

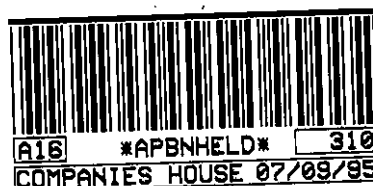
HAINAULT SECURITIES LIMITED

FINANCIAL STATEMENTS - 31 DECEMBER 1994

6/6245

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HAINAULT SECURITIES LIMITED

DIRECTORS' REPORT

31 DECEMBER 1994

DIRECTORS

R.E. Heath
D.R. Heath

SECRETARY

B.A. Boon

REGISTERED OFFICE

9, Nelson Street, Southend-on-Sea, Essex. SS1 1EH.

AUDITORS

Rickard Keen & Co.,
Chartered Accountants and Registered Auditors

The directors submit their report and the audited financial statements of the company for the year ended 31 December 1994.

REVIEW OF THE BUSINESS

The company has continued its insurance and investment activities and the leasing of computer equipment and motor vehicles. No significant changes in this activity are envisaged during the coming year.

Details of the result for the year and the retained profit carried forward are as set out in the annexed profit and loss account.

In view of the present economic climate the directors feel unable to comment on the future development of the company.

DIVIDENDS

During the year the company paid interim dividends of £615,000 (1993 £290,000). The directors do not propose a final dividend for the year.

FIXED ASSETS

Changes in fixed assets are shown in the notes to the financial statements.

DIRECTORS' INTERESTS

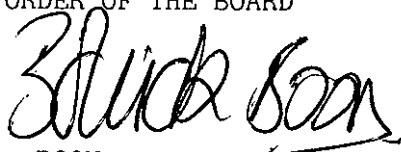
The interests of the directors in the issued share capital of the company were as follows:

	Ordinary Shares of £1	
	31 December 1994	1 January 1994
R.E. Heath	5,000	5,000
D.R. Heath	5,000	5,000

AUDITORS

A resolution to re-appoint Messrs. Rickard Keen & Co. as auditors will be put to the members at the forthcoming annual general meeting.

BY ORDER OF THE BOARD



B.A. BOON
SECRETARY

Date: 12 June 1995

HAINAULT SECURITIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
HAINAULT SECURITIES LIMITED

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 affairs of the company and of the group as at 31 December 1994 and of their results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RICKARD KEEN & CO.,

Chartered Accountants and Registered Auditors

9, Nelson Street,
Southend-on-Sea,
Essex.
SS1 1EH.

13 June 1995

HAINAULT SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

All figures relate to continuing operations

	Notes	1994 £	1993 £
TURNOVER	2	5,642	6,451
Administrative expenses		20,166	24,716
OPERATING LOSS	3	(14,524)	(18,265)
Interest and dividends receivable (net)	5	834,199	423,200
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		819,675	404,935
Tax on ordinary activities	6	161,897	98,476
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		657,778	306,459
Dividends	7	615,000	290,000
RETAINED PROFIT FOR THE YEAR		42,778	16,459
RETAINED PROFIT BROUGHT FORWARD		259,647	243,188
RETAINED PROFIT CARRIED FORWARD		302,425	259,647

There are no recognised gains or losses other than those disclosed in the profit and loss account.

HAINAULT SECURITIES LIMITED

BALANCE SHEET

AT 31 DECEMBER 1994

	Notes	£	1994 £	£	1993 £
FIXED ASSETS					
Tangible assets	9		147		5,460
Investments	10		198,961		186,350
			<u>199,108</u>		<u>191,810</u>
CURRENT ASSETS					
Investments	10	15,252		15,252	
Debtors	11	4,886		1,705	
Cash at bank and in hand		118,526		83,203	
			<u>138,664</u>	<u>100,160</u>	
CREDITORS: Amounts falling due within one year	12	25,347		22,323	
			<u>113,317</u>	<u>77,837</u>	
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>312,425</u>	<u>269,647</u>	
CAPITAL AND RESERVES					
Called up share capital	14		10,000		10,000
Profit and Loss Account			302,425		259,647
			<u>312,425</u>	<u>269,647</u>	
Equity shareholders' funds	15				

