

Quadrant Video Systems Limited

2144288

Annual Report

for the year ended 28 February 1993

Registered no: 2144288

Quadrant Video Systems Limited

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for the year ended 28 February 1993

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**Directors' report
for the year ended 28 February 1993**

The directors present their report and the audited accounts for the year ended 28 February 1993.

Principal activities

The company is principally engaged in the sale, service and hire of video and associated equipment.

Review of business

Trading conditions during the year remained difficult; organisational changes were made, including the decision in November 1992 to close the branch in Holland. A high level of exceptional costs has been incurred in rationalising the business and writing down stocks to realisable values.

Subsequent to the year end, additional directors with experience of the business were appointed from within Quadrant Group, and action has been taken to strengthen the company's position by building on its technical capability in all aspects of the professional video industry.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend for the year ended 28 February 1993.

The loss for the year of £2,278,634 will be transferred from reserves.

Changes in fixed assets

During the year, hire stock was reclassified from stock to fixed assets. Details of movements in fixed assets are shown in note 10 to the financial statements.

Directors

The directors of the company during the year, together with their dates of appointment and resignation where applicable, were as follows:

R Brothers	(Chairman)	Resigned 29 July 1992
A V Douglas		Resigned 11 February 1993
J Morton		Resigned 15 October 1992
D W Kinniburgh		Resigned 17 November 1992
K M Needham		Resigned 17 November 1992
M G Boddy		
V Ashe		Appointed 30 June 1992
D Noble		Appointed 19 November 1992
R C Singleton		Resigned 30 June 1992

The following changes have been made since the 28 February 1993:

D Noble	Resigned 12 March 1993
R C Singleton	Appointed 23 April 1993
G C Wragg	Appointed 23 April 1993
P A Gregory	Appointed 23 April 1993
S G Hope	Appointed 23 April 1993

Directors' interests in shares

None of the directors had any interests in the share capital of the company.

The interests of the directors at 28 February 1993 in the shares of the holding company were as follows:

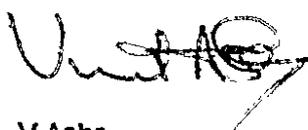
	Quadrant Group Plc Ordinary shares of 10p each fully paid	
	28 February 1993	29 February 1992
R C Singleton	26681	26681
M G Boddy	3610	3610

The directors who were directors of the ultimate holding company have their share interests shown in the accounts of that company.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



V Ashe
Secretary

27 May 1993

Report of the auditors to the members of
Quadrant Video Systems Limited

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28 February 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Nottingham

27 May 1993

Profit and loss account
for the year ended 28 February 1993

	Notes	1993 £	1992 £
Turnover	2	7,325,686	7,129,179
Cost of sales		5,054,915	4,739,079
Gross profit		2,270,771	2,390,100
Other operating expenses	3	3,108,409	2,733,816
Operating loss before exceptional items		(837,638)	(343,716)
Exceptional items	4	1,346,988	284,214
Operating loss		(2,184,626)	(627,930)
Interest payable	7	107,201	253,672
Loss on ordinary activities before taxation	8	(2,291,827)	(881,602)
Taxation credit	9	(13,193)	(309,644)
Loss for the financial year		(2,278,634)	(571,958)
Dividends		-	-
Retained loss for the year		(2,278,634)	(571,958)
Statement of retained losses			
(Losses)/Profits brought forward		(116,404)	511,547
Prior year adjustment		-	(55,993)
As restated		(116,404)	455,554
Retained loss for the year		(2,278,634)	(571,958)
Losses carried forward		(2,395,038)	(116,404)

Balance sheet
at 28 February 1993

	Notes	1993 £	1992 £
Fixed assets			
Tangible assets	10	<u>795,650</u>	<u>1,036,180</u>
Current assets			
Stocks	11	884,387	1,450,048
Debtors	12	1,499,226	1,655,120
Cash at bank and in hand		32,882	15,635
		<u>2,416,495</u>	<u>3,120,803</u>
Creditors : amounts falling due within one year	13	3,127,183	1,793,387
Net current assets		<u>(710,688)</u>	<u>1,327,416</u>
Total assets less current liabilities		84,962	2,363,596
Net assets		<u>84,962</u>	<u>2,363,596</u>
Capital and reserves			
Called up share capital	16	2,480,000	2,480,000
Profit and loss account		(2,395,038)	(116,404)
		<u>84,962</u>	<u>2,363,596</u>

These accounts were approved by the Board of Directors on 27 May 1993
and were signed on its behalf by:


Director


Director

Notes to the financial statements
for the year ended 28 February 1993

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

The company is a wholly owned subsidiary of Quadrant Group PLC and the cash flows of this company are included in the consolidated group cash flow statement of Quadrant Group PLC. Consequently the company is exempt under the terms of FRS1 from preparing a cash flow statement.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of fixed assets less their estimated residual values on a straight line basis over the expected useful lives of the assets concerned, commencing on the first day of the month following acquisition.

