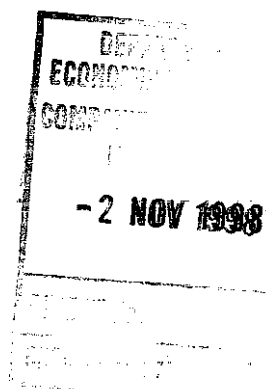


**TDI Metro (NI) Limited**  
**(formerly Metro Advertising (Ireland)**  
**Limited)**

**Annual report**

**for the year ended 31 December 1997**

**Registered no: NI 20709**



# **TDI Metro (NI) Limited**

## **Annual report for the year ended 31 December 1997**

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**Directors and advisers**

**Directors**

William M Apfelbaum  
Jeremy Male

**Registered Auditors**

Coopers & Lybrand  
Fanum House  
108 Great Victoria Street  
Belfast

**Secretary and registered office**

Joanne C Shorten  
Glendinning House  
6 Murray Street  
Belfast

**Solicitors**

Bigger & Strahan  
Sinclair House  
89 Royal Avenue  
Belfast

**Bankers**

BankBoston  
39 Victoria Street  
London

**Directors' report  
for the year ended 31 December 1997**

The directors present their report and the audited financial statements for the year ended 31 December 1997.

**Principal activities**

The profit and loss account for the year is set out on page 5.

The principal activities of the company are as contractors in outdoor media generally and, in particular, the sale of advertising space on the Ulsterbus and Citybus fleets in Northern Ireland.

**Review of business and future developments**

On 18 December 1997, TDI Mail Holdings Limited acquired the entire issued share capital of the company through direct and indirect shareholdings.

Both the level of business and the year-end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

**Dividends**

The directors do not recommend the payment of a dividend.

**Directors**

The directors of the company at 31 December 1997 are listed on page 1.

Thomas C Goddard, Robert W Walker and Joanne C Shorten resigned as directors on 18 December 1997, and William M Apfelbaum and Jeremy Male were appointed on that date.

In accordance with the articles of association the directors are not required to retire by rotation.

**Directors' interests**

The interests of the directors of the company in the shares of the company at 31 December 1997, together with their interests at 1 January 1997, were:

|                            | 31 December<br>1997<br>Number | 1 January<br>1997<br>Number |
|----------------------------|-------------------------------|-----------------------------|
| Ordinary shares of £1 each |                               |                             |
| William M Apfelbaum        | -                             | -                           |
| Jeremy Male                | -                             | -                           |
| Thomas C Goddard           | -                             | 501                         |
| Robert W Walker            | -                             | 499                         |
| Joanne C Shorten           | -                             | -                           |

## **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 as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonably and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors**

Coopers & Lybrand have been appointed as auditors by the directors of the company. A resolution to confirm this appointment will be submitted to the annual general meeting.

**By order of the board**



**Joanne C Shorten**  
**Company secretary**  
9 July 1998

## **Report of the auditors to the members of TDI Metro (NI) Limited**

We have audited the financial statements on pages 5 to 13.

### **Respective responsibilities of directors and auditors**

As described on page 3 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.

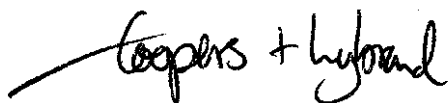
### **Basis of opinion**

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 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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
Belfast  
9 July 1998

**Profit and loss account  
for the year ended 31 December 1997**

|   | Notes | 1997<br>£      | 1996<br>£       |
|---|-------|----------------|-----------------|
| Turnover  | 2     | 1,969,709      | 1,494,634       |
| Cost of sales   |       | (1,347,104)    | (911,572)       |
| <b>Gross profit</b>   |       | <b>622,605</b> | <b>583,062</b>  |
| Net operating expenses                                      | 3     | (561,233)      | (591,475)       |
| <b>Operating profit/(loss)</b>                              |       | <b>61,372</b>  | <b>(8,413)</b>  |
| Interest payable and similar charges                        | 6     | (29,663)       | (8,897)         |
| <b>Profit/(loss) on ordinary activities before taxation</b> | 7     | <b>31,709</b>  | <b>(17,310)</b> |
| Tax on profit/(loss) on ordinary activities                 | 8     | (16,761)       | (3,946)         |
| <b>Retained profit/(loss) for the financial year</b>        | 14    | <b>14,948</b>  | <b>(21,256)</b> |

All amounts relate to continuing operations of the company.