R.E. Heath

D.R. Heath

These financial statements were approved by the board on 12 June 1995

Company number: 616245

HAINAULT SECURITIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	£	1994 £	£	1993 £
NET CASH OUTFLOW (1993 INFLOW) FROM OPERATING ACTIVITIES	16		(18,754)		21,603
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		2,985		1,548	
Interest paid		-		(144)	
Dividends received		833,411		421,796	
Dividends paid		(615,000)		(290,000)	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			221,396		133,200
TAX PAID			(172,282)		(98,621)
INVESTING ACTIVITIES					
Payments to acquire investments		-		(13,854)	
Payments to acquire tangible fixed assets		(187)		-	
Receipts from sale of tangible fixed assets		5,150		-	
NET CASH INFLOW (1993 OUTFLOW) FROM INVESTING ACTIVITIES			4,963		(13,854)
INCREASE IN CASH AND CASH EQUIVALENTS	18		35,323		42,328

HAINAULT SECURITIES LIMITED
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

All figures relate to continuing operations

	Notes	1994 £	1993 £
TURNOVER	2	12,015,044	8,425,662
Administrative expenses		11,127,635	7,954,590
OPERATING PROFIT	3	887,409	471,072
Interest and dividends receivable (net)	5	531,585	487,661
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,418,994	958,733
Tax on profit on ordinary activities	6	485,757	322,008
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		933,237	636,725
Dividends	7	615,000	290,000
RETAINED PROFIT FOR THE YEAR		318,237	346,725
RETAINED PROFIT BROUGHT FORWARD		1,542,433	1,195,708
RETAINED PROFIT CARRIED FORWARD		1,860,670	1,542,433
Parent		302,425	259,647
Subsidiary		1,558,245	1,282,786
		1,860,670	1,542,433

There are no recognised gains or losses other than those disclosed in the profit and loss account.

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1994

	Notes	£	1994 £	£	1993 £
FIXED ASSETS					
Intangible assets	8		30,681		61,361
Tangible assets	9		666,298		428,590
Investments	10		198,470		185,859
			895,449		675,810
CURRENT ASSETS					
Investments	10	15,252		15,252	
Debtors	11	16,613,239		15,706,163	
Cash at bank and in hand		13,422,627		11,049,007	
			30,051,118		26,770,422
CREDITORS: Amounts falling due within one year					
	12	29,075,897		25,893,799	
NET CURRENT ASSETS					
			975,221		876,623
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,870,670		1,552,433
CAPITAL AND RESERVES					
Called up share capital	14		10,000		10,000
Profit and loss account			1,860,670		1,542,433
Equity shareholders' funds	15		1,870,670		1,552,433

R.E. Heath

D.R. Heath

These financial statements were approved by the board on 12 June 1995

Company number: 616245

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	£	1994 £	£	1993 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16		3,241,973		3,609,687	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:						
Interest received		516,649		443,887		
Interest paid		-		(1,456)		
Dividends received		2,161		1,796		
Dividends paid		(615,000)		(290,000)		
NET CASH OUTFLOW (1993 INFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(96,190)		154,227	
TAXATION:						
Corporation tax paid			(301,527)		(335,843)	
INVESTING ACTIVITIES						
Payments to acquire investments		-		(54,979)		
Payments to acquire tangible fixed assets		(502,299)		(341,477)		
Receipts from sale of tangible fixed assets		31,663		40,717		
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(470,636)		(355,739)	
INCREASE IN CASH AND CASH EQUIVALENTS	18		2,373,620		3,072,332	

HAINAULT SECURITIES LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

1. ACCOUNTING POLICIES

The principal accounting policies are:

a. Basis of accounting

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable accounting and financial reporting standards.

b. Basis of consolidation

The consolidated financial statements reflect the affairs of Hainault Securities Limited and Boncaster Limited for the year ended 31 December 1994. The financial statements of State Servants (and Allied) Motoring Association Limited, have been excluded from the group financial statements in accordance with S229(2) Companies Act 1985.

The financial statements of Autonational Extended Warranties (Southern) Limited, Autonational Extended Warranties Limited, and Direct Insurance Services Limited, which were dormant at 31 December 1994 have been excluded from the group financial statements in accordance with S229(2) Companies Act 1985.

c. Tangible assets

Office equipment, motor vehicles and leasing equipment are stated at cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets over their estimated useful lives as follows:

Office equipment	-	25% per annum on a reducing balance
Motor vehicles	-	25% per annum on a reducing balance
Leasing equipment:		
computer	-	on a straight line basis over 4 years

d. Investments

Fixed asset investments are shown at cost. Income is included (together with the related tax credit) in the financial statements of the year in which it is receivable.