The principal annual rates used for this purpose are:

	%
Fixtures and fittings	15
Equipment held for hire	20
Plant & equipment	20
Office equipment (including computers)	20
Motor vehicles	25

Leasehold land and buildings and improvements are written off over 50 years or the period of the lease if shorter.

Equipment held for hire, previously included in stock and depreciated, has been reclassified as fixed assets to recognise that it is held for revenue earning purposes rather than as stock in trade.

Finance and operating leases

Assets acquired under finance leases or hire purchase agreements are capitalised and depreciated in accordance with the company's depreciation policy. The capital element of future lease payments is included in the balance sheet as obligations under finance leases.

Payments under operating leases are charged wholly to the profit and loss account in the period in which they are incurred.

Stocks

Stocks are stated at the lower of invoiced cost and net realisable value. Provision is made for obsolete, slow moving and defective stock.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied during the year.

Deferred taxation

Deferred taxation is provided in respect of material timing differences to the extent that it is probable that such differences will crystallise in the foreseeable future.

Pension costs

Contributions to the Group's defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the remaining service lives of the current employees as determined at each actuarial valuation date. The company also operates defined contribution pension schemes, the costs of which are charged to profit and loss account as they fall due.

2 Turnover

All sales are made within the EEC.

3 Other operating expenses

	1993 £	1992 £
Distribution costs	77,566	83,564
Administrative expenses	3,030,843	2,650,252
	<u>3,108,409</u>	<u>2,733,816</u>

4 Exceptional items

	1993 £	1992 £
Charge to reduce stock to net realisable value	825,488	284,214
Reorganisation costs	344,500	-
Losses on contracts	177,000	-
	<u>1,346,988</u>	<u>284,214</u>

5 Directors' emoluments

The remuneration paid to the directors of Quadrant Video Systems Limited was:

	1993 £	1992 £
Fees and other emoluments	104,103	208,571
Compensation for loss of office	32,569	-
	<u>136,672</u>	<u>208,571</u>

Fees and other emoluments (excluding pension contributions and compensation for loss of office)
Include the following amounts paid to:

	1993 £	1992 £
The chairman	-	-
The highest-paid director	35,981	44,020

The number of directors (including the chairman and the highest-paid director) who received fees (excluding pension contributions and compensation for loss of office) in the following ranges was:

	1993 Number	1992 Number
£0 to £5000	5	3
£10001 to £15000	1	-
£15001 to £20000	-	1
£25001 to £30000	2	-
£30001 to £35000	-	4
£35001 to £40000	1	-
£40001 to £45000	-	1

6 Employee Information

The average weekly number of persons (including executive directors) employed during the year was:

	1993 Number	1992 Number
Production	9	10
Selling and distribution	37	40
Administrative	48	51
	<u>94</u>	<u>101</u>

Staff costs (for the above persons):

Wages and salaries	1,449,688	1,420,826
Social security costs	125,430	130,551
Pension costs - (see note 15)	62,088	44,496
	<u>1,637,206</u>	<u>1,595,873</u>

7 Interest payable and similar charges (net)

	1993 £	1992 £
Bank overdrafts (repayable not by instalments, due wholly within five years)	108,929	255,724
Finance leases	-	440
	<u>108,929</u>	<u>256,164</u>
Interest receivable	(1,728)	(2,492)
	<u>107,201</u>	<u>253,672</u>

8 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:	1993 £	1992 £
Depreciation charge for the year		
Tangible owned fixed assets	305,980	224,122
Tangible fixed assets held under finance leases	-	6,722
Auditors' remuneration	15,000	15,000
Auditors' - other services	2,500	-
Hire of plant and machinery - operating leases	64,113	2,797
Hire of other assets - operating leases	127,747	122,550
Loss/(profit) on disposal of fixed assets	13,060	(7,240)
	<u>638,300</u>	<u>588,401</u>

9	Taxation	1993 £	1992 £
The credit is made up as follows:			
United Kingdom corporation tax at 33%			
	Current	-	(272,794)
	Deferred	-	(20,074)
Over provision in respect of prior years:			
	Current	(13,193)	(36,304)
Under provision in respect of prior years:			
	Deferred	-	19,528
		<u>(13,193)</u>	<u>(309,644)</u>

