

2131494

**D G FINANCE LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**31st December 1994**



**D G FINANCE LIMITED**

**Directors and advisers**

**Company number: 2131494**

**Directors**

Michael J Williams  
Clive Gear, FCA  
Dennis J Sandell, MICM

**Secretary and registered office**

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

**Auditors**

Neville Russell  
Sovereign Court, 202 Upper Fifth Street, Silbury Boulevard, Central Milton Keynes, MK9 2JB

**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 1994.

### Activities and business review

The company's principal activity continued to be that of co-ordinating vehicle sales finance.

The company continues to meet its profit expectations. With an underlying strategy of a highly selective approach with regard to both credit risk and return on investment criteria, forward profit growth is targeted to be steady rather than spectacular.

### Results and dividends

Turnover amounted to £1,382,151 (1993: £811,635) and the profit before tax was £280,552 (1993: £126,875).

The directors do not recommend the payment of a dividend. Retained profits for the year of £186,491 have been transferred to reserves.

### Directors

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

Mr P M Dawson resigned as a director on 17th March 1994.

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 1994			31st December 1993		
	Ordinary shares of 25p each			Ordinary shares of 25p each		
	Beneficial interests	Under option	ESOP awards	Beneficial interests	Under option	ESOP awards
P M Dawson	n/a	n/a	-	27,428,618	-	-
M J Williams	90,000	10,000	12,048	90,000	10,000	-
C Gear	40,000	60,000	9,036	40,000	60,000	-
D J Sandell	-	19,655	-	-	9,655	-

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.

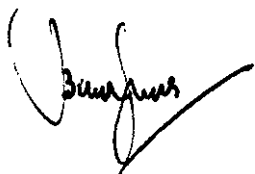
**D G FINANCE LIMITED**

**Report of the directors**

**Fixed assets**

Full details of movements in fixed assets are shown in note 7 to the financial statements.

**By order of the board**

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

Brian Shears, ACA  
Secretary

16th March 1995

## **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 resource 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 17. 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.

# NEVILLE RUSSELL

Chartered Accountants



## AUDITORS' REPORT TO THE SHAREHOLDERS OF

### D G FINANCE LIMITED

We have audited the financial statements on pages 6 to 17 which have been prepared following the accounting policies set out on pages 8 and 9.

#### 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 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read "Neville Russell".

NEVILLE RUSSELL  
CHARTERED ACCOUNTANTS  
and Registered Auditors

Milton Keynes

16 March 1995



**D G FINANCE LIMITED****Profit and loss account  
for the year ended 31st December 1994**

	Notes	1994 £	1993 £
Turnover	2	1,382,151	811,635
Cost of sales		455,102	228,775
<b>Gross profit</b>		<u>927,049</u>	<u>582,860</u>
Administrative expenses		264,373	203,653
<b>Operating profit</b>	3	<u>662,676</u>	<u>379,207</u>
Net interest payable	5	382,124	252,332
<b>Profit on ordinary activities before tax</b>		<u>280,552</u>	<u>126,875</u>
Tax charge	6	94,061	1,828
<b>Retained profit</b>	14	<u>186,491</u>	<u>125,047</u>

The company had no recognised gains or losses other than the profit for the year (1993: nil).

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

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

**D-G FINANCE LIMITED**

**Balance sheet at 31st December 1994**

	Notes	1994		1993	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		3,167,659		1,495,869
<b>Current assets</b>					
Finance receivables:					
- (amounts falling due within one year)	8	1,235,841		1,076,545	
- (amounts falling due after more than one year)	8	2,647,185		1,444,118	
Debtors	9	470,707		247,193	
			<u>4,353,733</u>		<u>2,767,856</u>
<b>Creditors due within one year</b>					
Borrowings	10	1,537,184		1,095,724	
Other creditors	11	1,132,991		567,650	
			<u>2,670,175</u>		<u>1,663,374</u>
<b>Net current assets</b>			<u>1,683,558</u>		<u>1,104,482</u>
<b>Net assets less current liabilities</b>			4,851,217		2,600,351
<b>Creditors due after more than one year</b>					
Borrowings	10		<u>4,092,585</u>		<u>2,124,296</u>
			758,632		476,055
<b>Provision for liabilities and charges</b>					
Deferred tax	12		96,086		-
<b>Net assets</b>			<u>662,546</u>		<u>476,055</u>
<b>Capital and reserves</b>					
Called up share capital	13		350,000		350,000
Share premium account	15		268,269		268,269
Profit and loss account	15		44,277		(142,214)
<b>Shareholders' funds</b>	14		<u>662,546</u>		<u>476,055</u>

The financial statements were approved by the board of directors on 16th March 1995.

