

ARTHUR
ANDERSEN

ARTHUR ANDERSEN & CO. SC

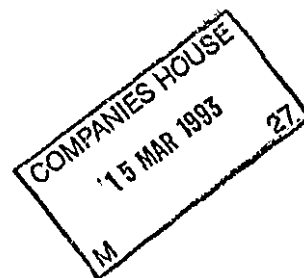
Paramount Computer Rentals Limited

(formerly Baltic Rentals Limited, formerly Genesis Contract Hire
(1988) Limited)

Accounts 31 December 1992

together with director's and auditors' reports

Registered number: 2268398



Director's report

For the year ended 31 December 1992

The director presents his annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1992.

Principal activity and business review

The principal activity of the company is the rental and supply of computer equipment.

Turnover for the year was £1,964,543 (1991 - £nil) and the profit for the financial year was £287,084 (1991 - loss of £513).

During the year the company acquired all the assets and trade of ICS Rentals Limited for cash of £780,000. That company's principal activity was the short term rental and supply of computer equipment.

Change of name

On 24 January 1992, the company changed its name from Genesis Contract Hire (1988) Limited to Baltic Rentals Limited. On 17 December 1992 the company again changed its name to Paramount Computer Rentals Limited.

Results and dividends

Results and dividends are as follows:

	£
Accumulated deficit at 1 January 1992	(234,518)
Profit for the year	287,084
Negative goodwill credited to reserves	244,125
Retained profit at 31 December 1992	<u>296,691</u>

The director does not recommend the payment of a dividend.

Directors

The directors who served during the year are shown below:

M. Goddard (resigned 14 February 1992)
H.A. Hyman (resigned 24 November 1992)
A.L. Williams (appointed 14 February 1992, resigned 24 November 1992)
W.G.W. Stein (appointed 14 February 1992, resigned 10 April 1992)
P.A. Mitchell (appointed 24 November 1992)

Director's report (continued)

Director's interests

The director who held office at 31 December 1992 had no beneficial interest in the shares of the company. The director's interest in the shares of Paramount Leasing Limited, the company's ultimate parent company, is disclosed in the accounts of that company.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 7 to the accounts.

Auditors

During the year Coopers & Lybrand resigned as auditors of the company. Arthur Andersen were appointed to fill the casual vacancy.

The director will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



M.C. Butterfield
Secretary

1 March 1993

Auditors' report

To the Members of Paramount Computer Rentals Limited (formerly Baltic Rentals Limited, formerly Genesis Contract Hire (1988) Limited):

We have audited the accounts on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1992 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditor

1 Surrey Street
London
WC2R 2PS

1 March 1993

Profit and loss account

For the year ended 31 December 1992

	Notes	1992 £	1991 £
Turnover	2	1,964,543	-
Cost of sales		(1,231,525)	-
Gross profit		733,018	-
Administrative expenses		(599,838)	-
Other operating income		300,521	20,600
Operating profit		433,701	20,600
Interest payable and similar charges	3	(34,306)	(21,284)
Profit (loss) on ordinary activities before taxation	4	399,395	(684)
Tax on profit (loss) on ordinary activities	6	(112,311)	171
Retained profit (loss) for the year		287,084	(513)
Accumulated deficit, beginning of year		(234,518)	(234,005)
Negative goodwill credited to reserves		244,125	-
Retained profit (accumulated deficit), end of year		296,691	(234,518)

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

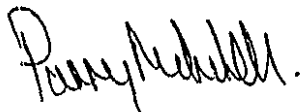
31 December 1992

	Notes	1992 £	1991 £
Fixed assets			
Tangible assets	7	431,501	-
Investments	8	100	-
		<u>431,601</u>	<u>-</u>
Current assets			
Debtors	9	366,016	124,560
Cash at bank and in hand		259,991	-
		<u>626,007</u>	<u>124,560</u>
Creditors: Amounts falling due within one year	10	(530,915)	(359,076)
Net current assets (liabilities)		<u>95,092</u>	<u>(234,516)</u>
Total assets less current liabilities		<u>526,693</u>	<u>(234,516)</u>
Creditors: Amounts falling due after more than one year	11	(230,000)	-
Provisions for liabilities and charges	12	-	-
		<u>-</u>	<u>-</u>
Net assets (liabilities)		<u>296,693</u>	<u>(234,516)</u>
Capital and reserves			
Called-up share capital	13	2	2
Profit and loss account		296,691	(234,518)
		<u>296,693</u>	<u>(234,516)</u>
Total capital employed		<u>296,693</u>	<u>(234,516)</u>

Signed on behalf of the Board
P.A. Mitchell

Director

1 March 1993



The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1992

1 Accounting policies

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

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Cash flow statement

Under the provisions of Financial Reporting Standard No. 1, the company has not prepared a cash flow statement because it is entitled to the exemptions available in Sections 246 and 249 of the Companies Act 1985 for small companies when filing accounts with the Registrar of Companies.

c) Tangible fixed assets

Tangible fixed assets are shown at original historical cost less accumulated depreciation.

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

Equipment for hire	18-24 months
Fixtures and fittings	5 years

Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

d) Investments

Investment in subsidiary undertaking is stated at cost less amounts written off. As permitted by Section 229 of the Companies Act 1985, the company has not prepared group accounts as the activities of the subsidiary undertaking are not material for the purpose of giving a true and fair view.

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

f) Deferred income

Deferred income, which arises when income from rental contracts is invoiced in advance, is taken to the profit and loss account over the life of the contract.

Notes to accounts (continued)

1 Accounting policies (continued)

g) Turnover

Turnover comprises the value of sales (excluding VAT) of goods and services in the normal course of business, including income relating to equipment on hire.

h) Leases

The company enters into operating leases as described in note 14.

Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges in the year and future commitments are given in note 14.

i) Negative goodwill

Negative goodwill, being the excess of the aggregate of the fair value of net assets acquired during the year over the fair value of the consideration given, is credited directly to reserves.

2 Segment information

Contributions to turnover by activity were as follows:

	1992 £	1991 £
Equipment rentals	1,898,790	-
Other	65,753	-
	<u>1,964,543</u>	<u>-</u>

Turnover arises principally within the United Kingdom.

3 Interest payable and similar charges

	1992 £	1991 £
On loans from group undertakings	34,306	21,080
On all other loans	-	204
	<u>34,306</u>	<u>21,284</u>

Notes to accounts (continued)

4 Profit (loss) on ordinary activities before taxation

	1992 £	1991 £
Profit (loss) on ordinary activities before taxation is stated after crediting:		
a) Profit on sale of equipment	300,521	-
and after charging:		
a) Depreciation	725,403	-
b) Operating lease rentals		
- Computer equipment	133,078	-
- Other	16,710	-
c) Auditors' remuneration	14,000	-
d) Fees payable to management companies	141,000	-

During the year the company paid management fees of £100,000 to Baltic Management Services Limited, a subsidiary undertaking of the former ultimate parent company, Baltic Plc. Subsequently, under the terms of a management agreement dated 24 November 1992 between the company and Rental Direct Limited ('RDL'), RDL provides certain management services to the company for the period to December 1993. Fees payable to RDL in 1992 were £41,000. See also note 14.

5 Directors' emoluments and employee information

The company has no employees (1991 - nil). During the year the company has been charged £209,472 by Baltic Management Services Limited and £20,598 by RDL in respect of the provision of personnel to the company.

No director received any emoluments during the year (1991 - £nil).

6 Tax on profit (loss) on ordinary activities

The tax charge (credit) is based on the profit (loss) for the year and comprises:

	1992 £	1991 £
Corporation tax at 33%	250,911	-
Group relief	-	(171)
Deferred taxation	(138,600)	-
	<u>112,311</u>	<u>(171)</u>

Notes to accounts (continued)

7 Tangible fixed assets

The net book value of tangible fixed assets and the movements in the year are as follows:

	Equipment for hire £	Fixtures and fittings £	Total £
Cost			
Beginning of year	-	-	-
Additions	1,605,637	2,439	1,608,076
Disposals	(687,562)	-	(687,562)
End of year	<u>918,075</u>	<u>2,439</u>	<u>920,514</u>
Depreciation			
Beginning of year	-	-	-
Charge	725,363	40	725,403
Disposals	(236,390)	-	(236,390)
End of year	<u>488,973</u>	<u>40</u>	<u>489,013</u>
Net book value			
Beginning of year	-	-	-
End of year	<u>429,102</u>	<u>2,399</u>	<u>431,501</u>

On 16 January 1992, the company acquired computer equipment from ICS Rentals Limited (in administrative receivership) for a cash consideration of £780,000. This equipment was included in fixed assets at a fair value determined by the directors of £1,200,000. A provision of £37,275 was raised for certain liabilities associated with the acquisition and the resulting negative goodwill, net of deferred taxation, of £244,125 was credited directly to reserves.

8 Fixed asset investments

	1992 £	1991 £
Subsidiary undertaking	<u>100</u>	<u>-</u>

The company's subsidiary undertaking is a 100% shareholding in DDLP Holdings Limited ('DDLPH') which was acquired in November 1992. DDLPH is a dormant company incorporated in England and Wales.

9 PARAMOUNT COMPUTER RENTALS LIMITED

Notes to accounts (continued)

9 Debtors

The following are included in the net book value of debtors:

	1992 £	1991 £
Amounts falling due within one year:		
Trade debtors	337,428	-
Amounts owed by group undertakings	15,630	124,560
Other debtors	12,958	-
	<u>366,016</u>	<u>124,560</u>

10 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1992 £	1991 £
Trade creditors	45,720	-
Amounts owed to group undertakings	43,166	359,076
Other creditors		
- UK corporation tax payable	250,911	-
- VAT	48,445	-
Accruals and deferred income	142,673	-
	<u>530,915</u>	<u>359,076</u>

11 Creditors: Amounts falling due after one year

	1992 £	1991 £
Amounts owed to ultimate parent company	<u>230,000</u>	<u>-</u>

The loan from the ultimate parent company is unsecured and interest free.

12 Provisions for liabilities and charges

	1992 £	1991 £
Beginning of year	-	-
Arising on purchase of fixed assets (note 7)	138,600	-
Credit for the year	(138,600)	-
	<u>-</u>	<u>-</u>

Notes to accounts (continued)

13 Called-up share capital

	1992 £	1991 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully-paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

14 Guarantees and other financial commitments

a) Capital commitments

Under the terms of a management agreement dated 24 November 1992 between the company and RDL, RDL provides certain management services to the company for the period up to December 1993. Fees payable to RDL include monthly payments up to December 1993 plus additional amounts comprising a fixed charge and a payment depending on the achievement of certain financial targets included within the agreement.

b) Lease commitments

The company has entered into non-cancellable operating leases in respect of motor vehicles and computer equipment, the payments for which extend over a period of up to 5 months. The total annual rental for 1992 was £149,788 (1991 - £nil). The lease agreements provide that the lessor will pay all maintenance and repairs.

The minimum future annual rentals under the foregoing leases, all of which expire within one year, is £10,398.

15 Ultimate parent company

The company's ultimate parent company is Paramount Leasing Limited, a company registered in England and Wales.

The largest and smallest group in which the results of the company will be consolidated is that headed by Paramount Leasing Limited, whose principal place of business is Calvert House, 5 Calvert Avenue, London E2 7JP. The consolidated accounts of this group will be available to the public in due course.