

Just Rentals plc

Annual report

for the period ended 30 November 1998

Registered no: 3571899



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COMPANIES HOUSE 26/01/99		

Just Rentals plc

Annual report for the period ended 30 November 1998

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Directors and advisers

Executive directors

Mr B W R Jones	(appointed 23 July 1998)
Mr G H Coleman	(appointed 23 July 1998)
Mr P A Thompson	(appointed 23 July 1998)
Mr M E Lanyon	(appointed 23 July 1998)

Non-executive directors

Mr A C Webb	(appointed 23 July 1998)
Mr M R Henderson	(appointed 23 July 1998)

Secretary and registered office

Mr G Dodd

Dinas Isaf House
Williamstown
Rhondda
CF40 1NQ

**Directors' report
for the period ended 30 November 1998**

The company was incorporated on 22 May 1998.

The directors present their report and the audited financial statements for the period from incorporation to 30 November 1998.

Principal activities

On 23 July 1998 the company acquired the entire share capital of Just Rentals (Wales) Limited, and the interest of Just Rentals (Wales) Limited in Dunraven Finance Limited. The above transactions have been accounted for under the merger method of accounting. Consequently the company's profit and loss account on page 7 reflects the consolidated results for the company and the former Just Rentals (Wales) Limited group for the year ended 30 November 1998 and the results of the former Just Rentals (Wales) Limited group for the year ended 30 November 1997 as comparative information. The comparative information in respect of the consolidated balance sheet and consolidated cash flow statement compare the information for the former Just Rentals (Wales) Limited group.

The principal activities of the group are the retailing, renting and servicing of electrical appliances and operating as financiers.

Review of business and future development

During the year the group continued to expand its trading activities. The directors are satisfied with the progress made and are confident that the performance will be satisfactory in the foreseeable future.

Dividends and transfers to reserves

Prior to the acquisition of the share capital of Just Rentals (Wales) Limited by Just Rentals plc, the directors of Just Rentals (Wales) Limited recommended the payment of an interim dividend of £3.7172 per ordinary share as set out in note 9 to the financial statements.

Directors

The directors of the company at 30 November 1998, all of whom have been directors for the whole of the period ended on that date, unless otherwise stated, are listed on page 1. The directors on incorporation, Filbuk Nominees Limited and Filbuk (Secretaries) Limited, resigned on 23 July 1998.

Directors' interests

The beneficial and non-beneficial interests of the directors in the shares of the company at 30 November 1998 were:-

		Ordinary shares Of £1 each
		Number
Beneficial		
Mr B W R Jones		16,500
Mr G H Coleman		16,500
		<u>33,000</u>
		Ordinary shares Of £1 each
		Number
Non-beneficial		
Mr B W R Jones		11,000
Mr G H Coleman		11,000
		<u>22,000</u>

Charitable contributions

The group made charitable contributions and similar payments of £142,440 (1997: £120,042) during the year.

Creditor payment policy

The company's current policy concerning the payment of its trade creditors is to:

- (a) Settle the terms of payment with suppliers when agreeing the terms of business;
- (b) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts (if appropriate); and
- (c) Pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies for goods and services without exception.

Year 2000 and the Euro

The Directors have assessed the risks to the group arising as a result of the Year 2000 problem and have concluded that there is likely to be limited impact upon the group's operations. The group has developed plans to address the issues and the Directors are of the view that the cost associated with the implementation of the plans will be immaterial.

The Directors have also reviewed the likely impact of the introduction of the Euro in certain countries from 1 January 1999 and are of the opinion that there will be no significant impact upon the operation of the group.

By order of the Board



Secretary

21 January 1999

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 30 November 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, and for taking reasonable steps to safeguard the assets of the company and the group in order to prevent and detect fraud and other irregularities.

By order of the board

A handwritten signature in black ink, appearing to be 'G. H. Jones', written over a horizontal line.

Secretary
21 January 1999

Report of the auditors to the members of Just Rentals plc

We have audited the financial statements on pages 7 to 17 which have been prepared in accordance with the historical cost convention and the accounting policies set out on pages 10 to 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

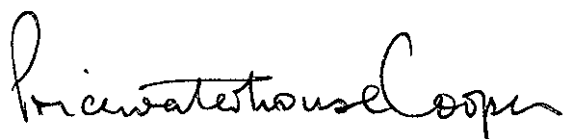
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 November 1998 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Chartered Accountants and Registered Auditors
Cardiff**

