



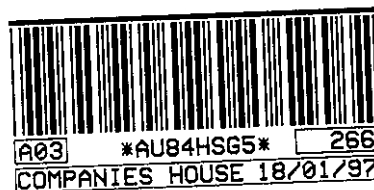
**DIAL-A-TV (YORK) LIMITED**  
**(formerly Pay As You View Limited)**

**Report and Financial Statements**

**31 August 1996**

**Deloitte & Touche**

Leda House  
Station Road  
Cambridge CB1 2RN





**REPORT AND FINANCIAL STATEMENTS 1996**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Accountants' report</b>	<b>2</b>
<b>Profit and loss account</b>	<b>3</b>
<b>Balance sheet</b>	<b>4</b>
<b>Notes to the accounts</b>	<b>5</b>

## DIRECTORS' REPORT

The directors present their annual report and the financial statements for the 16 months ended 31 August 1996.

### ACTIVITY

The company's principal activity is the rental of television sets and video recorders.

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 27 December 1995 the company changed its name from Pay As You View Limited to Dial-A-TV (York) Limited.

The directors consider the results achieved on ordinary activities and the financial position at the balance sheet date to be satisfactory.

The directors are optimistic of trading prospects in the current financial year. It is anticipated that the company will increase turnover due to continued expansion.

### DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend and the retained profit for the period of £2,602 has been transferred to reserves.

### FIXED ASSETS

Changes in fixed assets during the period are summarised in note 7.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the period, together with their interests in the share capital of the company at 31 August 1996 and at 1 May 1995 or date of appointment were:

	Ordinary shares	
	31 August 1996	1 May 1995 (or date of appointment)
D Lloyd	-	4
Mrs A Nichols	-	-
G Nichols (appointed 1 February 1996)	-	6
R King-Underwood (appointed 1 February 1996)	-	-
G Pollington (appointed 1 June 1996)	490	-

Approved by the Board of Directors  
 and signed on behalf of the Board

  
 Secretary

17 December 1996



## Chartered Accountants

Deloitte & Touche  
Leda House  
Station Road  
Cambridge CB1 2RN

Telephone: National 01223 460222  
International +44 1223 460222  
Fax (Gp. 3): 01223 350839  
DX 5812

## ACCOUNTANTS' REPORT TO THE DIRECTORS OF DIAL-A-TV (YORK) LIMITED (formerly Pay As You View Limited)

As described on the balance sheet, you are responsible for the preparation of the financial statements for the 16 month period ended 31 August 1996, set out on pages 3 to 10, and you consider that the company is exempt from an audit and a report under section 249A(2) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Chartered Accountants

10 January 1997



**DIAL-A-TV (YORK) LIMITED**  
**(formerly Pay As You View Limited)**

**PROFIT AND LOSS ACCOUNT**  
**16 months ended 31 August 1996**

	Note	16 months ended 31 August 1996 £	12 months ended 30 April 1995 £
<b>TURNOVER: continuing operations</b>	2	18,326	-
Cost of sales		8,425	-
Gross profit		9,901	-
Distribution costs		1,824	-
Administrative expenses		4,786	-
		6,610	-
<b>OPERATING PROFIT: continuing operations</b>	4	3,291	-
Interest payable and similar charges	5	(689)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,602	-
Tax on profit on ordinary activities	6	-	-
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		2,602	-
Retained profit brought forward		-	-
Retained profit carried forward		2,602	-

**BALANCE SHEET**  
**31 August 1996**

	Note	31 August 1996 £	30 April 1995 £
<b>FIXED ASSETS</b>			
Tangible assets	7	74,955	-
<b>CURRENT ASSETS</b>			
Stocks	8	6,035	-
Debtors	9	14,821	-
Cash at bank and in hand		135	10
		20,991	10
<b>CREDITORS: amounts falling due within one year</b>	10	32,106	-
<b>NET CURRENT (LIABILITIES) ASSETS</b>		(11,115)	10
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		63,840	10
<b>CREDITORS: amounts falling due after more than one year</b>	11	(18,333)	-
		45,507	10
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,000	10
Share premium account	14	41,905	-
Profit and loss account		2,602	-
<b>EQUITY SHAREHOLDERS' FUNDS</b>		45,507	10

These accounts have not been audited because the company is entitled to the exemption provided by section 249A(1) of the Companies Act 1985 and no notice under section 249B(2) has been deposited at the company's registered office requiring the company to obtain an audit of the accounts.

