NET CURRENT ASSETS		1,662	1,331
TOTAL ASSETS LESS CURRENT LIABILITIES		4,366	2,950
CREDITORS:			
Amounts falling due after more than one year			
Hire purchase finance		2,171	1,266
Bank loans		79	96
Loan stock		30	60
		2,280	1,422
PROVISION FOR LIABILITIES AND CHARGES:			
Deferred taxation	15	574	406
		2,854	1,828
		1,512	1,122
CAPITAL AND RESERVES:			
Called up share capital	16	245	245
Share premium account	17	441	449
Revaluation reserve	18	167	73
Other reserves	18	87	99
Profit and loss account	18	572	256
		1,512	1,122

Approved by the board on 11th April 1989

C.J. Miller
P.A. Roberts
J.W. Stewart

C.J. Miller
P.A. Roberts
J.W. Stewart

TLS RANGE

BALANCE SHEET

as at 31st December 1988

FIXED ASSETS:	Notes	1988 £'000	1987 £'000
Tangible assets			
Contract hire vehicles			
Properties	10	1,419	—
Equipment, fixtures and fittings	11	465	421
	11	290	—
Shares in group companies at cost		2,174	421
		620	620
		2,794	1,041
CURRENT ASSETS:			
Short term hire vehicles	10	4,150	—
Vehicle parts stock		112	—
Debtors	12	1,396	526
Bank and cash balances		10	—
		5,668	526
CREDITORS:			
Amounts falling due within one year			
Hire purchase finance		1,916	—
Bank loans and overdrafts		520	62
Loan stock		60	30
Other creditors	13	2,117	721
		4,613	813
NET CURRENT ASSETS		1,055	(287)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,849	754
CREDITORS:			
Amounts falling due after more than one year			
Hire purchase finance		2,171	—
Bank loans		79	—
Loan stock		30	60
		2,280	60
PROVISION FOR LIABILITIES AND CHARGES:			
Deferred taxation	15	574	—
		2,854	60
		995	694
CAPITAL AND RESERVES:			
Called up share capital	16	245	245
Share premium account	17	441	449
Revaluation reserve	18	10	—
Profit and loss account	18	299	—
		995	694

On 1st January 1988 the whole of the business goodwill and assets of Transport Leasing Services Limited were transferred to the company.

Approved by the board on 11th April 1989

C. J. Miller
P. A. Roberts
J. W. Stewart

John W Stewart

GROUP SOURCE AND APPLICATION OF FUNDS

for the year ended 31st December 1988

SOURCES	1988 £'000	1987 £'000
Profit on ordinary activities before tax and extraordinary items	776	414
Extraordinary items before tax	(90)	—
Items not involving the movement of funds		
Depreciation	23	18
Vehicle fleet provisions	790	905
Profit on sale of land	(18)	—
TOTAL GENERATED FROM OPERATIONS	1,481	1,337
OTHER SOURCES		
Proceeds of disposal of investment	—	4
Proceeds of disposal of land and buildings	84	—
Proceeds of disposal of hire vehicles	2,550	1,095
Proceeds of share issue less expenses	—	694
	2,634	1,793
TOTAL FUNDS GENERATED	4,115	3,130
APPLICATIONS		
Nominal value of shares issued in regard to purchase of subsidiaries	—	200
Purchase of tangible fixed assets	758	90
Purchase of hire vehicles	5,152	2,787
Increase in working capital	413	224
Re-organisation costs and stamp duty	20	35
Dividend paid	50	—
Goodwill purchased	44	—
Taxation paid	5	—
	6,442	3,336
(INCREASE) IN BORROWINGS		
At 1st January	2,774	2,568
At 31st December	5,101	2,774
	(2,327)	(206)
INCREASE/(DECREASE) IN WORKING CAPITAL		
Movement in stocks	49	9
Movement in debtors	466	280
Movement in creditors	(102)	(65)
	413	224

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

- (a) The accounts are prepared under the historical cost convention as modified by the revaluation of properties. All group companies have as their year end 31st December.
- (b) **Goodwill**
Goodwill arising is written off immediately on acquisition directly against reserves.
- (c) **Vehicles out on hire**
 - (i) **Contract hire vehicles**
All vehicles hired out under contracts for one year or more are included in fixed assets.
 - (ii) **Short term hire vehicles**
All other vehicles are treated as short term hire vehicles and are included in current assets.
 - (iii) **Vehicle fleet provisions**
All vehicles whether on contract hire or on short term hire are appraised monthly and their value reduced monthly to approximate trade value. The result of this policy is that the carrying value of all vehicles in the balance sheet approximates to realisable value.
- (d) **Vehicles leased in**
Vehicles held under operating leases are not capitalised. Lease payments are charged to the profit and loss account in the period to which they relate.

