Endeva Service Limited

(Formerly Premium Service Company Limited)

Directors' report and financial statements

Registered number 3702429

Period ended 30 September 2000

Registered Office : Technology House
Ampthill Road, Bedford MK42 9QQ
Telephone 01234 355233
Registered in England and Wales No. 3702429

The Directors present their report and the audited financial statements of Endeva Service Limited (formerly Premium Service Company Limited) ("the Company") for the period ended 30 September 2000.

On 28 June 2000, as part of the merger of the domestic electrical rental interests of Thorn and Granada, the Company's parent undertaking, TUK Holdings Limited, was acquired by Box Clever Finance Limited, a wholly-owned subsidiary of Box Clever Technology Limited which is jointly owned by Rental Holding Company Limited and Granada UK Rental & Retail Limited.

Change of Name

By Special Resolution of the Company, the name of the Company was changed on 20 March 2001 from Premium Service Company Limited to Endeva Service Limited.

Change of Accounting Reference Period

The Company has changed its accounting reference date from 31 March to 30 September and these accounts are in respect of the six month period ended 30 September 2000. Comparative figures cover the 14 month period from incorporation to 31 March 2000.

Principal Activities

The principal activities of the Company are the maintenance and servicing of rented television sets, video recorders, and other domestic electrical equipment. These activities are carried out through contracts with the principal customers and a sub contract with another group company to provide the maintenance and servicing.

Results and Dividends

Turnover for the 6 months ended 30 September 2000 amounted to £15,600,000 (14 months ended 31 March 2000: £30,114,000) and the Company made a profit for the period before taxation of £3,184,000 (14 months ended 31 March 2000: £4,186,000). The Directors do not recommend the payment of a dividend (14 months ended 31 March 2000: nil).

Research and development

There was no expenditure on research and development in the period (14 months ended 31 March 2000: nil)

Fixed Assets

Changes to fixed assets during the year are summarised in note 8 to the accounts. The Directors are of the opinion that the present realisable value of the fixed assets of the Company is not less than their net book value.

Directors and their Interests

The Directors who held office during the period were as follows:

JWB Butterworth (resigned 22 June 2000)
L Howes (resigned 22 June 2000)
H R W Mavity (appointed 22 June 2000)
M J Neal (appointed 22 June 2000)
R Punja (resigned 22 June 2000)

No director has or had an interest in any contract or arrangement to which the Company or any subsidiary is or was a party.

Directors' Interests in Shares and Share Options

None of the Directors had a direct interest in the issued share capital of the Company.

The beneficial interests of the Directors who held office at the end of the period in the shares of 'group' undertakings are as follows:-

	Granada plc Ordinary shares of 10p	Granada Group plc Ordinary shares of 12.5p
	At 30 September 2000	At 22 June 2000
HRW Mavity	70,974	Nil
MJ Neal	3,230	Nil

Following the merger of Granada Group PLC with Compass Group plc in July 2000, ordinary shares of Granada Group PLC were converted into Ordinary shares of Granada plc at an exchange rate of one Ordinary share of Granada Group PLC to 0.7547 Ordinary shares of Granada plc.

The following Directors held share options under Granada Group PLC Executive and Savings-Related Share Option Schemes:-

	At 22 June 2000	Granted during the period	Exercised during the period	At 30 September 2000
HRW Mavity	87,377	Nil	84,000	3,377
MJ Neal	111,351	Nil	63,334	48,017

All rights under the various Granada Group PLC share option schemes became exercisable as a result of the merger. Any Granada Group PLC ordinary shares acquired on exercise of rights under the Granada Group PLC share option schemes will be converted immediately on exercise into ordinary shares of Granada plc at an exchange rate ratio of one Granada Group PLC ordinary shares to 0.7547 ordinary shares of Granada plc.

Directors' Interests in Shares and Share Options (continued)

On 1 February 2001 Granada plc demerged its hospitality business into Compass Group PLC, a newly listed company. Shareholders of Granada plc received one additional share in Compass Group PLC for each share in Granada plc that they held. On the same date, externally held shares in Granada Media plc were cancelled and shareholders received shares in Granada plc in consideration for the cancellation. The ratio on which Granada Media shares were effectively exchanged for Granada plc shares was 1.8365 Granada plc shares for each Granada Media plc share.