10 Tangible fixed assets

	Leasehold property £	Plant, machinery, motor vehicles, fixtures and fittings £	Total £
Cost or valuation			
At 1 March 1992	138,528	1,199,846	1,388,374
Reclassification from stock at 1 March 1992	-	390,014	390,014
	<u>188,528</u>	<u>1,589,860</u>	<u>1,778,388</u>
Additions	116,735	306,104	422,839
Intra group transfers	-	(68,065)	(68,065)
Disposals	(32,198)	(698,439)	(730,637)
At 28 February 1993	<u>273,065</u>	<u>1,129,460</u>	<u>1,402,525</u>
Depreciation			
At 1 March 1992	35,443	646,765	682,208
Reclassification from stock at 1 March 1992	-	60,000	60,000
	<u>35,443</u>	<u>706,765</u>	<u>742,208</u>
Charge for the period	21,004	284,976	305,980
Intra group transfers	-	(47,003)	(47,003)
Eliminated in respect of disposals	(5,413)	(388,897)	(394,310)
At 28 February 1993	<u>51,034</u>	<u>555,841</u>	<u>606,875</u>
Net book value			
At 28 February 1993	<u>222,031</u>	<u>573,619</u>	<u>795,650</u>
Net book value			
At 29 February 1992	<u>153,085</u>	<u>883,095</u>	<u>1,036,180</u>

Quadrant Video Systems Limited

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11 Stocks	1993 £	1992 £
Raw materials and consumables	49,254	-
Finished goods and goods for resale	835,133	1,450,048
	<u>884,387</u>	<u>1,450,048</u>

The comparative figure for finished goods and goods for resale has been restated to reflect the reclassification of hire stocks as fixed assets (see notes 1 and 10).

12 Debtors: amounts falling due within one year	1993 £	1992 £
Trade debtors	1,161,527	1,486,494
Amounts owed by group companies	120,446	9,054
Other debtors	98,701	6,654
Prepayments and accrued income	32,460	55,676
Corporation tax	86,082	97,242
	<u>1,499,226</u>	<u>1,655,120</u>

13 Creditors: amounts falling due within one year	1993 £	1992 £
Bank overdrafts	758,894	421,055
Trade creditors	420,391	685,165
Amounts owed to parent company	868,699	-
Amounts due to fellow subsidiaries	638,520	482,597
Other taxation and social security payable	112,085	120,424
Accruals	328,594	84,146
	<u>3,127,183</u>	<u>1,793,387</u>

The bank overdraft is part of a pool facility and cross guarantees with the Quadrant group of companies, which at 28 February 1993 was in a credit position.

14 Capital commitments	1993 £	1992 £
Contracted but not provided for	<u>10,445</u>	<u>-</u>
Authorised but not contracted for	<u>10,000</u>	<u>-</u>

15 Pension and similar obligations

The Group operates various pension schemes, the principal one of which is the Quadrant Group PLC Retirement Benefit Scheme, a defined benefit scheme. The most recent actuarial valuation of the Quadrant Group PLC Retirement Benefit Scheme was carried out at 1 July 1992 by Phillip G M Channack, Consulting Actuary, using the Projected Unit Method modified by use of a twenty year control period to stabilise costs. The assets of the scheme have been valued using the Discounted Income Method.

The key economic assumptions adopted in the valuation were as follows:

Long Term Interest Rate:	9% per annum
Salary Escalation Rate:	7% per annum
Pension Escalation Rate:	2.5% per annum until introduction of Limited Price Indexation

The valuation showed that the actuarial value of the Scheme's assets at 1 July 1992 was £2,387,000 and that the "Going Concern Funding Level" was 123%. This surplus is being reduced by the suspension of employer's contributions for a five year period which commenced on 1 July 1989.

The company also operates defined contribution pension schemes, the costs of which are charged to profit and loss account as they fall due.

16 Called up share capital	1993 £	1992 £
Authorised 2,500,000 ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
Allotted, called up and fully paid 2,480,000 ordinary shares of £1 each	<u>2,480,000</u>	<u>2,480,000</u>

17 Financial commitments

At 28 February 1993 the company is committed to making operating lease payments during the next year as follows:

	1993 £	1992 £
Equipment where commitment expires within one year	16,863	-
Equipment where commitment expires within 2 to 5 years	134,690	-
Land & buildings where commitment extends beyond 5 years	<u>122,550</u>	<u>122,550</u>

18 Ultimate Holding Company

Quadrant Video Systems Limited is a wholly owned subsidiary of Quadrant Group PLC, a company registered in England. Copies of the parent company's consolidated accounts may be obtained from Quadrant Group PLC, Priory House, Pitsford Street, Birmingham, B18 6LX.