21 January 1999

**Consolidated profit and loss account
for the year ended 30 November 1998**

	Notes	1998 £	1997 £
Retail:-			
Turnover	1	10,182,422	9,101,953
Cost of sales		(5,016,198)	(4,652,882)
		<u>5,166,224</u>	<u>4,449,071</u>
Finance:-			
Turnover	1	6,753,730	5,423,643
		<u>11,919,954</u>	<u>9,872,714</u>
Gross profit			
Other operating income and expenses	2	(8,530,336)	(7,111,003)
Exceptional income	3	3,071,257	-
		<u>6,460,875</u>	<u>2,761,711</u>
Operating profit			
Interest receivable and similar income		88,735	-
Interest payable and similar charges	6	(775,454)	(506,691)
		<u>5,774,156</u>	<u>2,255,020</u>
Profit on ordinary activities before taxation	7		
Tax on profit on ordinary activities	8	(1,804,297)	(788,064)
		<u>3,969,859</u>	<u>1,466,956</u>
Profit for the financial year			
Dividends paid	9	(73,600)	-
		<u>3,896,259</u>	<u>1,466,956</u>
Retained profit for the year	19		

All operations are continuing.

The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

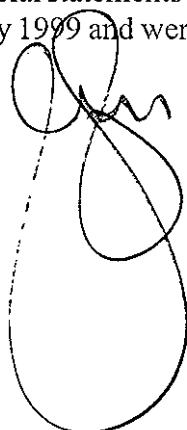

**Balance sheets
at 30 November 1998**

	Notes	Group 1998 £	1997 £	Company 1998 £
Fixed assets				
Tangible assets	11	860,851	793,224	-
Investments	12	-	-	50,005
		<u>860,851</u>	<u>793,224</u>	<u>50,005</u>
Current assets				
Loans:				
amounts falling due after one year	13	16,134,848	13,049,532	-
Loans:				
amounts falling due within one year	13	7,485,781	6,409,534	-
Stocks	14	264,277	277,715	-
Debtors	15	65,518	43,413	5,000
Cash at bank and in hand		473	-	-
		<u>23,950,897</u>	<u>19,780,194</u>	<u>5,000</u>
Creditors: amounts falling due within one year	16	<u>(5,756,526)</u>	<u>(5,552,296)</u>	<u>(5)</u>
Net current assets		<u>18,194,371</u>	<u>14,227,898</u>	<u>4,995</u>
Total assets less current liabilities		<u>19,055,222</u>	<u>15,021,122</u>	<u>55,000</u>
Creditors: amounts falling due after more than one year	17	<u>(7,861,495)</u>	<u>(7,728,654)</u>	<u>-</u>
Net assets		<u>11,193,727</u>	<u>7,292,468</u>	<u>55,000</u>
Capital and reserves				
Called up share capital	18	55,000	49,504	55,000
Profit and loss account	19	11,138,727	7,242,964	-
Equity shareholders' funds	20	<u>11,193,727</u>	<u>7,292,468</u>	<u>55,000</u>

The financial statements on pages 7 to 17 were approved by the board of directors on 21 January 1999 and were signed on its behalf by:

Director

Director


PA 

**Consolidated cash flow statement
for the year ended 30 November 1998**

	Notes	1998 £	1997 £
Net cash inflow/(outflow) from continuing operating activities	21	1,833,544	(1,876,436)
Returns on investment and servicing of finance			
Dividends paid		(73,600)	-
Interest received		88,735	-
Interest paid		(775,454)	(506,691)
		(760,319)	(506,691)
Taxation			
Tax paid		(788,804)	(628,064)
Capital expenditure			
Purchase of tangible fixed assets		(406,926)	(451,737)
Sale of tangible fixed assets		81,797	2,289
		(325,129)	(449,448)
Financing			
Repayment of loans		(1,499,723)	(262,927)
Provision of loans		1,700,198	3,431,476
		200,475	3,168,549
Increase/(decrease) in cash		159,767	(292,090)

Reconciliation of net cashflow to movement in net debt

	Notes	1998 £	1997 £
Increase/(decrease) in cash in the period		159,767	(292,090)
Cash inflow from increase in debt and lease financing		(200,475)	(3,168,549)
Change in net debt	22	(40,708)	(3,460,639)
Net debt at 1 December		(7,692,808)	(4,232,169)
Net debt at 30 November		(7,733,516)	(7,692,808)

**Notes to the financial statements
for the year ended 30 November 1998****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 are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertakings and have been prepared using the merger method of accounting.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

	%
Motor vehicles	25
Fixtures and equipment	25

Leasehold land and buildings are amortised over 25 years or, if shorter, the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an actual cost basis, by reference to the relevant purchase invoice. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax, comprises the following:-

- (a) Retail turnover, which includes the sale of extended warranty contracts, maintenance vouchers and arrangement fees, are recognised in the period in which they are sold. Full provision is made for liabilities that the group has assumed under these contracts; and
- (b) Finance income, which is recognised as it is receivable to provide a constant periodic rate of return on the net cash investment in loans.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

2 Other operating income and expenses

	1998 £	1997 £
Distribution costs	745,930	639,937
Administrative expenses	7,784,406	6,471,066
	<u>8,530,336</u>	<u>7,111,003</u>

3 Exceptional income

The exceptional income of £3,071,257 arises from value added tax reclaimed by Just Rentals (Wales) Limited.