Vehicles held under finance leases are capitalised and written down in accordance with the company's normal policy.
- (e) **Depreciation**
Depreciation of equipment, fixtures and fittings is provided for on a straight line basis of 15 per cent. per annum.

Land is not depreciated. It is the group's policy to maintain its properties in good condition by a regular programme of maintenance and repair, the cost of which is charged to the profit and loss account in the year in which the expenditure is incurred. The directors have assessed the lives of the properties and their residual values and consider that depreciation is not necessary.
- (f) **Vehicle parts stock**
Stocks are stated at the lower of cost and net realisable value.
- (g) **Hire purchase finance**
Hire purchase interest is charged on the aggregate of the outstanding capital balances at a rate above Finance Houses Association base rate or London Inter Bank Offer Rate, and is charged to the profit and loss account as incurred.
- (h) **Deferred taxation**
Full provision is made for deferred taxation under the liability method except in respect of properties.

NOTES TO THE ACCOUNTS

2. TURNOVER

Turnover represents the total amount receivable for the hire of motor vehicles excluding sales taxes.

3. OPERATING PROFIT

Is stated after charging:

	1988 £'000	1987 £'000
Vehicle fleet provisions		
— held under hire purchase agreements	774	850
— held under finance leases	16	55
Depreciation	790	905
Vehicle operating lease rentals	23	18
Other operating lease rentals	675	313
Finance lease charges	5	5
Directors' emoluments	10	13
Auditors' remuneration	95	72
	10	6

4. DIRECTORS' EMOLUMENTS

excluding pension contributions

	1988 £	1987 £
Chairman	40,078	28,302
Highest paid director	47,978	35,802
Number of directors receiving:	No.	No.
Up to £5,000	2	1
£25,001-£30,000	—	1
£35,001-£40,000	—	1
£40,001-£45,000	1	—
£45,001-£50,000	1	—

R.Y. Birley was appointed chairman on 31st December and did not receive any emoluments. The emoluments shown above are in respect of the previous chairman.

TLS RANGE

5. EMPLOYEES

The average number of persons employed by the group was:

	1988 No.	1987 No.
Management and administration	13	9
Operations	18	17
Service and repair	29	18
	60	44

Staff costs during the year including the directors amounted to:

	£'000	£'000
Wages and salaries	621	433
Social security costs	50	43
Pension costs	7	8
	688	484

6. INTEREST PAYABLE

Hire purchase interest	391	259
Bank loans repayable partly in more than 5 years	15	14
Bank overdraft and short term loan interest	43	17
Other interest	14	27
	463	317

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax at 35%	102	55
Deferred taxation	168	88
Re-instatement of advance corporation tax previously written off	—	(5)
	270	138

If deferred taxation had been provided for in respect of properties attracting taxation allowances, there would have been an additional charge of

9	12
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NOTES TO THE ACCOUNTS

8. EXTRAORDINARY ITEMS	1988
	£'000
Profit on sale of land	18
Less corporation tax	(6)
	12
Loss resulting from liquidation of Hebden Bros Ltd and Hebdens Burnley Ltd	108
Net extraordinary loss	96

The results of the above subsidiaries have been excluded from consolidation on the grounds that control was intended to be temporary.

9. DIVIDENDS		
Proposed final dividend of 10.1875p per share on:	1988	1987
	£	£
A ordinary shares of 50p each	26,832	26,832
B ordinary shares of 50p each	13,918	13,918
C ordinary shares of 50p each	9,250	9,250
	50,000	50,000

10. VEHICLES OUT ON HIRE	The group		
	Contract hire vehicles £'000	Short term hire vehicles £'000	Total hire vehicles £'000
Cost			
At 1st January 1988	1,559	3,358	4,917
Additions	780	4,372	5,152
Transfers between categories, net	—	—	—
Disposals	(459)	(2,704)	(3,163)
At 31st December 1988	1,880	5,026	6,906
Vehicle fleet provisions			
At 1st January 1988	462	698	1,160
Applied	249	541	790
Transfers between categories, net	(26)	26	—
Disposals	(224)	(389)	(613)
At 31st December 1988	461	876	1,337
Approximate realisable value			
At 31st December 1988	1,419	4,150	5,569
At 31st December 1987	1,097	2,660	3,757

10. VEHICLES OUT ON HIRE (continued)

	The company		
	Contract hire vehicles £'000	Short term hire vehicles £'000	Total hire vehicles £'000
Cost			
At 1st January 1988	—	—	—
Transfer from group company	1,546	3,358	4,904
Additions	780	4,372	5,152
Transfers between categories, net	—	—	—
Disposals	(446)	(2,704)	(3,150)
At 31st December 1988	1,880	5,026	6,906
Vehicle fleet provisions			
At 1st January 1988	—	—	—
Transfer from group company	451	698	1,149
Applied	248	541	789
Transfers between categories, net	(26)	26	—
Disposals	(212)	(389)	(601)
At 31st December 1988	461	876	1,337
Approximate realisable value			
At 31st December 1988	1,419	4,150	5,569
At 31st December 1987	—	—	—

Assets out on hire include vehicles the subject of finance leases, where the company is the lessee, with an approximate realisable value of £75,000 (1987 - £109,000). The remaining vehicles out on hire are the subject of hire purchase agreements.