  
 .....  
 C/Secar Directors

M J Williams



## D G FINANCE LIMITED

Notes to the financial statements  
for the year ended 31st December 1994

### 1. Accounting policies

The company is a wholly owned subsidiary of Dawsongroup plc which has published a consolidated cash flow statement in accordance with FRS 1. The company has therefore taken advantage of the exemption not to publish its own cash flow statement.

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

#### Convention

The financial statements have been prepared under the historical cost convention.

#### Depreciation

Depreciation is provided to write down the cost or valuation of fixed assets by equal instalments to their estimated residual values over the period of their estimated useful lives with the company in accordance with the table below:

	Useful life with the company	Residual value
Cars	4 years	25%
Computer equipment	4 years	Nil

Equipment which is on hire to customers under operating lease agreements is treated as fixed assets and is depreciated over the period of the lease to its estimated residual value.

#### Finance leases and hire purchase

Fixed assets obtained under finance leases are treated in the same way as hire purchase; that is as though they are purchased outright and depreciated accordingly. The outstanding capital element of such leases is included within borrowings in the balance sheet. The interest element of leasing payments is charged to the profit and loss account over the period of the finance lease in accordance with the "sum of the digits" method. Interest costs on fixed rate hire purchase are also accounted for by this method.

#### 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.

## D G FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1994

#### 1. Accounting policies (continued)

##### 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 a 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.

##### Pension contributions

The charge to the profit and loss account represents the contributions relating to the accounting period.

#### 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 £2,302,500 (1993: £1,662,852). Rentals receivable in respect of operating leases amounted to £627,262 (1993: £347,407).

#### 3. Operating profit

	1994	1993
	£	£
This is arrived at after charging:		
Depreciation	314,446	171,210
Auditors' remuneration	5,508	5,000
Operating lease rentals	35,165	39,808
	<hr/>	<hr/>

## D G FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1994

#### 4. Directors and employees

##### Employees

Apart from the directors, the company had two full-time employees both engaged in administration, during the year (1993: two).

Staff costs amounted to:

	1994 £	1993 £
Salaries	29,015	40,578
Social security costs	2,326	3,929
Pension contributions	345	355
	<hr/>	<hr/>
	31,686	44,862
	<hr/>	<hr/>

##### Pension scheme

The Dawsongroup of companies operates a defined contribution pension scheme, the assets of which are held separately from those of the group in funds administered by insurance companies. The pension contributions above represent amounts paid by the company to the fund.

##### Directors emoluments

None of the current directors received any remuneration from the company during the year. The emoluments of those directors who are also directors of the parent company are disclosed in the financial statements of Dawsongroup plc. Mr D J Sandell, the remaining director, was paid by the holding company and it is not considered practical or material to analyse his emoluments between services provided to D G Finance Limited and those provided to the holding company.

## D G FINANCE LIMITED

Notes to the financial statements  
for the year ended 31st December 1994

### 5. Net interest payable

	1994 £	1993 £
On borrowings wholly repayable within five years:		
Asset finance arrangements	288,790	221,301
Loan from parent company	47,045	18,191
Interest on customer deposits	1,522	2,160
Payable under interest swap arrangements (note 10)	44,599	14,070
Sundry intra-group interest	168	885
	<hr/>	<hr/>
	382,124	256,607
Less: group interest receivable	-	(4,275)
	<hr/>	<hr/>
	382,124	252,332
	<hr/>	<hr/>

### 6. Tax

	1994 £	1993 £
The tax charge for the year is made up as follows:		
Corporation tax charge at 33%	4,912	-
Group relief at 33%	-	(24,208)
Deferred tax (note 12)	96,086	-
Amounts (over)/under provided in respect of prior years	(6,937)	26,036
	<hr/>	<hr/>
	94,061	1,828
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**D G FINANCE LIMITED****Notes to the financial statements  
for the year ended 31st December 1994****7. Tangible fixed assets**

	<b>Operating lease assets £</b>	<b>Other vehicles plant and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1st January 1994	1,671,906	8,350	1,680,256
Additions	2,021,091	12,295	2,033,386
Transfers from group companies	-	11,800	11,800
Transfers to group companies	(117,480)	(8,350)	(125,830)
As at 31st December 1994	<u>3,575,517</u>	<u>24,095</u>	<u>3,599,612</u>
<b>Depreciation</b>			
As at 1st January 1994	178,532	5,855	184,387
Charge for the year	312,575	1,871	314,446
Transfers from group companies	-	6,195	6,195
Transfers to group companies	(67,080)	(5,995)	(73,075)
As at 31st December 1994	<u>424,027</u>	<u>7,926</u>	<u>431,953</u>
<b>Book value</b>			
As at 31st December 1994	<u>3,151,490</u>	<u>16,169</u>	<u>3,167,659</u>
As at 31st December 1993	<u>1,493,374</u>	<u>2,495</u>	<u>1,495,869</u>