Political and charitable contributions

The Company made no political or charitable contributions during the period (14 months ended 31 March 2000: nil).

Post balance sheet event

On 1 July 2001 the Boxclever Technology Group, of which the Company is a member, underwent a significant corporate reorganisation. The reorganisation was undertaken to reflect the revised operating structure within the Group resulting from the merger of the Thorn and Granada businesses acquired in June 2000. As a result, the Company has now become the main electrical equipment servicing provider in the Group.

Auditors

Following the resignation of Ernst & Young as auditors, KPMG Audit Plc, having expressed their willingness to act, have been appointed as auditors of the Company.

Pursuant to Section 386 of the Companies Act 1985, elective resolutions are in place to dispense with the obligation to appoint auditors annually

By order of the Board.

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B A R Gerrard
Secretary

Date: 26 July 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare financial statements for each financial period 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 financial statements, 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 financial statements; and

* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT

Report of the auditors, KPMG Audit Plc, to the members of Endeva Service Limited

We have audited the financial statements on pages 7 to 13.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 misstatement, 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 the Company's affairs as at 30 September 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Milton Keynes

Date: 26 July 2001

PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000

		6 months to 30 Sep 2000	14 months to 31 Mar 2000
	Notes	**£000**	£000
Turnover		**15,600**	30,114
Cost of Sales		**(14,365)**	(29,079)
Gross profit		**1,235**	1,035
Other operating income		**1,019**	3,113
Operating profit	*2*	**2,254**	4,148
Interest receivable and similar income	*3*	**930**	38
Profit on ordinary activities before taxation		**3,184**	4,186
Taxation	*4*	**-**	(1,501)
Profit on ordinary activities after taxation		**3,184**	2,685
Dividend		**-**	-
Retained profit for the period		**3,184**	2,685

All results relate to continuing operations during the period.

There is no material difference between the profit on a historical cost basis and that described in the profit and loss account.

BALANCE SHEET AT 30 SEPTEMBER 2000

	Notes	30 Sep 2000 £000	31 Mar 2000 £000
Fixed assets			
Tangible fixed assets	*8*	**4,510**	4,541
		4,510	4,541
Current assets			
Debtors: amounts falling due within one year	*9*	**22,932**	3,288
Debtors: amounts falling due after more than one year	*9*	**22,504**	-
Cash at bank		**-**	3,112
		45,436	6,400
Creditors: amounts falling due within one year	*10*	**(21,573)**	(8,256)
Net current assets/(liabilities)		**23,863**	(1,856)
Total assets less current liabilities		**28,373**	2,685
Creditors: amounts falling due after more than one year	*11*	**(22,504)**	-
Net assets		**5,869**	2,685
Capital and reserves			
Called-up share capital	*12*	**-**	-
Profit and loss reserve	*13*	**5,869**	2,685
Shareholders' funds: equity		**5,869**	2,685

These financial statements were approved by the board of directors on 26 July 2001 and were signed on its behalf by:

M J Neal
Director

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Box Clever Technology Limited ("the Group"), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Box Clever Technology Limited, within which this Company is included, can be obtained from the address given in note 17.

Tangible fixed assets and depreciation
Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their expected useful economic lives of between three and five years.

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover
Turnover consists of income derived from the maintenance and servicing of rented domestic electrical equipment and excludes value added tax and other sales-related taxes.

2 Operating profit	**6 months to 30 Sep 2000**	14 months to 31 Mar 2000
	£000	£000
Operating profit is stated after charging:		
Depreciation of owned fixed assets	**1,301**	2,141

3 Interest receivable and similar income	6 months to 30 Sep 2000	14 months to 31 Mar 2000
	£000	£000
On bank loans and deposits	**930**	38
	930	38

4 Taxation	6 months to 30 Sep 2000	14 months to 31 Mar 2000
	£000	£000
Group relief payable	**-**	(1,501)

No Corporation Tax has been provided for in the current period as the Company will be able to obtain free group relief from fellow group companies.