11. TANGIBLE ASSETS

	The group		
	Freehold and long leasehold land and buildings £'000	Short leasehold property £'000	Equipment fixtures and fittings £'000
Cost or valuation			
At 1st January 1988	421	—	144
Additions	541	5	212
Revaluations	87	7	—
Disposals	(66)	—	—
At 31st December 1988	983	12	356
Depreciation			
At 1st January 1988	—	—	43
Provided	—	—	23
At 31st December 1988	—	—	66
Net book value			
At 31st December 1988	983	12	290
At 31st December 1987	421	—	101

NOTES TO THE ACCOUNTS

11. TANGIBLE ASSETS (continued)

	The company			
	Freehold and long leasehold land and buildings £'000	Short leasehold property £'000	Equipment fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1st January 1988	421	—	—	421
Transfer from group company	—	—	144	144
Additions	31	5	212	248
Revaluations	2	7	—	9
Disposals	(1)	—	—	(1)
At 31st December 1988	453	12	356	821
Depreciation				
At 1st January 1988	—	—	—	—
Transfer from group company	—	—	43	43
Provided	—	—	23	23
At 31st December 1988	—	—	66	66
Net book value				
At 31st December 1988	453	12	290	755
At 31st December 1987	421	—	—	421

A valuation of all the group's properties as at 31st December 1988 was carried out by Guest Shaw, property consultants, on the basis of open market value for existing use. On an historical cost basis these properties would have been included at £828,000 (1987 - £348,000).

Equipment, fixtures and fittings include items, the subject of finance leases, where the company is the lessee, with a net book value of £95,000 (1987 - £nil). The depreciation charge for the year in respect of these items was £1,000 (1987 - £nil).

In respect of a subsidiary company's property it is not possible to distinguish the value of the freehold and long leasehold interests. The long leasehold interest has over 800 years unexpired.

12. DEBTORS

	The group		The company	
	1988 £'000	1987 £'000	1988 £'000	1987 £'000
Trade debtors	1,033	653	1,033	—
Amounts owed by group companies	—	—	—	509
Other debtors	101	27	101	—
Prepayments and accrued income	262	250	262	—
Advance corporation tax recoverable	—	—	—	17
	1,396	930	1,396	526

13. OTHER CREDITORS

	1988 £'000	1987 £'000	1988 £'000	1987 £'000
Trade creditors	376	301	376	—
Amounts owed to group companies	—	—	1,024	635
Corporation tax	192	89	129	17
Other taxes and social security costs	108	75	100	—
Proposed dividend	50	50	50	50
Other creditors	130	31	130	—
Accruals and deferred income	319	424	308	19
	1,175	970	2,117	721

TLS RANGE

14. NET BORROWINGS

	The group		The company	
	1988 £'000	1987 £'000	1988 £'000	1987 £'000
(a) Bank loans and overdrafts repayable				
— within 1 year	856	79	520	62
— between 1 and 2 years	18	18	18	—
— between 2 and 5 years	52	52	52	—
— in 5 years or more	9	26	9	—
	79	96	79	—
Total bank loans and overdrafts	935	175	599	62
(b) Loans other than from banks				
(i) Hire purchase finance repayable				
— within 1 year	1,916	1,267	1,916	—
— between 1 and 2 years	1,717	922	1,717	—
— between 2 and 5 years	454	344	454	—
	4,087	2,533	4,087	—
(ii) Loan stock repayable				
— within 1 year	60	30	60	30
— between 1 and 2 years	30	30	30	30
— between 2 and 5 years	—	30	—	30
	30	60	30	60
	90	90	90	90
Total loans other than from banks	4,177	2,623	4,177	90
Total borrowings	5,112	2,798	4,776	152
Less: bank and cash balances	(11)	(24)	(10)	—
Net borrowings	5,101	2,774	4,766	152

Bank loans and overdrafts include a bank loan of £96,250 repayable in annual instalments of £17,500 so as to be fully repaid by June 1994, which is secured on one of the holding company's freehold properties and carries interest at a flat annual rate of 7.5 per cent. on the initial loan of £175,000.

A short term bank loan of £336,000 is secured on a subsidiary company's freehold and long leasehold property.

Hire purchase loans are secured on assets out on hire and include £141,000 (1987-£79,000) in respect of finance lease obligations.

