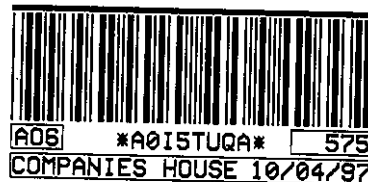


2131494

**DG FINANCE LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**31st December 1996**



**DG 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**

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

<b>Contents</b>	<b>Page</b>
Directors and advisers	1
Report of the directors	2 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7-14

## 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 1996.

### Activities and business review

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

### Results and dividends

Turnover amounted to £518,101 (1995: £1,246,771) and the profit before tax was £227,139 compared to a loss before tax in 1995 of £47,771.

The directors do not recommend the payment of a dividend.

### Directors

The current directors of the company, all 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 1996			31st December 1995		
	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	101,282	20,547	26,370	80,000	10,000	25,467
C Gear	101,281	20,547	19,638	30,000	60,000	18,976

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.

### 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.

## DG FINANCE LIMITED

### Reprot of the directors (continued)

#### 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.

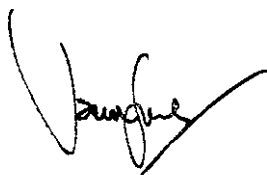
The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

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 5 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.

**By order of the board**



Brian Shears, ACA  
Secretary  
26th March 1997

# NEVILLE RUSSELL

Chartered Accountants



## AUDITORS' REPORT TO THE SHAREHOLDERS OF

### DG FINANCE LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared following the accounting policies set out on pages 7 and 8.

#### 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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Neville Russell*

NEVILLE RUSSELL  
CHARTERED ACCOUNTANTS  
and Registered Auditors

Milton Keynes

*26 March 1997*

Sovereign Court 202 Upper Fifth Street Silbury Boulevard Central Milton Keynes  
Buckinghamshire MK9 2JB

Telephone: 01908 664466 Fax: 01908 690567

Neville Russell is a member of Nexia International, a worldwide network of independent accounting firms

A list of partners is available at each Neville Russell office: Bedford, Birmingham, Blandford, Brighton, Bristol, Dudley, Glasgow, Ilford,  
Leeds, Lincoln, London, Luton, Milton Keynes, Nottingham, Oxford, Poole, Stockport, Sutton and Wakefield

Registered to carry on audit work and authorised to carry on investment business by The Institute of Chartered Accountants in England and Wales



## DG FINANCE LIMITED

### Profit and loss account for the year ended 31st December 1996

	Notes	1996 £	1995 £
Turnover	2	518,101	1,246,771
Cost of sales		35,629	287,102
		<hr/>	<hr/>
<b>Gross profit</b>		482,472	959,669
Administrative expenses		22,254	449,717
		<hr/>	<hr/>
<b>Operating profit</b>	3	460,218	509,952
Net interest payable	5	233,079	557,723
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before tax</b>		227,139	(47,771)
Tax charge/(credit)	6	74,955	(70,260)
		<hr/>	<hr/>
<b>Retained profit for the year</b>	14	152,184	22,489
		<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 (1995: nil).

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

**DG FINANCE LIMITED**

**Balance sheet at 31st December 1996**

	Notes	1996 £	1995 £
<b>Current assets</b>			
Finance receivables:			
amounts falling due within one year	7	857,423	1,658,355
amounts falling due after more than one year	7	1,157,236	2,433,592
Debtors	8	108,894	199,276
Cash		-	60,319
		<hr/>	<hr/>
		2,123,553	4,351,542
		<hr/>	<hr/>
<b>Creditors due within one year</b>			
Borrowings	9	140,509	1,170,281
Other creditors	10	1,505,080	1,174,919
		<hr/>	<hr/>
		1,645,589	2,345,200
		<hr/>	<hr/>
<b>Net current assets</b>		477,964	2,006,342
		<hr/>	<hr/>
<b>Creditors due after more than one year</b>			
Borrowings	9	-	1,512,319
		<hr/>	<hr/>
		477,964	494,023
		<hr/>	<hr/>
<b>Provision for liabilities and charges</b>			
Deferred tax	11	359,255	191,012
		<hr/>	<hr/>
<b>Net assets</b>		837,219	685,035
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	350,000	350,000
Share premium account	14	268,269	268,269
Profit and loss account	14	218,950	66,766
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	13	837,219	685,035
		<hr/>	<hr/>

The financial statements on pages 5 to 14 were approved by the board of directors on 26th March 1997



**Directors**

## DG FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1996

#### 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 1996

#### 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 1995 credit to the profit and loss account represents the contributions made 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 £1,621,987 (1995: £2,382,073). Rentals receivable in respect of operating leases amounted to £nil (1995: £405,808).