## D G FINANCE LIMITED

Notes to the financial statements  
for the year ended 31st December 1994

### 8. Finance receivables

	1994 £	1993 £
Amounts receivable, net of provisions, in respect of:		
Finance lease agreements	3,261,771	1,869,097
Hire purchase agreements	1,583,687	1,317,353
	<hr/>	<hr/>
	4,845,458	3,186,450
Less: income allowed to future periods	(962,432)	(665,787)
	<hr/>	<hr/>
	3,883,026	2,520,663
	<hr/>	<hr/>
Receivable within one year	1,235,841	1,076,545
Receivable after more than one year	2,647,185	1,444,118
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	3,883,026	2,520,663
	<hr/>	<hr/>

The cost of assets acquired during the year for the purpose of hire purchase contracts and for letting under finance leases was £3,799,595 (1993: £2,306,643).

### 9. Debtors

	1994 £	1993 £
Other debtors	286,090	192,424
Prepayments	9,141	12,162
Amounts owed by group undertakings	175,476	42,607
	<hr/>	<hr/>
	470,707	247,193
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## D G FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1994

#### 10. Borrowings

	1994 £	1993 £
Due within one year:		
Overdraft	51,680	119,411
Asset finance arrangements	1,485,504	976,313
	<hr/>	<hr/>
	1,537,184	1,095,724
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Borrowings due after more than one year comprise asset finance arrangements which are repayable by instalments as follows:

	1994 £	1993 £
Between one and two years	1,315,982	643,848
Between two and five years	2,776,603	1,480,448
	<hr/>	<hr/>
	4,092,585	2,124,296
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#### Asset finance arrangements

Asset finance arrangements comprise hire purchase, finance lease and other similar funding effectively secured on the specific underlying assets and/or related finance receivables. A total of £2,043,242 of these borrowings bear interest at fixed rates and the remainder are variable rate facilities linked to base rates or LIBOR.

#### Interest rate swaps

As at 31st December 1994, £4.5m of interest rate swap arrangements entered into by Dawsongroup plc with expiry dates of up to 5 years had been allocated to the company. Under these arrangements the company is required to pay interest at fixed rates which at 31st December 1994 averaged 7.8% and will receive interest at rates linked to LIBOR.

## D G FINANCE LIMITED

Notes to the financial statements  
for the year ended 31st December 1994

### 11. Creditors

	1994 £	1993 £
Trade creditors	86	537
Tax payable	4,912	-
Other taxes and social security	886	1,118
Other creditors	385,251	244,634
Loan from Dawsongroup plc	697,000	12,000
Amounts owed to group undertakings	44,856	309,361
	<hr/>	<hr/>
	1,132,991	567,650

### 12. Deferred tax

	Full potential liability		Provided in the accounts	
	1994 £	1993 £	1994 £	1993 £
Accelerated capital allowances	(554,316)	(108,436)	(554,316)	(108,436)
Other timing differences	650,402	113,723	650,402	108,436
	<hr/>	<hr/>	<hr/>	<hr/>
	96,086	5,287	96,086	-
Movement in the year:	<hr/>	<hr/>	<hr/>	<hr/>
			1994 £	1993 £
As at 1st January 1994			-	-
Charge for the year			96,086	-
			<hr/>	<hr/>
As at 31st December 1994			96,086	-

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

### 13. Called up share capital

	Authorised 1994 and 1993 £	Allotted, issued and fully paid 1994 and 1993 £
Ordinary shares of £1 each	500,000	350,000
	<hr/>	<hr/>



## D G FINANCE LIMITED

Notes to the financial statements  
for the year ended 31st December 1994

### 14. Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Profit for the financial year	186,491	125,047
Opening shareholders' funds	476,055	351,008
Closing shareholders' funds	<u>662,546</u>	<u>476,055</u>

### 15. Reserves

	Share premium account £	Profit and loss account £	Total £
As at 1st January 1994	268,269	(142,214)	126,055
Retained profit for the year	-	186,491	186,491
As at 31st December 1994	<u>268,269</u>	<u>44,277</u>	<u>312,546</u>

## D G FINANCE LIMITED

Notes to the financial statements  
for the year ended 31st December 1994

### 16. Operating lease commitments

As at 31st December 1994 the company was committed to making the following payments in the year to 31st December 1995 under operating leases for commercial vehicles which expire:

	1994	1993
	£	£
Within one year	17,203	29,930
Between one and two years	6,091	12,098
Between two and five years	-	9,137
	<hr/>	<hr/>
	23,294	51,165
	<hr/>	<hr/>

### 17. Parent undertaking

The ultimate parent company is Dawsongroup plc, which is registered in England and Wales.

The immediate parent company is Alexena Limited, which is registered in England and Wales.