

2131494

DG FINANCE LIMITED
ANNUAL REPORTS AND ACCOUNTS
31 DECEMBER 1995



DG FINANCE LIMITED

Directors and advisers

Company number: 2131494

Directors

Michael J Williams
Clive Gear, FCA

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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DG 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 1995.

Activities and business review

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

On 30th June 1995 the company transferred its operating lease activities to Dawsonrentals Limited, a fellow subsidiary of Dawsongroup plc. At the same time it ceased any further "own book" financing activities, but continues to administer outstanding finance lease and hire purchase agreements.

Results and dividends

Turnover amounted to £ 1,246,771 (1994: £1,382,151) and the loss before tax was £47,771 compared to a profit before tax in 1994 of £280,552.

The directors do not recommend the payment of a dividend. Retained profits for the year of £22,489 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 D J Sandell resigned as a director on 31st October 1995.

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 1995			31st December 1994		
	Ordinary shares of 25p each			Ordinary shares of 25p each		
	Beneficial interests	Under option	ESOP awards	Beneficial interests	Under option	ESOP Awards
M J Williams	80,000	10,000	25,467	90,000	10,000	12,048
C Gear	30,000	60,000	18,976	40,000	60,000	9,036
D J Sandell	n/a	n/a	n/a	-	19,655	-

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.

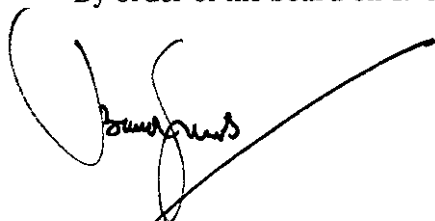
DG FINANCE LIMITED

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 on 19 March 1996

A handwritten signature in black ink, appearing to read 'Brian Shears', is written over a large, sweeping checkmark or flourish.

Brian Shears, ACA
Secretary

DG 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 16. 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

DG FINANCE LIMITED

We have audited the financial statements on pages 6 to 16 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors

Milton Keynes

19th March 1996



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DG FINANCE LIMITED

Profit and loss account for the year ended 31st December 1995

	Notes	1995 £	1994 £
Turnover	2	1,246,771	1,382,151
Cost of sales		287,102	455,102
		<hr/>	<hr/>
Gross profit		959,669	927,049
Administrative expenses		449,717	264,373
		<hr/>	<hr/>
Operating profit	3	509,952	662,676
Net interest payable	5	557,723	382,124
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before tax		(47,771)	280,552
Tax (credit)/charge	6	(70,260)	94,061
		<hr/>	<hr/>
Retained profit	14	22,489	186,491
		<hr/>	<hr/>

The company had no recognised gains or losses other than the profit for the year (1994: nil).

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

The company transferred its operating lease activities to Dawsonrentals Limited (a fellow subsidiary of Dawsongroup plc) on 30 June 1995. It is not practical to calculate the effects of this on the turnover and profits arising on discontinuance of this activity within the company.

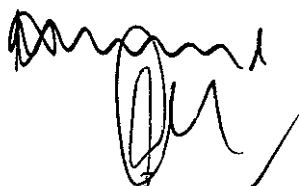
DG FINANCE LIMITED

Balance sheet at 31st December 1995

	Notes	1995		1994	
		£	£	£	£
Fixed assets					
Tangible assets	7		-		3,167,659
Current assets					
Finance receivables:					
- (amounts falling due within one year)	8	1,658,355		1,235,841	
- (amounts falling due after more than one year)	8	2,433,592		2,647,185	
Debtors	9	199,276		470,707	
Cash		60,319		-	
		<u>4,351,542</u>		<u>4,353,733</u>	
Creditors due within one year					
Borrowings	10	1,170,281		1,537,184	
Other creditors	11	1,174,919		1,132,991	
		<u>2,345,200</u>		<u>2,670,175</u>	
Net current assets			2,006,342		1,683,558
Net assets less current liabilities			2,006,342		4,851,217
Creditors due after more than one year					
Borrowings	10		1,512,319		4,092,585
			<u>494,023</u>		<u>758,632</u>
Provision for liabilities and charges					
Deferred tax	12		191,012		(96,086)
Net assets			<u>685,035</u>		<u>662,546</u>
Capital and reserves					
Called up share capital	13		350,000		350,000
Share premium account	15		268,269		268,269
Profit and loss account	15		66,766		44,277
Equity shareholders' funds	14		<u>685,035</u>		<u>662,546</u>

The financial statements on pages 6 to 16 were approved by the board of directors on 19th March 1996

Directors



DG FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1995

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. 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 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 on hire to customers under operating lease agreements were treated as fixed assets and depreciated over the period of the lease to their 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 was recognised on a straight line basis over the period of the lease.

DG FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1995

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 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.

Pension contributions

The credit to the profit and loss account represents the contributions relating to the accounting period net of prior year refunds.

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 £2,382,073 (1994: £2,302,500). Rentals receivable in respect of operating leases amounted to £405,808 (1994: £627,262).

3. Operating profit

	1995	1994
This is arrived at after charging:	£	£
Depreciation	215,913	314,446
Auditors' remuneration	4,200	5,508
Operating lease rentals	12,387	35,165

DG FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1995

4. Directors and employees

Employees

Apart from the directors, the company had one full-time employee engaged in administration during the year (1994: two).

Staff costs amounted to:

	1995	1994
	£	£
Salaries	8,788	29,015
Social security costs	1,702	2,326
Pension contributions	(22)	345
	<hr/>	<hr/>
	10,468	31,686
	<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, net of prior year refunds.