The directors acknowledge their responsibility for ensuring that the company keeps accounting records that comply with section 221 of the Companies Act 1985. The directors also acknowledge their responsibility for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Directors on 17 December 1996 and we confirm that we have made available all relevant records and information for their preparation.





**NOTES TO THE ACCOUNTS**  
**16 months ended 31 August 1996**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover and income recognition**

Turnover represents rentals of goods and services provided. Rentals are payable monthly in advance and are recognised in the profit and loss account in the period to which they relate.

Fees receivable from franchisees are calculated by reference to their turnover and are included in other operating income in the period in which they are due.

**Marketing expenses**

Marketing costs, net of promotional support from suppliers and franchisees, are charged to the profit and loss account over 2 years on a straight line basis in order to match more closely the expenditure incurred with the income generated therefrom.

**Tangible fixed assets**

Rental stock is stated at purchase price including attributable installation costs, less depreciation.

Depreciation is provided on the reducing balance basis. The rates of depreciation are as follows:

Rental stock	20% to 30% per annum
Motor vehicles	30% per annum
Office equipment and computers	30% per annum

**Stocks**

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

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Leases**

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover and pre-tax profit, which arises in the United Kingdom, are attributable to the company's principal activity.


**NOTES TO THE ACCOUNTS**  
**16 months ended 31 August 1996**
**3. INFORMATION REGARDING DIRECTOR AND EMPLOYEES**

	16 months ended 31 August 1996 £	12 months ended 30 April 1995 £
<b>Directors' emoluments</b>		
Fees	-	-
Other emoluments	1,829	-
Benefits in kind	-	-
	<u>1,829</u>	<u>-</u>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Sales and administration	<u>3</u>	<u>2</u>
	<b>£</b>	<b>£</b>
<b>Staff costs during the period (including directors)</b>		
Wages and salaries	1,829	-
Social security costs	187	-
	<u>2,016</u>	<u>-</u>

**Transactions with directors**

The company operates from premises owned by Mr G Pollington under a short term lease. Rent of £2,100 (1995 - £nil) has been paid under the lease.

**4. OPERATING PROFIT**

	16 months ended 31 August 1996 £	12 months ended 30 April 1995 £
<b>Operating profit is after charging:</b>		
Depreciation		
Owned assets	5,357	-
Rentals under operating leases		
Land and buildings	<u>2,100</u>	<u>-</u>
<b>and after crediting:</b>		
Profit on disposal of fixed assets	<u>190</u>	<u>-</u>




**NOTES TO THE ACCOUNTS**  
 16 months ended 31 August 1996

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	16 months ended 31 August 1996 £	12 months ended 30 April 1995 £
Bank loans, overdraft and other loans repayable within five years	689	-

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

There is no corporation tax charge due to accelerated capital allowances for which no provision for deferred tax has been made.

**7. TANGIBLE FIXED ASSETS**

	Rental assets £	Motor vehicles £	Office equipment and computers £	Total £
<b>Cost</b>				
At 1 May 1995	-	-	-	-
Additions in period	76,850	2,187	1,575	80,612
Disposals in period	(311)	-	-	(311)
At 31 August 1996	76,539	2,187	1,575	80,301
<b>Accumulated depreciation</b>				
At 1 May 1995	-	-	-	-
Charge in period	4,744	357	256	5,357
Disposals in period	(11)	-	-	(11)
At 31 August 1996	4,733	357	256	5,346
<b>Net book value</b>				
At 31 August 1996	71,806	1,830	1,319	74,955
At 30 April 1995	-	-	-	-

