

DIAL - A - TV (RENTALS) LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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DIAL - A - TV (RENTALS) LTD

COMPANY INFORMATION

DIRECTORS

R J Hughes
G R Nichols
Mrs S Svoboda

REGISTERED NUMBER

07104275

REGISTERED OFFICE

Units 1-3 The Green
Abbots Ripton
Huntingdon
Cambridgeshire
PE28 2PL

INDEPENDENT AUDITORS

Larking Gowen
Chartered Accountants & Statutory Auditors
King Street House
15 Upper King Street
Norwich
NR3 1RB

DIAL - A - TV (RENTALS) LTD

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DIAL - A - TV (RENTALS) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

PRINCIPAL ACTIVITIES

The principal activity of the company was that of the rental of consumer electrical products.

DIRECTORS

The directors who served during the year were:

R J Hughes
G R Nichols
Mrs S Svoboda

DIAL - A - TV (RENTALS) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

BUSINESS REVIEW

Dial-A-TV (Rentals) Ltd specialises in the rental of consumer electrical equipment in central and northern England through non-shop sale channels and is wholly owned by Hughes Electrical Ltd. In 2014, the company changed its accounting reporting period from 31st May to 31st March to fall in line with that of its parent. The business grew turnover by 53% partly because of the longer reporting period but mostly because of its increased online presence and tighter credit conditions experienced by its customers elsewhere. This growth has necessitated a substantial increase in investment in the business which has been financed by its parent company.

The costs of expanding rental through this direct channel are mostly up front with increased fees to introducers of the business, increased stock preparation and installation costs, increased bad debts as new accounts are much more likely to default, increased administration set up costs both internal and with credit checking agent fees, increased cost of recruitment and training to build staffing levels up to the level to manage increased capacity and increased depreciation charges. While costs are upfront, the revenue stream is long term and in practise it takes 20 months for an account to become profitable. The Directors forecast a loss of £500k in this company in 2014/15 and the outcome of £683k is due to a worse than expected increase in bad debts that has since been addressed.

The Directors are projecting 25% growth for 2015/16 as the online channels become even better established among its customer base. At the projected growth rate, this loss is forecast to halve in 2015/16 as rental agreements established in the previous 2 years become profitable. The company is forecast to become cash flow neutral during 2015/16 at which point it will not be reliant on new investment from its parent company. Financial projections suggest that should growth be held or fall from current levels, the company will generate both cash and profit in the subsequent years. As a result, the company retains the full support of Hughes Electrical Ltd.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Larking Gowen, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 13th August, 2015 and signed on its behalf.



R J Hughes
Director

DIAL - A - TV (RENTALS) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIAL - A - TV (RENTALS) LTD

We have audited the financial statements of Dial - A - TV (Rentals) Ltd for the year ended 31 March 2015, set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

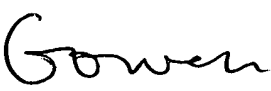
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.


David Whitehead FCA (Senior statutory auditor)
for and on behalf of


Larking Gowen
Chartered Accountants
Statutory Auditors
Norwich

Date: 18/8/15

DIAL - A - TV (RENTALS) LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	31 March 2015 £	Period ended 31 March 2014 £
TURNOVER	1	2,752,702	1,791,179
Cost of sales		(854,545)	(513,598)
GROSS PROFIT		1,898,157	1,277,581
Administrative expenses		(2,581,079)	(1,579,819)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(682,922)	(302,238)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR	10	(682,922)	(302,238)

The notes on pages 6 to 10 form part of these financial statements.

DIAL - A - TV (RENTALS) LTD
REGISTERED NUMBER: 07104275

BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Intangible assets	4		128,570		198,258
Tangible assets	5		1,474,509		1,061,854
			<u>1,603,079</u>		<u>1,260,112</u>
CURRENT ASSETS					
Stocks		107,277		122,080	
Debtors	6	245,820		187,555	
Cash at bank and in hand		74,598		34,652	
		<u>427,695</u>		<u>344,287</u>	
CREDITORS: amounts falling due within one year	7	<u>(1,730,129)</u>		<u>(620,832)</u>	
NET CURRENT LIABILITIES			<u>(1,302,434)</u>		<u>(276,545)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>300,645</u>		<u>983,567</u>
CREDITORS: amounts falling due after more than one year	8		<u>(4,994,903)</u>		<u>(4,994,903)</u>
NET LIABILITIES			<u>(4,694,258)</u>		<u>(4,011,336)</u>
CAPITAL AND RESERVES					
Called up share capital	9		1		1
Other reserves	10		750,000		750,000
Profit and loss account	10		<u>(5,444,259)</u>		<u>(4,761,337)</u>
SHAREHOLDERS' DEFICIT			<u>(4,694,258)</u>		<u>(4,011,336)</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13th August, 2015



R J Hughes
Director

The notes on pages 6 to 10 form part of these financial statements.

