

# THORN EMI FINANCE PLC

## DIRECTORS' REPORT

The Directors present their report and the accounts for the year ended 31 March 1995.

### Results and Dividends

The Company, which operates as a finance company within the THORN EMI plc Group, made a profit of £20,621,000 during the year (1994 profit:£12,677,000). The Directors do not recommend payment of a dividend.

### Directors and their Interests

The Directors during the year were as follows:

Mrs P L Foster Back  
S P Duffy  
S Young

No Director had any interest in the shares of the Company at any time during the year.

The interests of the Directors in the share capital of THORN EMI plc, the ultimate parent undertaking, at the year end were as follows:

	<u>Ordinary Shares</u>			<u>Options*</u>		
	1/4/94	31/3/95	1/4/94	Granted During the Year	Exercised	31/3/95
Mrs P L Foster Back	-	-	432	14,063	-	14,495
S P Duffy	3,000	3,024	154,750	10,792	-	165,542
S Young	-	1,444	59,906	7,650	-	67,556

\* Options over Ordinary Shares are granted under Savings-Related and Executive Share Option Schemes and the Senior Executive Incentive Plan.



Directors' Report Continued

Directors' and Officers' Liability Insurance

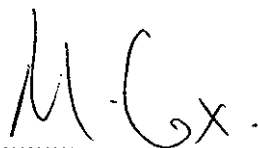
The ultimate parent undertaking, THORN EMI plc, has maintained insurance to cover Directors' and Officers' liability as permitted by Section 310(3) of the Companies Act 1985.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors.

A resolution proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board.



.....  
M R Cox  
Secretary

Date: 18/8/95

Registered Office  
4 Tenterden Street  
London  
W1A 2AY

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those accounts, the Directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THORN EMI FINANCE PLC

## REPORT OF THE AUDITORS TO THE MEMBERS OF THORN EMI FINANCE PLC

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

## OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 March 1995 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*  
Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

*12 September 1995*

**THORN EMI FINANCE PLC**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1995**

	Notes	1995 £000	1994 £000
Administrative expenses		(521)	(409)
Other operating income	2	7,908	13,746
Other operating expenses	3	(3,348)	(19,190)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)		4,039	(5,853)
		<hr/>	<hr/>
Interest receivable	4	84,137	71,919
Interest payable	5	(67,555)	(53,389)
		<hr/>	<hr/>
		16,582	18,530
		<hr/>	<hr/>
PROFIT FOR THE YEAR		20,621	12,677
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There are no recognised gains or losses in the period other than the retained profits of £20,621,000 (1994 profit: £12,677,000).

# THORN EMI FINANCE PLC

## BALANCE SHEET - 31 MARCH 1995

	Notes	1995 £000	1994 £000
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	7	1,645,369	1,043,644
Debtors: amounts falling due after more than one year	7	367,196	-
Cash at bank and in hand		351	29,421
		<hr/>	<hr/>
		2,012,916	1,073,065
		<hr/>	<hr/>
<b>CREDITORS:</b>			
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Bank loans and overdrafts		(147,707)	(107,600)
Creditors and accruals	8	(1,151,740)	(694,380)
		<hr/>	<hr/>
		(1,299,447)	(801,980)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>			
		713,469	271,085
		<hr/>	<hr/>
<b>CREDITORS:</b>			
<b>AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Amounts owed to fellow subsidiary undertakings		(356,708)	(1,622)
Bank loans	9	(221,049)	(154,372)
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		(577,757)	(155,994)
		<hr/>	<hr/>
		135,712	115,091
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	83,936	83,936
Profit and loss account	12	51,776	31,155
		<hr/>	<hr/>
		135,712	115,091
		<hr/>	<hr/>

*[Signature]*  
*Philip Foster Back*  
 18/8/95

S.G. YOUNG

)  
 ) Director(s)

P.L. FOSTER BACK  
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# THORN EMI FINANCE PLC

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

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

#### Currency Translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Unhedged monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of profit for the financial year. Hedged monetary assets and liabilities denominated in foreign currencies are translated into sterling at the hedged rates.

