

Company number 2131494

D. G. FINANCE LIMITED

Annual Report and Accounts

31st December 1999



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COMPANIES HOUSE 31/10/00

Sovereign Court Witan Gate
Milton Keynes MK9 2HP

D.G. FINANCE LIMITED

Directors and advisers

Company number: 2131494

Directors

Michael J Williams
Clive Gear, FCA

Secretary and registered office

Brian Shears, ACA
Delaware Drive, Tongwell, Milton Keynes, MK15 8JH

Auditors

Mazars Neville Russell
Sovereign Court, Witan Gate, Milton Keynes, MK9 2HP

Bankers

Barclays Bank plc
Ashton House, 497 Silbury Boulevard, Central Milton Keynes, MK9 2LD

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D.G. FINANCE LIMITED

Report of the directors

The directors present their report and the audited financial statements of the company for the year ended 31st December 1999.

Activities and business review

The company's principal activity was the leasing of vehicles and co-ordinating vehicle sales finance.

Results and dividends

Turnover amounted to £403,000 (1998: £322,000) and the profit before tax was £109,000 compared to £66,000 in 1998.

No dividend was paid during the year (1998: £Nil).

Directors

The current directors of the company, both of whom served throughout the year, are set out on page 1.

No director had any interest in the share capital of the company during the year. Their interests, including those of their immediate families, in the share capital of the holding company, Dawsongroup plc, were as follows:

	31st December 1999			31st December 1998		
	Beneficial interests	Under option	ESOP awards	Beneficial interests	Under option	ESOP awards
M J Williams	128,421	20,547	-	85,000	20,547	43,421
C Gear	137,973	-	-	85,000	20,547	32,426

Information regarding the price and exercise period of all options to purchase shares in Dawsongroup plc is disclosed in the financial statements of that company.

Year 2000 issues

The company commenced a programme in 1996 to ensure that it did not experience any material business or system failure as a result of any Year 2000 problem.

The assessment of the principal risks to the company's business arising from the Year 2000 issue was completed in 1997 and subsequent efforts concentrated on bringing all systems to full compliance through an ongoing investment programme into management systems.

Following remedial action highlighted as being necessary by this programme, no Year 2000 failures were detected during in-house testing conducted over the millennium weekend or subsequently in a live environment.

As such action was scheduled to coincide with the ongoing investment into management systems, costs have not been separately identified but either capitalised or charged to the profit and loss account as appropriate.

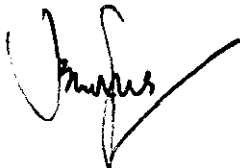
D.G. FINANCE LIMITED

Report of the directors (Continued)

Creditor payment policy

The company agrees the terms and conditions under which business transactions with its suppliers are conducted. It is policy that payments to suppliers are made in accordance with these terms, provided that the supplier also complies with all relevant terms and conditions.

By order of the board

A handwritten signature in black ink, appearing to read 'Brian Shears', with a long, sweeping horizontal stroke extending to the right.

**Brian Shears, ACA
Secretary**

17th May 2000

D.G. FINANCE LIMITED

Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to describing the responsibilities of the directors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which 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 for the financial year.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements set out on pages 6 to 14. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed (subject to any explanations and any material departures disclosed in the notes to the financial statements).

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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 TO THE SHAREHOLDERS OF
D. G. FINANCE LIMITED**

We have audited the financial statements on pages 6 to 14 which have been prepared following the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 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 as at 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors

Milton Keynes

17th May 2000

D.G. FINANCE LIMITED

Profit and loss account for the year ended 31st December 1999

	Notes	1999 £'000	1998 £'000
Turnover	2	403	322
Cost of sales		249	168
		<hr/>	<hr/>
Gross profit		154	154
Administrative expenses		4	9
		<hr/>	<hr/>
Operating profit	3	150	145
Net interest payable	5	41	79
		<hr/>	<hr/>
Profit on ordinary activities before tax		109	66
Tax	6	33	18
		<hr/>	<hr/>
Retained profit for the year	14	76	48
		<hr/>	<hr/>

The company's turnover and expenses all relate to continuing operations.

The company had no recognised gains or losses other than the profit for the year.

The profit for the year has been calculated on the historical cost basis.

D.G. FINANCE LIMITED

Balance sheet at 31st December 1999

	Notes	1999		1998	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		747		714
Current assets					
Finance receivables:	8				
amounts falling due within one year		94		288	
amounts falling due after more than one year		-		86	
Debtors	9	91		35	
Cash at bank and in hand		2		5	
			187	414	
Creditors due within one year					
Other creditors	10	448		770	
			448	770	
Net current liabilities			(261)		(356)
Total assets less current liabilities			486		358
Provision for liabilities and charges					
Deferred tax	11		260		312
Net assets			746		670
Capital and reserves					
Called up share capital	12		350		350
Share premium account	14		268		268
Profit and loss account	14		128		52
Equity shareholders' funds	13		746		670

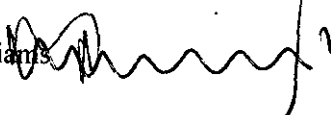
The financial statements on pages 6 to 14 were approved by the board of directors on 17th May 2000.

C Gear



Directors

M Williams



D.G. FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1999

1. Accounting policies

The company is a wholly owned subsidiary of Dawsongroup plc which has prepared group financial statements in accordance with applicable accounting standards and which has published a consolidated cash flow statement in accordance with the requirements of FRS 1 (Revised). The company has therefore taken advantage of the exemption not to publish its own cash flow statement.