4 Directors' emoluments

	1998 £	1997 £
Aggregate emoluments	2,068,677	1,204,439
Company pension contributions to money purchase schemes	21,700	147,500
	<u>2,090,377</u>	<u>1,351,939</u>

Retirement benefits are accruing to 2 directors (1997: 2 directors) under a money purchase pension scheme.

	1998 £	1997 £
Highest paid director		
Aggregate emoluments and benefits	918,590	679,996
Company pension contributions to money purchase schemes	20,000	20,000
	<u>938,590</u>	<u>699,996</u>

5 Employee information

The average weekly number of persons (including executive directors) employed by the group during the year was 206 (1997: 173).

	1998 £	1997 £
Staff costs (for the above persons)		
Wages and salaries	5,282,476	4,067,515
Social security costs	498,177	367,821
Pension costs	22,897	149,946
	<u>5,803,550</u>	<u>4,585,282</u>

6 Interest payable and similar charges

	1998 £	1997 £
On bank loans and overdrafts	<u>775,454</u>	<u>506,691</u>

7 Profit on ordinary activities before taxation

	1998 £	1997 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Profit on sale of fixed assets	(15,867)	-
Depreciation charge for the year on tangible owned fixed assets	273,369	250,864
Auditors' remuneration (company £Nil)	17,700	15,675
Operating lease rentals:		
Car leasing costs	415,145	379,411
Other	<u>156,850</u>	<u>379,079</u>

8 Tax on profit on ordinary activities

	1998 £	1997 £
United Kingdom corporation tax at 31% (1997: 32%):		
Current	1,810,000	830,000
Over provision in respect of prior years:		
Current	<u>(5,703)</u>	<u>(41,936)</u>
	<u>1,804,297</u>	<u>788,064</u>

9 Dividends

	1998 £	1997 £
Interim paid - £3.7172 per ordinary share	<u>73,600</u>	<u>-</u>

Shareholders who controlled 29,704 ordinary £1 shares of Just Rentals (Wales) Limited prior to the reorganisation of the group waived their right to the interim dividend.

10 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:-

	1998 £	1997 £
Holding company's profit for the financial year	-	-
Retained by subsidiary undertakings	3,896,259	1,466,956
	<u>3,896,259</u>	<u>1,466,956</u>

11 Tangible fixed assets

Group	Short leasehold land and buildings £	Fixtures and equipment £	Motor vehicles £	Total £
Cost				
At 1 December 1997	213,943	861,444	542,668	1,618,055
Additions	-	95,390	311,536	406,926
Disposals	-	(6,274)	(197,438)	(203,712)
At 30 November 1998	<u>213,943</u>	<u>950,560</u>	<u>656,766</u>	<u>1,821,269</u>
Depreciation				
At 1 December 1997	49,960	554,652	220,219	824,831
Charge for year	8,557	132,544	132,268	273,369
Eliminated in respect of disposals	-	(1,620)	(136,162)	(137,782)
At 30 November 1998	<u>58,517</u>	<u>685,576</u>	<u>216,325</u>	<u>960,418</u>
Net book value				
At 30 November 1998	<u>155,426</u>	<u>264,984</u>	<u>440,441</u>	<u>860,851</u>
At 30 November 1997	<u>163,983</u>	<u>306,792</u>	<u>322,449</u>	<u>793,224</u>

12 Fixed asset investments

	1998 £	1997 £
Company		
Interests in group undertakings	<u>50,005</u>	<u>3</u>

The company's interests in group undertakings comprise the following:-

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by		Principal business activity
			Group	Company	
Just Rentals (Wales) Limited	England and Wales	Ordinary	100%	100%	Retailing, renting and servicing of electrical appliances
Dunraven Finance Limited	England and Wales	Ordinary	100%	100%	Financier
Buy As You View Limited	England and Wales	Ordinary	100%	100%	Dormant

13 Loans

During the year assets with a capital value of £10,182,422 (1997: £9,101,953) were supplied under hire purchase contracts.

