

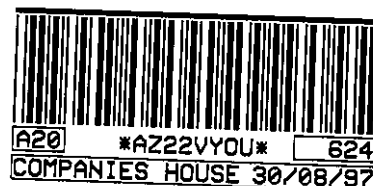


HOOPOE FINANCE LIMITED

Report and Financial Statements

28 February 1997

**Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR**



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**REPORT AND FINANCIAL STATEMENTS 1997****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

K F Einfeld	(Chairman)
F G Tejani	(Deputy Chairman)
P A C H Phipps	(Managing Director)
T Johnson	(Banking Director)
A Miles	(Chairman of Audit Committee)

SECRETARY

M G Hardy

REGISTERED OFFICE

Albany Court Yard
47-48 Piccadilly
London W1V 0LR

AUDITORS

Deloitte & Touche

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 28 February 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The activities of the company during the year under review were that of the operation of a finance company. The company provides consumer credit finance including hire purchase, equipment leasing and personal loans including the Budget Fees Scheme for schools. It also provides trade finance and operates a limited number of bureaux de change in London. During 1996, the company moved its principal place of business to the group's new head office in Piccadilly. The consumer credit operation is based at Southwick near Brighton. Since the year end, a further bureau has been acquired at Oxford Circus which commenced trading at the end of May.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £9,072 (1996 - profit £10,781) and has been taken to reserves. The directors do not propose to pay a dividend for the year (1996 - £nil).

EXCEPTIONAL LOSS

The company provided dealer finance to the dealers of Reliant Motors Limited. In December 1995, Reliant went into administration having invoiced the company for 27 cars which had not been delivered. The company took the decision to repair, refurbish and complete the cars for delivery to the dealers. This led to an exceptional loss which has been written off in the accounts. No benefit for the result of any litigation currently being pursued to recover this loss has been accrued. The company continues to provide finance to the dealers of Helpcarry Limited trading as Reliant Motors who acquired the business from the administrators in 1996.

DIRECTORS

The directors in office at the year end, each of whom held office throughout the year, and their beneficial interests in the issued ordinary share capital of Lenlyn Holdings plc, the company's ultimate holding company, were as follows:

	Ordinary shares of £1 each	
	1997	1996
F G Tejani	2,658,851	2,658,851
P A C H Phipps	-	-
A Miles	-	-
K F Einfeld	-	-
T Johnson	-	-
	<u>2,658,851</u>	<u>2,658,851</u>

The directors have no interests in any shares of the company or any other fellow subsidiaries.

**DIRECTORS' REPORT****AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M G Hardy

Secretary

31 July 1997

**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 as at the end of the financial year 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;
- 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.



Chartered Accountants

Deloitte & Touche
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London EC4A 4TR

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AUDITORS' REPORT TO THE MEMBERS OF

HOOPOE FINANCE LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on page 8.

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 at 28 February 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

31 July 1997


PROFIT AND LOSS ACCOUNT
28 February 1997

	Note	1997 £	1996 £
TURNOVER	1	4,788,099	2,950,568
Cost of sales	1	(4,257,030)	(2,366,089)
Gross profit		531,069	584,479
Administration costs		(486,427)	(555,799)
Exceptional loss	2	(57,941)	-
OPERATING (LOSS)/PROFIT AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(13,299)	28,680
Tax credit/(charge) on (loss)/profit on ordinary activities	5	4,227	(17,899)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	11	(9,072)	10,781

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

All income and expenditure items relate to continuing operations.


BALANCE SHEET
28 February 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible fixed assets	6	346,588	407,755
CURRENT ASSETS			
Debtors: amounts falling due after one year	7	1,346,485	1,195,791
Debtors: amounts falling due within one year	7	2,321,787	2,060,989
Cash in bank and in hand		119,140	390,593
		3,787,412	3,647,373
CREDITORS: amounts falling due within one year	8	(2,041,389)	(1,440,254)
NET CURRENT ASSETS		1,746,023	2,207,119
TOTAL ASSETS LESS CURRENT LIABILITIES		2,092,611	2,614,874
CREDITORS: amounts falling due after more than one year	9	(652,675)	(1,165,866)
NET ASSETS		1,439,936	1,449,008
CAPITAL AND RESERVES			
Called up share capital	10	1,500,002	1,500,002
Profit and loss account	11	(60,066)	(50,994)
EQUITY SHAREHOLDERS' FUNDS		1,439,936	1,449,008

These financial statements were approved by the Board of Directors on 31 July 1997.

Signed on behalf of the Board of Directors

P A C H Phipps

Director

**NOTES TO THE ACCOUNTS****Year ended 28 February 1997****1. ACCOUNTING POLICIES**

The accounts have been prepared in accordance with the provisions of the Companies Act and with applicable accounting standards. The particular accounting policies which have been applied are set out below.

Accounting convention

The accounts are prepared in accordance with the historical cost convention.

Turnover

Turnover represents commissions and fees receivable, interest income from financing activities and sales of foreign currency and travellers cheques.

