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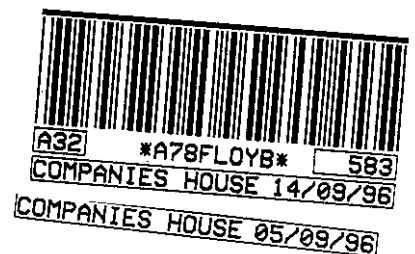
MCGILL FINANCE COMPANY LIMITED

ANNUAL REPORT

FOR THE SEVEN MONTHS 1 JUNE 1995 TO 31 DECEMBER 1995

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PANNELL KERR FORSTER
Chartered Accountants



MCGILL FINANCE COMPANY LIMITED
ANNUAL REPORT
FOR THE SEVEN MONTHS 1 JUNE 1995 TO 31 DECEMBER 1995

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DIRECTORS

M E Ellison
G G Lintott
A Nerdrum

SECRETARY AND REGISTERED OFFICE (Registered Number 959164)

M E Ellison
Redfern House
The Courtyard
Alban Park
St Albans
Hertfordshire AL4 0LA

AUDITORS

Pannell Kerr Forster
New Garden House
78 Hatton Garden
London EC1N 8JA

**MCGILL FINANCE COMPANY LIMITED
DIRECTORS' REPORT**

The directors submit their report together with the audited financial statements for the seven months 1 June 1995 to 31 December 1995.

RESULTS AND DIVIDENDS

The profit for the period is set out in the profit and loss account on page 4. The retained profit of £51,761 (year ended 31 May 1995 : Loss £265,959) is transferred to reserves.

The directors do not recommend the payment of a dividend for the period (1994: £115,000).

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of contract hire, leasing and fleet management of motor vehicles.

REVIEW OF THE BUSINESS

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 9 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

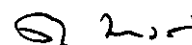
M E Ellison
G G Lintott
A Nerdrum

The directors above are all directors of Caverdale Group PLC, the company's ultimate parent undertaking, and their interests in the share of Caverdale Group PLC are shown in the directors' report of that company.

AUDITORS

Pannell Kerr Forster have expressed a willingness to continue in office.

BY ORDER OF THE BOARD



M E Ellison

Secretary

13 June 1996

**MCGILL FINANCE COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period 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 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 financial statements on a 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
MCGILL FINANCE COMPANY LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

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. 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 affairs of the company at 31 December 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

London

13 June 1996

Pannell Kerr Forster

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

MCGILL FINANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE SEVEN MONTHS 1 JUNE 1995 TO 31 DECEMBER 1995

	<u>Notes</u>	<u>Seven months to</u> <u>31 December 1995</u>		<u>Year ended</u> <u>31 May 1995</u>	
		£	£	£	£
Turnover	2		154,527		437,167
Cost of sales			(52,677)		(342,003)
Gross profit			101,850		95,164
Distribution costs			(1,250)		(563)
Administrative expenses - Exceptional	4	-		28,724	
Other		(16,751)		(168,366)	
			(16,751)		(139,642)
Operating profit/(loss)	5		83,849		(45,041)
Interest payable	7		(32,088)		(105,918)
Profit/(loss) on ordinary activities before taxation			51,761		(150,959)
Taxation	8		-		-
Profit/(loss) on ordinary activities after taxation			51,761		(150,959)
Dividends payable			-		(115,000)
Profit/(loss) for the period transferred to reserves			51,761		(265,959)

All amounts relate to continuing operations.

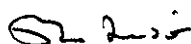
The company has no recognised gains or losses other than the profit for the period.

Movements on reserves are shown note 14.

MCGILL FINANCE COMPANY LIMITED
BALANCE SHEET
AT 31 DECEMBER 1995

	<u>Notes</u>	<u>31 December 1995</u>		<u>31 May 1995</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		399,496		537,924
CURRENT ASSETS					
Debtors	10	48,408		73,880	
CREDITORS					
Amounts falling due within one year	11	(393,595)		(506,938)	
NET CURRENT LIABILITIES			(345,187)		(433,058)
TOTAL ASSETS LESS CURRENT LIABILITIES			54,309		104,866
CREDITORS					
Amounts falling due after more than one year	12		(140,194)		(242,512)
			(85,885)		(137,646)
CAPITAL AND RESERVES					
Called up share capital	13		8		8
Profit and loss account	14		(85,893)		(137,654)
EQUITY SHAREHOLDERS' FUNDS	15		(85,885)		(137,646)

Approved by the board on 13 June 1996



M E Ellison

Director

MCGILL FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SEVEN MONTHS 1 JUNE 1995 TO 31 DECEMBER 1995

1 ACCOUNTING POLICIES

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

Basis of preparation

The balance sheet shows that liabilities exceed assets by £85,885. The parent undertaking, Caverdale Group PLC, has confirmed that it will maintain its financial support for the foreseeable future to enable the company to continue its normal trading operations. The financial statements are therefore drawn up on a going concern basis.

Depreciation

Depreciation is provided on fixtures, fittings and equipment at 20% per annum calculated to write off the cost or valuation of each asset evenly over its expected life.

Motor vehicles held for use as operating leases are depreciated over the period of the operating leases to their estimated residual values.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

Finance and operating leases

Tangible fixed assets acquired under the terms of finance leases have been capitalised at cost and depreciated in the same manner as owned assets. The capital element of future lease payments is included as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the leases in proportion to the capital balance outstanding.

Rentals received under operating leases are recognised in the profit and loss account over the life of the lease agreement as they fall due.