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 other 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.

DG FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1995

5. Net interest payable

	1995 £	1994 £
On borrowings wholly repayable within five years:		
Asset finance arrangements	463,715	288,790
Loan from parent company	106,845	47,045
Interest on customer deposits	-	1,522
(Receivable)/payable under interest swap arrangements (note 10)	(12,471)	44,599
Sundry intra-group interest	-	168
Other interest receivable	(366)	-
	<hr/>	<hr/>
	557,723	382,124
	<hr/>	<hr/>

6. Tax

	1995 £	1994 £
The tax (credit)/charge for the year is made up as follows:		
Corporation tax charged at 33%	218,955	4,912
Deferred tax (note 12)	(287,098)	96,086
Amounts over provided in respect of prior years	(2,117)	(6,937)
	<hr/>	<hr/>
	(70,260)	94,061
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DG FINANCE LIMITED

**Notes to the financial statements
for the year ended 31st December 1995**

7. Tangible fixed assets

	Operating lease assets £	Other vehicles plant and equipment £	Total £
Cost			
As at 1st January 1995	3,575,517	24,095	3,599,612
Additions	603,455	-	603,455
Sales	(584,250)	(24,095)	(608,345)
Transfers to group companies	(3,594,722)	-	(3,594,722)
	<hr/>	<hr/>	<hr/>
As at 31st December 1995	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
As at 1st January 1995	424,027	7,926	431,953
Charge for the year	203,166	12,747	215,913
Relating to sales	(82,245)	(20,673)	(102,918)
Transfers to group companies	(544,948)	-	(544,948)
	<hr/>	<hr/>	<hr/>
As at 31st December 1995	-	-	-
	<hr/>	<hr/>	<hr/>
Book value			
As at 31st December 1995	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31st December 1994	3,151,490	16,169	3,167,659
	<hr/>	<hr/>	<hr/>

DG FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1995

8. Finance receivables

	1995 £	1994 £
Amounts receivable, net of provisions, in respect of:		
Finance lease agreements	3,222,596	3,261,771
Hire purchase agreements	1,853,491	1,583,687
	<hr/>	<hr/>
	5,076,087	4,845,458
Less: income allocated to future periods	(984,140)	(962,432)
	<hr/>	<hr/>
	4,091,947	3,883,026
	<hr/>	<hr/>
Receivable within one year	1,658,355	1,235,841
Receivable after more than one year	2,433,592	2,647,185
	<hr/>	<hr/>
	4,091,947	3,883,026
	<hr/>	<hr/>

The cost of assets acquired during the year for the purpose of hire purchase contracts and for letting under finance leases was £2,431,700 (1994:£3,799,595).

9. Debtors

	1995 £	1994 £
Other debtors	68,269	286,090
Prepayments	8,431	9,141
Amounts owed by group undertakings	122,576	175,476
	<hr/>	<hr/>
	199,276	470,707
	<hr/>	<hr/>

DG FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1995

10. Borrowings

	1995 £	1994 £
Due within one year:		
Overdraft	-	51,680
Asset finance arrangements	1,170,281	1,485,504
	<hr/>	<hr/>
	1,170,281	1,537,184
	<hr/>	<hr/>

Borrowings due after more than one year comprise asset finance arrangements which are repayable by instalments as follows:

	1995 £	1994 £
Between one and two years	856,166	1,315,982
Between two and five years	656,153	2,776,603
	<hr/>	<hr/>
	1,512,319	4,092,585
	<hr/>	<hr/>

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 £712,016 (1994:£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 1995, £4,000,000 (1994:£4,500,000) 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 1995 averaged 7.7% (1994: 7.8%) and will receive interest at rates linked to LIBOR.

DG FINANCE LIMITED

**Notes to the financial statements
for the year ended 31st December 1995**

11. Creditors

	1995 £	1994 £
Trade creditors	-	86
Tax payable	218,955	4,912
Other taxes and social security	50,453	886
Other creditors	87,584	385,251
Loan from Dawsongroup plc	737,000	697,000
Amounts owed to group undertakings	80,927	44,856
	1,174,919	1,132,991

12. Deferred tax

	Amount Unprovided		Provided in the accounts	
	1995 £	1994 £	1995 £	1994 £
Accelerated capital allowances	-	-	(884,167)	(554,316)
Other timing differences	-	-	693,155	650,402
	-	-	(191,012)	96,086
	-	-	-	-
Movement in the year:				
		1995 £		1994 £
As at 1st January 1995		96,086		-
(Credit)/charge for the year		(287,098)		96,086
		(191,012)		96,086
As at 31st December 1995		(191,012)		96,086

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

13. Called up share capital

	Authorised 1995 and 1994 £	Allotted, issued and fully paid 1995 and 1994 £
Ordinary shares of £1 each	500,000	350,000
	500,000	350,000

DG FINANCE LIMITED

Notes to the financial statements for the year ended 31st December 1995

14. Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	22,489	186,491
Opening shareholders' funds	662,546	476,055
Closing shareholders' funds	685,035	662,546

15. Reserves

	Share premium account £	Profit and loss account £	Total £
As at 1st January 1995	268,269	44,277	312,546
Retained profit for the year	-	22,489	22,489
As at 31st December 1995	268,269	66,766	335,035

16. Operating lease commitments

As at 31st December 1995 the company was committed to making the following payments in the year to 31st December 1996 under operating leases for commercial vehicles which expire:

	1995 £	1994 £
Within one year	-	17,203
Between one and two years	-	6,091
	-	23,294

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.