DIAL - A - TV (RENTALS) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The company has received confirmation from their parent company, Hughes Electrical Limited, that they will continue to support them going forward. The directors therefore consider that it is appropriate for the accounts to be prepared on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for goods and services provided net of VAT and trade discounts. Rentals are payable monthly in advance and are recognised in the profit and loss account in the period to which they relate.

Product sales income is recognised in the profit and loss account in the period to which it relates.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Rental agreements are valued at cost less accumulated depreciation. Amortisation on rental agreements is calculated to write off the cost on a reducing balance basis at 50% per annum.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Rental assets	-	Straight line 2.5 - 6 years
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1.6 Leasing and hire purchase

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

DIAL - A - TV (RENTALS) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

2. LOSS

The loss is stated after charging:

	31 March 2015 £	<i>Period ended 31 March 2014 £</i>
Amortisation - intangible fixed assets	112,972	154,979
Depreciation of tangible fixed assets:		
- owned by the company	309,662	176,047
Auditors' remuneration	8,000	8,000
Pension costs	48,109	19,334
	<u> </u>	<u> </u>

3. DIRECTORS' REMUNERATION

	31 March 2015 £	<i>Period ended 31 March 2014 £</i>
Aggregate remuneration	80,465	71,239
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

4. INTANGIBLE FIXED ASSETS

	Agreements £	Goodwill £	Total £
Cost			
At 1 April 2014	1,435,257	4,126,540	5,561,797
Additions	43,284	-	43,284
At 31 March 2015	<u>1,478,541</u>	<u>4,126,540</u>	<u>5,605,081</u>
Amortisation			
At 1 April 2014	1,236,999	4,126,540	5,363,539
Charge for the year	112,972	-	112,972
At 31 March 2015	<u>1,349,971</u>	<u>4,126,540</u>	<u>5,476,511</u>
Net book value			
At 31 March 2015	<u>128,570</u>	<u>-</u>	<u>128,570</u>
At 31 March 2014	<u>198,258</u>	<u>-</u>	<u>198,258</u>

DIAL - A - TV (RENTALS) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

5. TANGIBLE FIXED ASSETS

	Other fixed assets £
Cost	
At 1 April 2014	1,421,988
Additions	775,461
Disposals	(454,097)
At 31 March 2015	<u>1,743,352</u>
Depreciation	
At 1 April 2014	360,134
Charge for the year	309,662
On disposals	(400,953)
At 31 March 2015	<u>268,843</u>
Net book value	
At 31 March 2015	<u><u>1,474,509</u></u>
At 31 March 2014	<u><u>1,061,854</u></u>

6. DEBTORS

	2015 £	2014 £
Trade debtors	217,846	170,032
Amounts owed by group undertakings	-	10,500
Other debtors	27,974	7,023
	<u>245,820</u>	<u>187,555</u>

**7. CREDITORS:
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	110,980	29,659
Amounts owed to group undertakings	1,499,633	441,814
Other taxation and social security	109,949	75,403
Other creditors	9,567	73,956
	<u>1,730,129</u>	<u>620,832</u>

DIAL - A - TV (RENTALS) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. CREDITORS:

Amounts falling due after more than one year

	2015	2014
	£	£
Amounts owed to group undertakings	<u>4,994,903</u>	<u>4,994,903</u>

9. SHARE CAPITAL

	2015	2014
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

10. RESERVES

	Other reserves	Profit and loss account
	£	£
At 1 April 2014	750,000	(4,761,337)
Loss for the financial year		(682,922)
At 31 March 2015	<u>750,000</u>	<u>(5,444,259)</u>

11. CAPITAL COMMITMENTS

At 31 March 2015 the company had capital commitments as follows:

	2015	2014
	£	£
Contracted for but not provided in these financial statements	<u>-</u>	<u>13,119</u>

12. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £48,109 (2014 - £19,334). Contributions totalling £87 were payable to the fund at the balance sheet date and are included in creditors.

DIAL - A - TV (RENTALS) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

13. OPERATING LEASE COMMITMENTS

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Within 1 year	791	-
Between 2 and 5 years	<u>31,900</u>	<u>2,020</u>

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS8 not to disclose the transactions between wholly owned members of a group.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is under the control of its immediate and ultimate parent undertaking, Hughes Electrical Limited, a company incorporated in England, which owns 100% of the issued share capital.