14 Stocks

	Group		Company
	1998	1997	1998
	£	£	£
Raw materials and consumables	35,090	4,397	-
Finished goods and goods for resale	229,187	273,318	-
	<u>264,277</u>	<u>277,715</u>	<u>-</u>

15 Debtors

	Group		Company
	1998	1997	1998
	£	£	£
Amounts falling due within one year			
Prepayments and accrued income	<u>65,518</u>	<u>43,413</u>	<u>5,000</u>

16 Creditors: amounts falling due within one year

	Group	Company
	1998	1997
	£	£
Bank loans and overdrafts (see below)	925,640	837,999
Trade creditors	1,008,174	1,010,364
Corporation tax	1,845,493	830,000
Other taxation and social security	309,886	1,508,802
Other creditors	316,157	195,027
Accruals and deferred income	1,351,176	1,170,104
Amounts owed to subsidiary undertakings	-	-
	<u>5,756,526</u>	<u>5,552,296</u>

Group

Bank loans and overdrafts of £628,575 (1997 : £787,869) are secured by a fixed charge over certain loan agreements of Dunraven Finance Limited and a floating charge over the assets of the group.

Bank loans and overdrafts of £7,105,414 (1997 : £6,904,939) are secured by a fixed charge over certain loan agreements of Dunraven Finance Limited.

Interest is payable on bank loans at between 1½% and 2½% over base rate.

17 Creditors: amounts falling due after more than one year

	Group	Company
	1998	1997
	£	£
Bank loans (see note 16)	6,808,349	6,854,809
Accruals and deferred income	1,053,146	873,845
	<u>7,861,495</u>	<u>7,728,654</u>

Bank loans and overdrafts

	Group	Company
	1998	1997
	£	£
In one year or less	925,640	837,999
Between one and two years	750,000	2,454,809
Between two and five years	6,058,349	4,400,000
	<u>7,733,989</u>	<u>7,692,808</u>

18 Called up share capital

	1998 £
Authorised	
55,000 ordinary shares of £1 each	<u>55,000</u>
Allotted, called up and fully paid	
50,000 ordinary shares of £1 each	<u>50,000</u>
Allotted, called up and unpaid	
5,000 ordinary shares of £1 each	<u>5,000</u>

19 Profit and loss account

	Group £	Company £
At 1 December 1997	7,242,964	-
Retained profit for the year	3,896,259	-
Capitalisation of reserves	(496)	-
At 30 November 1998	<u>11,138,727</u>	<u>-</u>

20 Reconciliation of movement in shareholders' funds

	1998 £	1997 £
Opening shareholders' funds	7,292,468	5,825,512
Profit for the financial year	3,896,259	1,466,956
Issue of share capital	5,000	-
Closing shareholders' funds	<u>11,193,727</u>	<u>7,292,468</u>

21 Reconciliation of operating profit to net cash inflow/(outflow) from continuing operating activities

	1998 £	1997 £
Operating profit after exceptional income	6,460,875	2,761,711
Depreciation of tangible fixed assets	273,369	250,864
Profit on sale of fixed assets	(15,867)	-
Increase in loans	(4,161,563)	(4,360,218)
Decrease/(increase) in stocks	13,438	(72,068)
(Increase)/decrease in debtors	(17,105)	4,752
Decrease in creditors	(719,603)	(461,477)
Net cash inflow/(outflow) from continuing operating activities	<u>1,833,544</u>	<u>(1,876,436)</u>

22 Analysis of changes in net debt

	1997 £	Cashflow £	1998 £
Cash at bank and in hand	-	473	473
Overdraft	(787,869)	159,294	(628,575)
Debt due within 1 year	(50,130)	(246,935)	(297,065)
Debt due after 1 year	(6,854,809)	46,460	(6,808,349)
	<u>(7,692,808)</u>	<u>(40,708)</u>	<u>(7,733,516)</u>

23 Contingent liabilities

	1998 £	Group 1997 £	Company 1998 £
Amount of guarantees in respect of bank overdrafts and loans of subsidiary undertakings	-	-	2,816,781
Amount of guarantees in respect of bank overdrafts and loans of companies under common control	350,000	350,000	-

24 Financial commitments

At 30 November 1998 the group had annual commitments under non cancellable operating leases as follows:-

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	292,023	8,439	82,008
Expiring between one and two years	-	167,597	-	275,576
Expiring between two and five years	52,332	-	38,014	-
Expiring in over five years	98,715	-	98,715	-
	<u>151,047</u>	<u>459,620</u>	<u>145,168</u>	<u>357,584</u>

25 Related party transactions

In accordance with the exemptions afforded by Financial Reporting Standard No 8, there is no disclosure in these financial statements of transactions with entities that are part of the Just Rentals plc group.

Just Rentals (Wales) Limited rents a property from a company Bee Gee Domestic Services Limited, which is under the common control of the shareholders of the company. This property continues to be utilised by the group in the capacity of tenants with rentals calculated on an arms length basis. During the year amounts payable to Bee Gee Domestic Services Limited totalled £88,472 (1997 : £234,883).

During the year, payments totalling £7,435 were made in respect of the provision of legal services from Michael Henderson & Co, in which Mr M R Henderson, a non-executive director of Just Rentals plc, is a partner.