The loan stock comprises variable rate guaranteed unsecured loan stock 1997-90. Interest is charged at 2.5 per cent. above the London Inter-Bank market rate subject to a minimum of 9 per cent.

NOTES TO THE ACCOUNTS

15. DEFERRED TAXATION

	The group and the company	The group
	1988 £'000	1987 £'000
At 1st January	423	335
Profit and loss account	168	88
	591	423
Advance corporation tax recoverable	(17)	(17)
At 31st December	574	406
The amounts provided are in respect of accelerated capital allowances		
The amounts not provided for are as follows:		
Capital allowances in respect of properties	106	97
Revaluation surpluses	4	—
	110	97

16. SHARE CAPITAL

	£	£
Authorised		
263,382 A ordinary shares of 50p each	131,691	131,691
136,618 B ordinary shares of 50p each	68,309	68,309
98,754 C ordinary shares of 50p each	49,377	49,377
	249,377	249,377
Allotted, issued and fully paid		
263,382 A ordinary shares of 50p each	131,691	131,691
136,618 B ordinary shares of 50p each	68,309	68,309
90,798 C ordinary shares of 50p each	45,399	45,399
	245,399	245,399

17. SHARE PREMIUM ACCOUNT

	1988 £'000
At 1st January 1988	449
Additional stamp duty on issue of shares in 1987	(8)
At 31st December 1988	441

18. RESERVES

	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
The group				
At 1st January 1988	73	99	256	428
Retained profit			360	360
Revaluation surplus	94			94
Goodwill written off			(44)	(44)
Reorganisation costs		(12)		(12)
At 31st December 1988	167	87	572	826
The company				
At 1st January 1988	—	—	—	—
Retained profit			343	343
Revaluation surplus	10			10
Goodwill written off			(44)	(44)
At 31st December 1988	10	—	299	309

As permitted by section 228(7) of the Companies Act 1965, the company has not presented its own profit and loss account. The amount of the consolidated profit for the year dealt with in the accounts of the company was £393,000 (1987 £50,000).

19. SUBSIDIARY COMPANIES

No subsidiary company made a significant contribution to group profits. Cavland Limited, a wholly owned subsidiary, incorporated in Great Britain, owns properties which are used by the company. Details of the company's other subsidiaries, which are dormant, are provided with the annual return.

20. CAPITAL COMMITMENTS

At 31st December 1988 the group had capital commitments contracted for but not provided for in the accounts amounting to £nil (1987 — £236,000).

21. CONTINGENT LIABILITIES

The group

In the sum of £391,000 in respect of final payments due in respect of operating leases falling due for payment of £245,000 in 1989, £106,000 in 1990 and £40,000 in 1991. The directors consider that these payments will be matched by other income and that no material write off will arise under these arrangements.

The company

In the sum of £336,000 in respect of a guarantee of a group company loan.

NOTES TO THE ACCOUNTS

22. LEASING COMMITMENTS

At 31st December 1988 annual commitments under non-cancellable operating leases were as follows:-

	Land and buildings £'000	Other £'000
Expiring within one year	—	174
Expiring between one and five years	—	530
Expiring in five years or more	5	—
	5	704

REPORT OF THE AUDITORS

To the members of TLS Range plc

We have audited the financial statements on pages 9 to 22 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of the accounting policies set out on page 13 give a true and fair view of the state of affairs of the company and the group at 31st December 1988 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1965.

Manchester
11th April 1989

Sao Binder Hamlyn
BDO BINDER HAMLYN
Chartered Accountants

FIVE YEAR SUMMARY

	1984 £'000	1985 £'000	1986 £'000	1987 £'000	1988 £'000
Turnover	959	1,207	1,901	3,123	4,394
Operating profit	286	351	551	726	1,193
Interest payable, net	135	175	255	312	437
Profit before taxation	155	184	300	414	776
	£'000	£'000	£'000	£'000	£'000
Vehicles out on hire	1,013	1,660	2,961	3,757	5,569
Property and equipment	314	368	410	522	1,285
Working capital	1,327 (30)	2,028 37	3,371 (138)	4,279 23	6,854 333
Capital employed	1,297	2,065	3,233	4,302	7,187
Less: net borrowings	939	1,565	2,479	2,774	5,101
deferred taxation	164	223	316	406	574
Shareholders funds	194	277	438	1,122	1,512
Operating profit/ average capital employed %	28	21	21	19	21
Operating profit/ turnover %	30	29	29	23	27
Profit before tax/ turnover %	16	15	16	13	18
Net borrowings/ shareholders funds (times)	4.84	5.65	5.66	2.47	3.37

The above figures have been derived from the relevant audited accounts of the business. The directors have made such adjustments as they consider appropriate so as to present the five year summary on a consistent basis.