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

1. ACCOUNTING POLICIES Continued

e. Foreign currency

Investments and bank transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Assets denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of transactions is reflected in the profit and loss account.

f. Finance leases

Income from finance leases is credited to the profit and loss account in proportion to the net investment in such leases.

g. Operating leases

Amounts payable under operating leases are written off to profit and loss account as they fall due.

2. TURNOVER

This represents income from insurance business and policy fees, and gross earnings from finance leases - all within the United Kingdom.

3. OPERATING RESULT

	Parent		Group	
	1994	1993	1994	1993
	£	£	£	£
This is stated after charging:				
Directors' emoluments	4,365	7,288	4,365	7,288
Auditors' remuneration	9,750	15,000	55,925	68,607
Operating leases - land and buildings	-	-	521,714	469,477
- other	-	-	89,194	86,995
Depreciation	49	1,820	222,099	141,044
Depreciation adjustment on disposal of fixed assets	301	-	10,828	23,385
and after crediting:				
Rent received (net)	5,600	5,600	-	-
Finance lease rentals	1,748	11,210	1,748	11,210

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

4. EMPLOYEES INCLUDING DIRECTORS

	Parent		Group	
	1994 £	1993 £	1994 £	1993 £
Wages and salaries	2,000	1,500	6,303,448	4,003,197
Social security costs	-	-	506,468	334,105
Other pension costs	-	-	348,007	141,696
	<u>2,000</u>	<u>1,500</u>	<u>7,157,923</u>	<u>4,478,998</u>

The average weekly number of employees during the year was as follows:

	Parent		Group	
	1994 No.	1993 No.	1994 No.	1993 No.
Office and management	<u>3</u>	<u>6</u>	<u>561</u>	<u>487</u>

5. INTEREST AND DIVIDENDS RECEIVABLE (NET)

	Parent		Group	
	1994 £	1993 £	1994 £	1993 £
Dividends received (gross)	833,411	421,796	2,161	1,796
Interest receivable	<u>2,985</u>	<u>1,548</u>	<u>531,621</u>	<u>487,321</u>
	836,396	423,344	533,782	489,117
Less:				
Interest payable within 5 years not by instalments	<u>(2,197)</u>	<u>(144)</u>	<u>(2,197)</u>	<u>(1,456)</u>
	<u>834,199</u>	<u>423,200</u>	<u>531,585</u>	<u>487,661</u>

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Parent		Group	
	1994 £	1993 £	1994 £	1993 £
Corporation tax based on the result for the year	-	-	485,325	321,648
Tax credits attributable to dividends	166,682	105,359	432	360
	<u>166,682</u>	<u>105,359</u>	<u>485,757</u>	<u>322,008</u>
Amounts due for surrender of losses to subsidiary company:				
Current year	(4,785)	(6,883)	-	-
	<u>161,897</u>	<u>98,476</u>	<u>485,757</u>	<u>322,008</u>

	Parent		Group	
	1994	1993	1994	1993
Corporation tax rates	-	-	33%	33%

7. DIVIDENDS

	Parent		Group	
	1994 £	1993 £	1994 £	1993 £
Interims paid	615,000	290,000	615,000	290,000

8. INTANGIBLE ASSETS

Intangible assets represents the cost of purchased goodwill of £92,041 less amortisation on a straight line basis over 3 years.

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

9. TANGIBLE ASSETS

	Office Equipment £	Motor Vehicles £	Total £
PARENT COST			
At 1 January 1994	1,494	9,690	11,184
Additions	187	-	187
Disposals	-	(9,690)	(9,690)
At 31 December 1994	1,681	-	1,681
DEPRECIATION			
At 1 January 1994	1,485	4,239	5,724
Provision for year	49	-	49
Disposals	-	(4,239)	(4,239)
At 31 December 1994	1,534	-	1,534
NET BOOK VALUE			
At 31 December 1994	147	-	147
At 1 January 1994	9	5,451	5,460

The company also held assets with a cost of £28,317 (1993 £28,317) for the purpose of letting under finance leases.