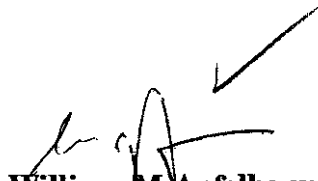
The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

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 sheet  
at 31 December 1997**

|  | Notes | 1997<br>£        | 1996<br>£        |
|--|-------|------------------|------------------|
| <b>Fixed assets</b>  |       |                  |                  |
| Tangible assets  | 9     | <u>409,366</u>   | <u>294,405</u>   |
| <b>Current assets</b>  |       |                  |                  |
| Debtors  | 10    | <u>704,474</u>   | <u>558,504</u>   |
| Cash at bank and in hand                                       |       | <u>500</u>       | <u>500</u>       |
|  |       | <u>704,974</u>   | <u>559,004</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 11    | <u>930,292</u>   | <u>697,825</u>   |
| <b>Net current liabilities</b>                                 |       | <u>(225,318)</u> | <u>(138,821)</u> |
| <b>Total assets less current liabilities</b>                   |       | <u>184,048</u>   | <u>155,584</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 12    | <u>25,967</u>    | <u>12,451</u>    |
| <b>Net assets</b>  |       | <u>158,081</u>   | <u>143,133</u>   |
| <b>Capital and reserves</b>                                    |       |                  |                  |
| Called up share capital  | 13    | <u>1,000</u>     | <u>1,000</u>     |
| Capital redemption reserve                                     | 14    | <u>99,000</u>    | <u>-</u>         |
| Profit and loss account  | 14    | <u>58,081</u>    | <u>142,133</u>   |
| <b>Equity shareholders' funds</b>                              | 15    | <u>158,081</u>   | <u>143,133</u>   |

The financial statements on pages 5 to 13 were approved by the board of directors on 9 July 1998 and were signed on its behalf by:

  
**William M Apfelbaum**  
Director

  
**Jeremy Male**  
Director

**Notes to the financial statements  
for the year ended 31 December 1997****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.

**Tangible fixed assets**

The cost of tangible 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 for this purpose are:

|                                | %  |
|--------------------------------|----|
| Outdoor advertising displays   | 20 |
| Motor vehicles                 | 25 |
| Office furniture and equipment | 15 |

The cost of freehold and long leasehold land is not depreciated.

**Finance and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

**Turnover**

Turnover, which excludes value added tax and trade discounts, represent the invoiced value of goods and services supplied.

**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 Turnover**

Turnover consists of £1,703,995 made in the United Kingdom and £265,714 made in the Republic of Ireland.

**3 Net operating expenses**

|                         | 1997<br>£      | 1996<br>£      |
|-------------------------|----------------|----------------|
| Establishment expenses  | 23,590         | 17,586         |
| Administrative expenses | 392,393        | 458,835        |
| Selling expenses        | 145,250        | 115,054        |
|                         | <u>561,233</u> | <u>591,475</u> |

**4 Directors' emoluments**

|   | 1997<br>£ | 1996<br>£ |
|---|-----------|-----------|
| Emoluments (including pension contributions and benefits in kind) | 76,144    | 98,134    |
| Sums paid to third parties for directors' services                | -         | 95,000    |

Emoluments (excluding pension contributions) include amounts paid to:

|                           | 1997<br>£ | 1996<br>£ |
|---------------------------|-----------|-----------|
| The highest paid director | 49,844    | 95,000    |

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

|                    | 1997<br>Number | 1996<br>Number |
|--------------------|----------------|----------------|
| £ 0 to £ 5,000     | 3              | -              |
| £ 5,001 to £10,000 | -              | 1              |
| £15,001 to £20,000 | -              | 1              |
| £25,001 to £30,000 | 1              | -              |
| £45,001 to £50,000 | 1              | -              |
| £60,001 to £65,000 | -              | 1              |
| £90,001 to £95,000 | -              | 1              |

**5 Employee information**

The average monthly number of persons (including executive directors) employed by the company during the year was:

|  | 1997<br>Number | 1996<br>Number |
|--|----------------|----------------|
| <b>By activity</b>                         |                |                |
| Management                                 | 3              | 3              |
| Selling and administration                 | 9              | 8              |
|  | —              | —              |
|  | 12             | 11             |
|  | ==             | ==             |
|  | 1997<br>£      | 1996<br>£      |
| <b>Staff costs (for the above persons)</b> |                |                |
| Wages and salaries                         | 230,497        | 200,942        |
| Social security costs                      | 20,949         | 20,496         |
| Pension contributions                      | 2,900          | 2,900          |
|  | ==             | ==             |
|  | 254,346        | 224,338        |
|  | ==             | ==             |