2 TURNOVER

Turnover, which is net of discounts and excludes value added tax, represents the invoiced value of goods and services supplied.

3 STAFF COSTS

	<u>Seven months to</u> <u>31 December 1995</u>	<u>Year ended</u> <u>31 May 1995</u>
	£	£
Wages and salaries	10,071	-
	<hr/>	<hr/>
The average weekly number of employees during the period was as follows:		
Administration	1	-
	<hr/>	<hr/>

MCGILL FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SEVEN MONTHS 1 JUNE 1995 TO 31 DECEMBER 1995

4 ADMINISTRATIVE EXPENSES

The exceptional item in the year ended 31 May 1995 represents the waiver of bank borrowings.

5 OPERATING PROFIT/(LOSS)

	<u>Seven months to</u> <u>31 December 1995</u>	<u>Year ended</u> <u>31 May 1995</u>
	£	£

Operating profit/loss is stated after charging:

Auditors' remuneration

Depreciation

	-	4,000
	72,689	231,576
	<u>72,689</u>	<u>231,576</u>

6 DIRECTORS' REMUNERATION

None of the directors received any remunerations during the period or in the previous year.

7 INTEREST PAYABLE

	<u>Seven months to</u> <u>31 December 1995</u>	<u>Year ended</u> <u>31 May 1995</u>
	£	£

Bank loans, overdrafts and other loans
due within five years

Interest payable on finance lease
and hire purchase contracts

	2,240	118
	29,848	105,800
	<u>32,088</u>	<u>105,918</u>

8 TAXATION

The charge to taxation based on the profit for the period has been reduced by the utilisation of tax losses and allowances brought forward of approximately £52,000.

MCGILL FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SEVEN MONTHS 1 JUNE 1995 TO 31 DECEMBER 1995

9 TANGIBLE FIXED ASSETS

	<u>Fixtures, fittings and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost			
At 1 June 1995	21,665	897,860	919,525
Additions	-	1,200	1,200
Disposals	-	(215,325)	(215,325)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	21,665	683,735	705,400
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 June 1995	8,305	373,296	381,601
Provided during year	2,701	69,988	72,689
Disposals	-	(148,386)	(148,386)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	11,006	294,898	305,904
	<hr/>	<hr/>	<hr/>
Net book amounts			
At 31 December 1995	10,659	388,837	399,496
	<hr/>	<hr/>	<hr/>
At 1 June 1995	13,360	524,564	537,924
	<hr/>	<hr/>	<hr/>

The motor vehicles included above are all leased assets and are all held for use as operating leases.

10 DEBTORS

	<u>31 December 1995</u> £	<u>31 May 1995</u> £
Trade debtors	15,840	322
Other debtors	-	5,231
Amounts due from parent and fellow subsidiary undertakings	32,568	68,327
	<hr/>	<hr/>
	48,408	73,880
	<hr/>	<hr/>

11 CREDITORS:

	<u>31 December 1995</u> £	<u>31 May 1995</u> £
Amounts falling due within one year:		
Bank loans and overdrafts	54,972	18,690
Obligations under hire purchase and finance leases	198,231	316,871
Trade creditors	22,987	17,498
Amounts owed to parent and fellow subsidiary undertakings	1,485	5,880
Taxation and social security	4,906	33,630
Accruals and deferred income	111,014	114,369
	<hr/>	<hr/>
	393,595	506,938
	<hr/>	<hr/>

MCGILL FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SEVEN MONTHS 1 JUNE 1995 TO 31 DECEMBER 1995

12	CREDITORS:	<u>31 December 1995</u>	<u>31 May 1995</u>
		£	£
	Amounts falling due after more than one year:		
	Obligations under hire purchase and finance leases	140,194	7,754
	Other creditors	-	212,526
	Accruals and deferred income	-	22,232
		<hr/>	<hr/>
		140,194	242,512
		<hr/>	<hr/>
	Obligations under finance lease and hire purchase are repayable between one and two years from the balance sheet date.		
13	CALLED UP SHARE CAPITAL	<u>31 December 1995</u>	<u>31 May 1995</u>
		£	£
	Authorised:		
	2,000 Ordinary shares of £1 each	2,000	2,000
		<hr/>	<hr/>
	Allotted, called up and fully paid:		
	8 Ordinary shares of £1 each	8	8
		<hr/>	<hr/>
14	RESERVES		Profit and loss account
			£
	At 1 June 1995		(137,654)
	Profit for the period		51,761
			<hr/>
	At 31 December 1995		(85,893)
			<hr/>
15	RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS	<u>31 December 1995</u>	<u>31 May 1995</u>
		£	£
	Profit/(loss) for the financial year	51,761	(150,959)
	Dividends	-	(115,000)
	Equity shareholders' funds at 1 June 1995	(137,646)	128,313
		<hr/>	<hr/>
	Equity shareholders' funds at 31 December 1995	(85,885)	(137,646)
		<hr/>	<hr/>

**MCGILL FINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SEVEN MONTHS ENDED 31 DECEMBER 1995**

16 CONTINGENT LIABILITIES

The company has guaranteed the bank overdrafts of certain fellow subsidiary undertakings. The amount outstanding at 31 December 1995 was £329,331.

17 PARENT UNDERTAKING

The company's intermediate parent undertaking is The McGill Group Limited. The company's ultimate parent undertaking is Caverdale Group PLC. Both of these companies are registered in England and Wales. Caverdale Group PLC prepares group accounts incorporating the financial statements of the Company. Copies of the financial statements of Caverdale Group PLC are available from Companies House, Cardiff CF4 3UZ.