GROUP COST			
At 1 January 1994	721,426	162,338	883,764
Additions	409,316	92,983	502,299
Disposals	-	(63,340)	(63,340)
At 31 December 1994	1,130,742	191,981	1,322,723
DEPRECIATION			
At 1 January 1994	400,111	55,063	455,174
Provision for year	182,658	39,441	222,099
Disposals	-	(20,848)	(20,848)
At 31 December 1994	582,769	73,656	656,425
NET BOOK VALUE			
At 31 December 1994	547,973	118,325	666,298
At 1 January 1994	321,315	107,275	428,590

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

10. INVESTMENTS

	Parent		Group	
	1994	1993	1994	1993
	£	£	£	£
COST				
At 1 January 1994	201,602	187,748	201,111	187,252
Additions	12,611	13,854	12,611	13,859
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	214,213	201,602	213,722	201,111
	<hr/>	<hr/>	<hr/>	<hr/>
Listed investments (current assets)	15,252	15,252	15,252	15,252
Unlisted investments (fixed assets)	198,961	186,350	198,470	185,859
	<hr/>	<hr/>	<hr/>	<hr/>
	214,213	201,602	213,722	201,111
	<hr/>	<hr/>	<hr/>	<hr/>
		1994	1993	
		£	£	
Valuation:				
Listed investments -				
Market value		41,693	51,513	
Taxation on potential chargeable gain if sold at valuation		4,745	7,341	

The company owns 100% of the issued share capital of Boncaster Limited, an unlisted company registered in England.

11. DEBTORS

	Parent		Group	
	1994	1993	1994	1993
	£	£	£	£
Trade debtors	-	-	16,274,696	15,361,983
Other debtors	-	-	8,573	210,958
Amounts owed by group company	4,886	-	-	-
Finance lease receivables	-	1,705	-	1,705
Prepayments	-	-	329,970	131,517
	<hr/>	<hr/>	<hr/>	<hr/>
	4,886	1,705	16,613,239	15,706,163
	<hr/>	<hr/>	<hr/>	<hr/>

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Parent		Group	
	1994	1993	1994	1993
	£	£	£	£
Amounts due to group company	-	5,499	8,626	8,329
Trade creditors	-	-	27,807,756	24,929,437
Other creditors	154	154	315,806	268,266
Taxation and social security	14,707	448	620,119	425,134
Accruals	10,486	16,222	323,590	262,633
	<u>25,347</u>	<u>22,323</u>	<u>29,075,897</u>	<u>25,893,799</u>

13. OPERATING LEASE COMMITMENTS

	Parent		Group	
	Land and Buildings £	Office Equipment £	Land and Buildings £	Office Equipment £
The commitments due within the next year are:				
Expiry:				
- within 1 year	-	-	32,000	-
- within 2-5 years	-	-	131,035	40,000
- over 5 years	-	-	464,636	-
	<u>-</u>	<u>-</u>	<u>597,671</u>	<u>40,000</u>

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

14. SHARE CAPITAL

	1994 £	1993 £
Authorised:		
Ordinary shares of £1 each	250,000	250,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>

15. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	Parent		Group	
	1994 £	1993 £	1994 £	1993 £
Profit on ordinary activities after taxation	657,778	306,459	933,237	636,725
Dividends	615,000	290,000	615,000	290,000
Retained profit for the financial year	<u>42,778</u>	<u>16,459</u>	<u>318,237</u>	<u>346,725</u>
Equity shareholders' funds at 1 January 1994	269,647	253,188	1,552,433	1,205,708
Equity shareholders' funds at 31 December 1994	<u>312,425</u>	<u>269,647</u>	<u>1,870,670</u>	<u>1,552,433</u>

HAINAULT SECURITIES LIMITED

AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 1994

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Parent		Group	
	1994	1993	1994	1993
	£	£	£	£
Operating profit/(loss)	(14,524)	(17,653)	887,409	471,072
Depreciation charges	49	1,820	252,779	173,544
Depreciation adjustment on disposal of tangible fixed assets	301	-	10,828	23,385
(Increase)/Decrease in debtors	1,604	31,934	(965,456)	(5,191,386)
Increase/(Decrease) in creditors	(6,184)	5,502	3,056,413	8,132,460
	<u>(18,754)</u>	<u>21,603</u>	<u>3,241,973</u>	<u>3,609,687</u>

17. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	Parent		Group	
	1994	1993	1994	1993
	£	£	£	£
Balance at 1 January 1994	83,203	40,875	11,049,007	7,976,675
Net cash inflow	35,323	42,328	2,373,620	3,072,332
	<u>118,526</u>	<u>83,203</u>	<u>13,422,627</u>	<u>11,049,007</u>

18. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	Parent		
	1994	1993	Change in year
	£	£	£
Cash at bank and in hand	118,526	83,203	35,323
	<u>118,526</u>	<u>83,203</u>	<u>35,323</u>
	Group		
	1994	1993	Change in year
	£	£	£
Cash at bank and in hand	13,422,627	11,049,007	2,373,620
	<u>13,422,627</u>	<u>11,049,007</u>	<u>2,373,620</u>