**6 Interest payable and similar charges**

|  | 1997<br>£ | 1996<br>£ |
|--|-----------|-----------|
| On bank loan and overdraft                   | 25,560    | 7,094     |
| On hire purchase and finance lease contracts | 3,289     | 1,803     |
| Interest on overdue tax                      | 814       | -         |
|  | ==        | ==        |
|  | 29,663    | 8,897     |
|  | ==        | ==        |

**7 Profit/(loss) on ordinary activities before taxation**

|   | 1997<br>£ | 1996<br>£ |
|---|-----------|-----------|
| Profit/(loss) on ordinary activities before taxation is stated after after crediting: |           |           |
| Profit on disposal of tangible fixed assets   | 5,786     | -         |
|   | ==        | ==        |
| and after charging:   |           |           |
| Depreciation charge for the year:   |           |           |
| Tangible owned fixed assets   | 151,840   | 125,627   |
| Tangible fixed assets held under hire purchase and finance leases                     | 22,200    | 6,106     |
| Auditors' remuneration  | 3,150     | 2,100     |
| Loss on disposal of tangible fixed assets   | -         | 25,063    |
| Hire of plant and machinery - operating leases  | 280       | 724       |
| Hire of other assets - operating leases   | 11,007    | 5,880     |
|   | ==        | ==        |

**8 Tax on profit/(loss) on ordinary activities**

|  | 1997<br>£     | 1996<br>£    |
|--|---------------|--------------|
| United Kingdom corporation tax at 33%/31% (1996: 33%): |               |              |
| Current  | 10,913        | 12,803       |
| Deferred   | -             | (8,857)      |
| Underprovision in respect of prior years:              |               |              |
| Current  | 5,848         | -            |
|  | <u>16,761</u> | <u>3,946</u> |

**9 Tangible fixed assets**

|                            | Land<br>£     | Outdoor<br>advertising<br>displays<br>£ | Motor<br>vehicles<br>£ | Office<br>furniture<br>and<br>equipment<br>£ | Total<br>£     |
|----------------------------|---------------|---|------------------------|--|----------------|
| <b>Cost or valuation</b>   |               |   |                        |  |                |
| At 1 January 1997          | 60,000        | 524,981                                 | 85,184                 | 24,866                                       | 695,031        |
| Additions                  | -             | 231,974                                 | 64,921                 | 27,452                                       | 324,347        |
| Disposals                  | -             | (10,450)                                | (72,045)               | (3,776)                                      | (86,271)       |
| <b>At 31 December 1997</b> | <u>60,000</u> | <u>746,505</u>                          | <u>78,060</u>          | <u>48,542</u>                                | <u>933,107</u> |
| <b>Depreciation</b>        |               |   |                        |  |                |
| At 1 January 1997          | -             | 344,865                                 | 39,548                 | 16,213                                       | 400,626        |
| Charge for year            | -             | 142,427                                 | 27,362                 | 4,251  | 174,040        |
| Disposals                  | -             | (6,403)                                 | (42,425)               | (2,097)                                      | (50,925)       |
| <b>At 31 December 1997</b> | <u>-</u>      | <u>480,889</u>                          | <u>24,485</u>          | <u>18,367</u>                                | <u>523,741</u> |
| <b>Net book value</b>      |               |   |                        |  |                |
| <b>At 31 December 1997</b> | <u>60,000</u> | <u>265,616</u>                          | <u>53,575</u>          | <u>30,175</u>                                | <u>409,366</u> |
| At 31 December 1996        | <u>60,000</u> | <u>180,116</u>                          | <u>45,636</u>          | <u>8,653</u>                                 | <u>294,405</u> |

Land at net book value comprises:

|                | 1997<br>£     | 1996<br>£     |
|----------------|---------------|---------------|
| Freehold       | 41,500        | 41,500        |
| Long leasehold | 18,500        | 18,500        |
|                | <u>60,000</u> | <u>60,000</u> |

Depreciation has not been charged on land which is stated at cost of £60,000 (1996: £60,000).

The net book value of tangible fixed assets includes an amount of £53,577 (1996 : £36,545) in respect of assets held under finance leases and hire purchase agreements.