#### 3. Operating profit

	1996	1995
	£	£
This is arrived at after charging:		
Depreciation	-	215,913
Auditors' remuneration	2,400	4,200
Operating lease rentals	-	12,387
	<hr/>	<hr/>

## DG FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1996

#### 4. Directors and employees

##### Employees

The company had no full-time employees during the year (1995:none)

Staff costs amounted to:

	1996 £	1995 £
Salaries	-	8,788
Social security costs	-	1,702
Pension contributions	-	(22)
	<hr/>	<hr/>
	-	10,468
	<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 directors received any remuneration from the company during the year (1995:£nil) The emoluments of those directors who are also directors of the parent company are disclosed in the financial statements of Dawsongroup plc.

## DG FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1996

#### 5. Net interest payable

	1996	1995
	£	£
On borrowings wholly repayable within five years:		
Asset finance arrangements	156,955	463,715
Loan from parent company	67,899	106,845
Interest on customer deposits	194	-
Payable/(receivable) under interest swap arrangements	7,773	(12,471)
Other interest payable	258	-
Other interest receivable	-	(366)
	<hr/>	<hr/>
	233,079	557,723
	<hr/>	<hr/>

#### 6. Tax

	1996	1995
	£	£
The tax charge/(credit) for the year is made up as follows:		
Corporation tax	238,155	218,955
Deferred tax (note 11)	(163,200)	(287,098)
Amounts over provided in respect of prior years	-	(2,117)
	<hr/>	<hr/>
	74,955	(70,260)
	<hr/>	<hr/>

## DG FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1996

#### 7. Finance receivables

	1996 £	1995 £
Amounts receivable, net of provisions, in respect of:		
Finance lease agreements	1,185,375	3,222,596
Hire purchase agreements	1,179,664	1,853,491
	<hr/>	<hr/>
	2,365,039	5,076,087
Less: income allocated to future periods	(350,380)	(984,140)
	<hr/>	<hr/>
	2,014,659	4,091,947
	<hr/>	<hr/>
Receivable within one year	857,423	1,658,355
Receivable after more than one year	1,157,236	2,433,592
	<hr/>	<hr/>
	2,014,659	4,091,947
	<hr/>	<hr/>

The cost of assets acquired during the year for the purpose of hire purchase contracts and for letting under finance leases was £nil (1995:£2,431,700).

#### 8. Debtors

	1996 £	1995 £
Other debtors	42,297	68,269
Prepayments	4,902	8,431
Amounts owed by group undertakings	61,695	122,576
	<hr/>	<hr/>
	108,894	199,276
	<hr/>	<hr/>

## DG FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1996

#### 9. Borrowings

	1996 £	1995 £
<b>Due within one year:</b>		
Overdraft	140,509	-
Asset finance arrangements	-	1,170,281
	<hr/>	<hr/>
	140,509	1,170,281
	<hr/>	<hr/>

#### Due after more than one year:

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

	1996 £	1995 £
Between one and two years	-	856,166
Between two and five years	-	656,153
	<hr/>	<hr/>
	-	1,512,319
	<hr/>	<hr/>

#### Asset finance arrangements

Asset finance arrangements at 31st December 1995 comprised hire purchase, finance lease and other similar funding effectively secured on the specific underlying assets and/or related finance receivables. These amounts have been repaid in full during 1996.

## DG FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1996

#### 10. Creditors

	1996 £	1995 £
Tax payable	249,521	218,955
Other taxes and social security	-	50,453
Other creditors	45,927	87,584
Loan from Dawsongroup plc	1,157,000	737,000
Amounts owed to group undertakings	52,632	80,927
	<hr/>	<hr/>
	1,505,080	1,174,919
	<hr/>	<hr/>

#### 11. Deferred tax

	Amount Unprovided		Provided in the accounts	
	1996 £	1995 £	1996 £	1995 £
Accelerated capital allowances	-	-	(663,125)	(884,167)
Other timing differences	-	-	303,870	693,155
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	(359,255)	(191,012)
	<hr/>	<hr/>	<hr/>	<hr/>

#### Movement in the year:

	1996 £	1995 £
As at 1st January 1996	(191,012)	96,086
Credit for the year	(168,243)	(287,098)
	<hr/>	<hr/>
As at 31st December 1996	(359,255)	(191,012)
	<hr/>	<hr/>

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

#### 12. Called up share capital

	Authorised 1996 and 1995 £	Allotted, issued and fully paid 1996 and 1995 £
Ordinary shares of £1 each	500,000	350,000
	<hr/>	<hr/>

## DG FINANCE LIMITED

### Notes to the financial statements for the year ended 31st December 1996

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

	1996 £	1995 £
Profit for the financial year	152,184	22,489
Opening shareholders' funds	685,035	662,546
	<hr/>	<hr/>
Closing shareholders' funds	837,219	685,035
	<hr/>	<hr/>

#### 14. Reserves

	Share premium account £	Profit and loss account £	Total £
As at 1st January 1996	268,269	66,766	335,035
Retained profit for the year	-	152,184	152,184
	<hr/>	<hr/>	<hr/>
As at 31st December 1996	268,269	218,950	487,219
	<hr/>	<hr/>	<hr/>

#### 15. Parent undertaking

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, two of whose directors are also directors of D G Finance Limited.

Throughout the year D G Finance 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.

#### 16. Related party transactions

The company has also 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.