#### Cashflow

In accordance with FRS 1, a cashflow statement is not required because the parent undertaking has included a consolidated cashflow statement in its group accounts.

2. OTHER OPERATING INCOME	1995 £000	1994 £000
Exchange profit on foreign currency transactions	-	64
Exchange profit on foreign currency balances	7,908	13,682
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	7,908	13,746
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3. OTHER OPERATING EXPENSES	1995 £000	1994 £000
Exchange loss on foreign currency transactions	-	16
Exchange loss on foreign currency balances	3,348	19,174
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	3,348	19,190
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# THORN EMI FINANCE PLC

## NOTES TO THE ACCOUNTS

4. INTEREST RECEIVABLE	1995	1994
	£000	£000
Interest receivable on:		
Bank deposits	16,535	6,863
Loans to parent undertaking	20,289	24,599
Loans to fellow subsidiary undertakings	47,313	40,457
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	84,137	71,919
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5. INTEREST PAYABLE	1995	1994
	£000	£000
Interest payable on:		
Bank loans and overdrafts repayable within five years	28,670	13,562
Bank loans repayable after five years	8	-
Loans from fellow subsidiary undertakings	38,311	39,376
Loans from parent undertaking	566	451
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	67,555	53,389
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## 6. DIRECTORS' EMOLUMENTS

No Director received any remuneration during the year in respect of his/her services to the Company.

7. DEBTORS	1995	1994
	£000	£000
Amounts falling due within one year:		
Amounts owed by parent undertaking	780,429	353,160
Amounts owed by fellow subsidiary undertakings	854,813	679,541
Interest owed by parent undertaking	2,397	1,325
Interest owed by fellow subsidiary undertakings	2,318	4,843
Other debtors	5,412	4,775
	<hr/>	<hr/>
	1,645,369	1,043,644
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Amounts falling due after more than one year:		
Amounts owed by parent undertaking	8,555	-
Amounts owed by fellow subsidiary undertakings	358,641	-
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	367,196	-
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# THORN EMI FINANCE PLC

## NOTES TO THE ACCOUNTS

### 8. CREDITORS AND ACCRUALS

1995	1994
£000	£000

Amounts falling due within one year:

Amounts owed to parent undertaking	161,512	-
Amounts owed to fellow subsidiary undertakings	985,846	690,275
Interest owed to fellow subsidiary undertakings	3,219	2,614
Other creditors and accruals	1,163	1,491
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	1,151,740	694,380
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### 9. BORROWINGS

1995	1994
£000	£000

Maturity analysis of long-term borrowings:

Bank loans falling due after more than one year are repayable as follows:

Between one and two years	-	30,784
Between two and five years	174,753	123,588
After five years (due 31 March 2002)	46,296	-
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	221,049	154,372
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# THORN EMI FINANCE PLC

## NOTES TO THE ACCOUNTS

### 10. TAX ON PROFIT ON ORDINARY ACTIVITIES

The Company is primarily liable for UK corporation tax on its profits. However, no provision has been made in these accounts for either current or deferred taxation, as an undertaking has been received from its ultimate parent undertaking, THORN EMI plc, that the latter will assume all liability for any such taxation as long as the Company remains a subsidiary. In view of the undertaking received, no disclosure is made in the accounts of any potential liability to taxation.

### 11. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1995 No.	1994 No.	1995 £000	1994 £000
Ordinary shares of £1 each	85,000,000	85,000,000	83,936	83,936

### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<u>Share Capital</u>	<u>Profit &amp; Loss Reserve</u>	<u>Total</u>
	£000	£000	£000
At 1 April 1994	83,936	31,155	115,091
Retained profits for the year	-	20,621	20,621
At 31 March 1995	83,936	51,776	135,712

### 13. PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the Company is a member is THORN EMI plc, which is the ultimate parent undertaking registered in England and Wales. Copies of THORN EMI plc's accounts can be obtained from THORN EMI plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.

### 14. CONTINGENT LIABILITIES

The Company has provided a guarantee to its clearing banks in respect of borrowings of other THORN EMI plc UK Group companies. Such guarantee is limited to the amount of cash deposited by the Company with the banks. At 31 March 1995, £351,000 (1994: £29,421,000) was guaranteed.