**10 Debtors**

|                                     | 1997<br>£      | 1996<br>£      |
|-------------------------------------|----------------|----------------|
| Amounts falling due within one year |                |                |
| Trade debtors                       | 695,635        | 548,966        |
| Other debtors                       | 318            | 42             |
| Prepayments and accrued income      | 8,521          | 9,496          |
|                                     | <u>704,474</u> | <u>558,504</u> |

**11 Creditors: amounts falling due within one year**

|   | 1997<br>£      | 1996<br>£      |
|---|----------------|----------------|
| Bank loan and overdraft                                     | 325,244        | 111,712        |
| Trade creditors   | 313,104        | 309,150        |
| Obligations under hire purchase and finance lease contracts | 14,863         | 14,218         |
| Corporation tax   | 16,761         | 12,803         |
| Other taxation and social security costs                    | 43,997         | 28,775         |
| Accruals and deferred income                                | 216,323        | 221,167        |
|   | <u>930,292</u> | <u>697,825</u> |

**12 Creditors: amounts falling due after more than one year**

|   | 1997<br>£     | 1996<br>£     |
|---|---------------|---------------|
| Obligations under hire purchase and finance lease contracts | <u>25,967</u> | <u>12,451</u> |

The bank loan and overdraft are secured by first mortgages over the company's land, by a fixed charge over book debts and a floating charge over the assets of the company.

After the year end the company changed its bankers and negotiated revised conditions for its borrowings. Consequently, all bank borrowings have been shown as falling due within one year.

**Hire purchase and finance leases contracts**

The net hire purchase and finance lease obligations to which the company is committed are:

|                            | 1997<br>£     | 1996<br>£     |
|----------------------------|---------------|---------------|
| In one year or less        | 14,863        | 14,218        |
| Between one and two years  | 10,467        | 5,019         |
| Between two and five years | 15,500        | 7,432         |
|                            | <u>40,830</u> | <u>26,669</u> |

**13 Called up share capital**

|   | 1997<br>£      | 1996<br>£      |
|---|----------------|----------------|
| <b>Authorised</b>                         |                |                |
| 100,000 ordinary shares of £1 each        | <u>100,000</u> | <u>100,000</u> |
| <b>Allotted, called up and fully paid</b> |                |                |
| 1,000 ordinary shares of £1 each          | <u>1,000</u>   | <u>1,000</u>   |

**14 Reserves**

|  | Capital redemption reserve<br>£ | Profit and loss account<br>£ |
|--|---------------------------------|------------------------------|
| At 1 January 1997 as previously stated | -                               | 142,133                      |
| Prior year adjustment                  | <u>99,000</u>                   | <u>(99,000)</u>              |
| At 1 January 1997 as restated          | 99,000                          | 43,133                       |
| Retained profit for the year           | -                               | 14,948                       |
| At 31 December 1997                    | <u>99,000</u>                   | <u>58,081</u>                |

A capital redemption reserve has been created, by the use of a prior year adjustment, following the company's purchase of own shares on 8 October 1996.

**15 Reconciliation of movements in shareholders' funds**

|                                      | 1997<br>£      | 1996<br>£      |
|--------------------------------------|----------------|----------------|
| Opening shareholders' funds          | 143,133        | 263,389        |
| Profit/(loss) for the financial year | 14,948         | (21,256)       |
| Company purchase of own shares       | -              | (99,000)       |
| Closing shareholders' funds          | <u>158,081</u> | <u>143,133</u> |

**16 Capital commitments**

The company had no capital commitments at 31 December 1997 (1996 : Nil).

**17 Financial commitments**

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:

|                                   | Land and buildings<br>£ |
|-----------------------------------|-------------------------|
| Expiring within two to five years | <u>7,840</u>            |

**18 Related party transactions**

TDI Advertising Limited is a related party by virtue of its 75% shareholding in TDI Mail Holdings Limited which owns 100% of the share capital of TDI Metro (NI) Limited. The following transactions were conducted during the year with TDI Advertising Limited:

|       |                   |
|-------|-------------------|
| Sales | £18,886           |
|       | <u>          </u> |

The balance outstanding at 31 December 1997 was:

|   |                   |
|---|-------------------|
| Amounts owed by TDI Advertising Limited | £ 3,555           |
|   | <u>          </u> |

During the year, Thomas C Goddard and Robert W Walker provided a joint and several guarantee for £100,000 to secure the bank loans and overdrafts of the company. In addition, Thomas C Goddard deposited a life insurance policy as security.

**19 Controlling party**

The directors regard TDI Mail Holdings Limited, a company incorporated in England and Wales, as the controlling party by virtue of its controlling interest in the company's equity share capital. According to the register held by the company, TDI Mail Holdings Limited had a 100% interest in the equity share capital of TDI Metro (NI) Limited at 31 December 1997.

**20 Ultimate controlling party**

The company regards CBS Westinghouse Inc. as the ultimate controlling party.