5 Auditors' remuneration

Auditors' remuneration is borne by a fellow subsidiary undertaking.

6 Directors' emoluments and employee costs

No Director received any remuneration during the period in respect of services to the Company.

The Company has no employees and therefore incurs no wages or salary costs.

7 Value added tax

At 30 September 2000 the Company was registered with HM Customs & Excise as a member of the Box Clever Technology Limited group for VAT purposes and is jointly and severally liable for amounts owing by any other member of that group in respect of unpaid VAT.

8 Tangible fixed assets

	Plant & Machinery
	£000
Cost	
At 1 April 2000	12,072
Additions	1,270
At 30 September 2000	**13,342**
Depreciation	
At 1 April 2000	7,531
Charge for period	1,301
At 30 September 2000	**8,832**
Net Book Value	
At 30 September 2000	**4,510**
At 31 March 2000	**4,541**

9 Debtors

	30 Sep 2000	31 Mar 2000
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertaking	1,996	3,288
Other debtors	20,936	-
	22,932	3,288
Amounts falling due after more than one year:		
Other debtors	22,504	-
	45,436	3,288

10 Creditors: amounts falling due within one year

	30 Sep 2000	31 Mar 2000
	£000	£000
Corporation tax	1,501	1,501
Amount owed to group undertaking	-	6,755
Other creditors	20,072	-
	21,573	8,256

11 Creditors: amounts falling due after more than one year

	30 Sep 2000	31 Mar 2000
	£000	£000
Other creditors	22,504	-

12 Share capital

	30 Sep 2000	31 Mar 2000
	£	£
Authorised		
Equity: 1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
Equity: 100 ordinary shares of £1 each	**100**	100

13 Reserves

	Profit and loss account
	£000
At 1 April 2000	**2,685**
Retained profit for the period	**3,184**
At 30 September 2000	**5,869**

14 Reconciliation of shareholders' funds and movement on reserves

	30 Sep 2000	31 Mar 2000
	£000	£000
Profit for the period	3,184	2,685
Opening shareholders' funds	2,685	-
Closing shareholders' funds	**5,869**	**2,685**

15 Related Party Transactions

The Company acts as a repair agent on behalf of Consumer Electronics Insurance Limited ("CEIC"). The Company also holds an interest bearing loan with Thorn Finance Limited ("TFL"). Prior to 28 June 2000, the Company, CEIC and TFL were all wholly owned subsidiaries within the Nomura group (see note 17). On 28 June 2000, the Company was sold to Box Clever Finance Limited and as such the exemption contained within FRS8 'Related Party Transactions' no longer applies.

The value of transactions between 28 June 2000 and 30 September 2000 amounted to £6.8 for claims costs charged to CEIC. A balance of £42.6m remains outstanding at the end of the period in relation to a prepayment of £49.4m made by CEIC to the Company prior to the 28 June 2000.

The value of transactions between 28 June 2000 and 30 September 2000 amounted to £0.9m of loan interest receivable from TFL. TFL also made loan repayments of £6.8m leaving £42.6m as an outstanding balance at the period end.

16 Contingent liabilities

Under the Box Clever VAT Group Registration, the Company is jointly and severally liable for VAT due by other Group companies. As at 30 September 2000 this amounted to £8.3m (31 March 2000: £Nil).

Under the Box Clever Technology Group Loan arrangements the Company is subject to a Debenture. The Debenture creates a legal mortgage over all property, buildings and fixtures, fixed and floating charges over the assets of the Company. Borrowings under these arrangements totalled £860m at 30 September 2000.

17 Parent undertaking and controlling party

The Company's immediate parent undertaking is Home Technology Finance Limited and, in the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Box Clever Technology Limited, which is incorporated in the UK. The Company has been included in group accounts prepared by Box Clever Technology Limited and copies of their accounts can be obtained from Technology House, Ampthill Road, Bedford MK42 9QQ.