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards using the following principal accounting policies:

Depreciation

Depreciation is provided to write down the cost of motor vehicles to their estimated residual values over a period of four years.

Finance receivables

Income from fixed rate instalment finance business, after making a deduction for certain initial expenses, is credited to the profit and loss account in proportion to the reducing balance outstanding. These balances are stated in the balance sheet after deduction of unearned charges and interest.

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

Deferred tax

Deferred tax is provided, using the liability method, at the appropriate rates of tax on all timing differences to the extent that it is probable that an asset or liability will crystallise in the foreseeable future.

Turnover

Turnover is the amount receivable in the ordinary course of business for services provided during the year, excluding value added tax.

D.G. FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1999

2. Segmental information

The turnover, profit before tax and net assets are attributable to the principal activity of co-ordinating vehicle sales finance. The company operates in the UK and the whole of its turnover is to the UK market.

Rentals receivable in respect of finance leases and hire purchase contracts during the year amounted to £310,000 (1998: £623,000). Rentals receivable in respect of operating leases amounted to £302,000 (1998: £195,000).

3. Operating profit

	1999 £'000	1998 £'000
This is arrived at after charging:		
Depreciation	248	168
Auditors' remuneration	2	2
(Profit)/loss on disposal of fixed assets	(6)	2
	<hr/>	<hr/>

4. Directors and employees

Employees

The company had no full-time employees during the year (1998: nil). No direct staff costs were incurred during the year (1998: £nil).

Directors' emoluments

None of the directors received any remuneration from the company during the year (1998: £nil). The emoluments of those directors who are also directors of the parent company are disclosed in the financial statements of Dawsongroup plc.

5. Net interest payable

	1999 £'000	1998 £'000
On borrowings wholly repayable within five years:		
Loan from parent company	41	79
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D.G. FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1999

6. Tax

	1999 £'000	1998 £'000
The tax charge for the year:		
Corporation tax	(19)	(3)
Deferred tax	52	23
Over provision in respect of prior years:		
Corporation tax	-	(2)
	—	—
	33	18
	—	—

7. Tangible fixed assets

	Operating lease assets £'000
Cost:	
As at 1st January 1999	922
Additions	315
Sales	(62)
	—
As at 31st December 1999	1,175
	—
Depreciation:	
As at 1st January 1999	208
Charge for the year	248
Relating to sales	(28)
	—
As at 31st December 1999	428
	—
Book value:	
As at 31st December 1999	747
	—
As at 31st December 1998	714
	—

D.G. FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1999

8. Finance receivables

	1999 £'000	1998 £'000
Amounts receivable, net of provisions, in respect of:		
Finance lease agreements	28	128
Hire purchase agreements	82	313
	<hr/>	<hr/>
	110	441
Less: income allocated to future periods	(16)	(67)
	<hr/>	<hr/>
	94	374
	<hr/>	<hr/>
Receivable within one year	94	288
Receivable after more than one year	-	86
	<hr/>	<hr/>
	94	374
	<hr/>	<hr/>

9. Debtors

	1999 £'000	1998 £'000
Trade debtors	26	3
Tax recoverable	19	3
Prepayments	1	1
Amounts owed by group undertakings	45	28
	<hr/>	<hr/>
	91	35
	<hr/>	<hr/>

D.G. FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1999

10. Other creditors

	1999 £'000	1998 £'000
Other taxes and social security	7	8
Other creditors	4	23
Loan from Dawsongroup plc	437	737
Amounts owed to group undertakings	-	2
	<hr/>	<hr/>
	448	770
	<hr/>	<hr/>

11. Deferred tax

	Not provided in the accounts		Provided in the accounts	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Accelerated capital allowances	-	-	(253)	(329)
Other timing differences	-	-	(7)	17
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	(260)	(312)
	<hr/>	<hr/>	<hr/>	<hr/>
Movement in the year:			1999 £'000	1998 £'000
As at 1st January 1999			(312)	(335)
Charge for the year			52	23
			<hr/>	<hr/>
As at 31st December 1999			(260)	(312)
			<hr/>	<hr/>

Amounts provided and the full potential liability have been calculated at future expected rates of corporation tax.

12. Called up share capital

	Authorised 1999 and 1998		Allotted, issued and fully paid 1999 and 1998	
	Number	£'000	Number	£'000
Ordinary shares of £1 each	500,000	500	350,000	350
	<hr/>	<hr/>	<hr/>	<hr/>

D.G. FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1999

13. Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year	76	48
Opening shareholders' funds	670	622
	<hr/>	<hr/>
Closing shareholders' funds	746	670
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14. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 1st January 1999	268	52	320
Retained profit for the year	-	76	76
	<hr/>	<hr/>	<hr/>
As at 31st December 1999	268	128	396
	<hr/>	<hr/>	<hr/>

15. Financial commitments

Future capital expenditure

	1999 £'000	1998 £'000
Outstanding contracts for capital expenditure	36	-
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D.G. FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1999

16. Parent undertakings

The ultimate parent company is Dawsongroup plc.

The immediate parent company is Alexena Limited.

D.G. Finance Limited was controlled throughout the year by its immediate parent company, both of whose directors are also directors of D.G. Finance Limited.

Throughout the year D.G. Finance Limited was ultimately under the control of trusts, the beneficiary of which is P M Dawson, Chairman of Dawsongroup plc, including his immediate family, the controlling shareholders of that company.

17. Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 to subsidiary undertakings, 90 per cent or more of whose voting rights are controlled within the group, not to disclose transactions with other group companies.