**8. STOCKS**

	31 August 1996 £	30 April 1995 £
Goods for resale	6,035	-

**NOTES TO THE ACCOUNTS**  
**16 months ended 31 August 1996**

**9. DEBTORS**

	<b>31 August 1996 £</b>	<b>30 April 1995 £</b>
Trade debtors	1,189	-
Other debtors	3,426	-
Prepayments and accrued income	10,206	-
	<u>14,821</u>	<u>-</u>
Included in debtors are the following amounts due after more than one year:		
Prepayments and accrued income	<u>4,534</u>	<u>-</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 August 1996 £</b>	<b>30 April 1995 £</b>
Bank loans and overdraft	15,268	-
Other loans (see note 12)	15,109	-
Accruals and deferred income	1,729	-
	<u>32,106</u>	<u>-</u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>31 August 1996 £</b>	<b>30 April 1995 £</b>
Other loans (see note 12)	<u>18,333</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**  
**16 months ended 31 August 1996**

**12. BORROWINGS**

	31 August 1996 £	30 April 1995 £
Analysis of loan repayments:		
Bank loans and overdraft		
Within one year or on demand	15,268	-
Other loans		
Within one year or on demand	15,109	-
Between one and two years	10,000	-
Between two and five years	8,333	-
	<u>33,442</u>	<u>-</u>

The company's bank loans and overdraft are secured by a fixed and floating charge over all assets including goodwill and book debts and by personal guarantees of the directors. They bear interest at 2.5% - 3.0% over the bank base rate. The bank overdraft and certain loan account facilities amounting to £15,268 are repayable on demand.

Other loans are amounts advanced from Dial-A-TV Limited, a company which acquired 405 of the ordinary shares issued during the period. The loan is secured on rental agreements and bears interest at 14.38% p.a.

**13. PROVISION FOR LIABILITIES AND CHARGES**

The amounts of deferred taxation provided and unprovided in the account are:

	<b>Provided</b>		<b>Not provided</b>	
	31 August 1996 £	30 April 1995 £	31 August 1996 £	30 April 1995 £
Accelerated capital allowances	-	-	3,531	-
Revenue losses	-	-	(2,940)	-
	<u>-</u>	<u>-</u>	<u>591</u>	<u>-</u>

**14. CALLED UP SHARE CAPITAL**

	31 August 1996 £	30 April 1995 £
<b>Authorised</b>		
1,000 (1995 - 10) ordinary shares of £1 each	1,000	10
<b>Called up, allotted and fully paid</b>		
1,000 (1995 - 10) ordinary shares of £1 each	1,000	10
<b>New issue</b>		
990 ordinary shares of £1 each	990	

On 30 March 1996, a special resolution was passed to increase the authorised share capital of the company by £990 being 990 £1 ordinary shares. On the same date 990 ordinary £1 shares were issued, 500 of which were at par and the remaining 490 of which were at a total premium of £41,905.



**NOTES TO THE ACCOUNTS**  
**16 months ended 31 August 1996**

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31 August 1996</b>	<b>30 April 1995</b>
	<b>£</b>	<b>£</b>
Profit attributable to members of the company	2,602	-
Capital subscribed	990	-
Premium on capital subscribed	41,905	-
	<u>45,497</u>	<u>-</u>
Net addition to shareholders' funds	45,497	-
Opening shareholder's funds	10	10
Closing shareholders' funds	<u>45,507</u>	<u>10</u>

**16. FINANCIAL COMMITMENTS**

	<b>31 August 1996</b>	<b>30 April 1995</b>
	<b>£</b>	<b>£</b>
<b>Capital commitments</b>		
Contracted for but not provided	<u>nil</u>	<u>nil</u>
Authorised but not contracted for	<u>nil</u>	<u>nil</u>

**Operating lease commitments**

At 31 August 1996 the company was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and buildings £</b>
Leases which expire:	
Within one year	<u>3,600</u>