Cost of sales

Cost of sales represents the cost of purchasing foreign currency and direct financing and selling costs.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any costs of acquisition. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold property	Over the period of the lease on a straight line basis
Fixtures, fittings and equipment	20% on a reducing balance basis
Motor vehicles	20% on a reducing balance basis

Cash flow statement

Hoopoe Finance Limited is not required to publish a cashflow statement as it is a wholly owned subsidiary of a parent company undertaking incorporated in Great Britain.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the dates of the transactions. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date. All translation differences are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided, where appropriate, at the anticipated tax rates, on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

Loans and advances**(i) Hire purchase and other instalment finance agreements**

Income from hire purchase and other instalment finance agreements, after making a deduction for initial expenses, is credited to the profit and loss account using the sum of digits method. Balances are stated in the balance sheet net of unearned charges.

(ii) Bad debts

Loans and advances are written off to the extent that there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired loans and advances to their expected realisable value. General provisions are made on the basis of past experience, current economic conditions and other relevant factors, to provide for losses not yet specifically identified.


NOTES TO THE ACCOUNTS
Year ended 28 February 1997
2. EXCEPTIONAL LOSS

A motor vehicle manufacturer with which the company had a financial contract went into administration in December 1995 and the company chose to incur exceptional costs to complete the construction of part-built motor vehicles. The decision was taken to minimise the losses potentially incurred by the company as a result of the manufacturer going into administration. The tax effect of the exceptional loss is £19,121 on the tax losses carried forward.

3. DIRECTORS' EMOLUMENTS

	1997	1996
	£	£
Remuneration including pension contributions and benefits in kind	<u>79,205</u>	<u>85,447</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1997	1996
	£	£
The chairman	<u>10,000</u>	<u>10,000</u>
The highest paid director	<u>67,477</u>	<u>73,719</u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) within the following ranges was:

Scale of directors' remuneration	No	No
£ 0 - £ 5,000	3	3
£ 5,001 - £ 10,000	1	1
£ 65,001 - £ 70,000	1	-
£ 70,001 - £ 75,000	<u>-</u>	<u>1</u>

EMPLOYEE INFORMATION

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

	1997	1996
	No	No
By activity:		
Administration/lending	9	10
Bureaux de change	<u>7</u>	<u>6</u>
	<u>16</u>	<u>16</u>

	1997	1996
	£	£
Staff costs (for the above persons)		
Wages and salaries	210,579	213,197
Social security costs	<u>20,471</u>	<u>20,458</u>
	<u>231,050</u>	<u>233,655</u>


NOTES TO THE ACCOUNTS
Year ended 28 February 1997
4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation of fixed assets	113,042	60,227
Auditors' remuneration - for audit services	8,000	8,000
Operating lease rentals	117,364	59,393
	<u>117,364</u>	<u>59,393</u>

5. TAX CREDIT/(CHARGE) ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
United Kingdom corporation tax (at 33% on taxable profit for the year)	-	(15,198)
Over/(under) provision in prior year	13,644	(2,701)
Group relief payable	(9,417)	-
	<u>4,227</u>	<u>(17,899)</u>

6. TANGIBLE FIXED ASSETS

	Short leaseholds £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 March 1996	136,910	358,741	3,800	499,451
Additions	-	54,915	-	54,915
Disposals	-	-	(3,800)	(3,800)
At 28 February 1997	<u>136,910</u>	<u>413,656</u>	<u>-</u>	<u>550,566</u>
Depreciation				
At 1 March 1996	15,477	75,459	760	91,696
Charge for the year	46,429	66,613	-	113,042
Disposals	-	-	(760)	(760)
At 28 February 1997	<u>61,906</u>	<u>142,072</u>	<u>-</u>	<u>203,978</u>
Net book value				
At 28 February 1997	<u>75,004</u>	<u>271,584</u>	<u>-</u>	<u>346,588</u>
At 29 February 1996	<u>121,433</u>	<u>283,282</u>	<u>3,040</u>	<u>407,755</u>


NOTES TO THE ACCOUNTS
Year ended 28 February 1997
7. DEBTORS

	1997 £	1996 £
Amounts falling due after more than one year:		
Loans and advances	1,346,485	1,195,791
Amounts falling due within one year		
Loans and advances	2,258,780	2,027,884
Prepayments	12,911	5,333
Other debtors	37,289	27,772
Corporation tax recoverable	12,807	-
	<u>2,321,787</u>	<u>2,060,989</u>
	<u>3,668,272</u>	<u>3,256,780</u>

Included in loans and advances are the following net amounts receivable under operating leases and hire purchase contracts.

	1997 £	1996 £
Operating leases	93,400	117,986
Hire purchase contracts	2,364,161	2,198,056

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Debenture loans	-	31,486
Bank loans and overdrafts	994,257	447,845
Trade creditors	29,051	8,892
Amount owed to group undertakings	976,422	865,557
Corporation tax	-	7,516
Group relief payable	9,417	-
Other creditors	1,340	15,029
Accruals	30,902	63,929
	<u>2,041,389</u>	<u>1,440,254</u>

The bank loans are secured by the assignment of individual loan agreements to a total value of £731,408. Interest is payable on amounts due to group undertakings at normal commercial rates.


NOTES TO THE ACCOUNTS
Year ended 28 February 1997
9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Bank loans	652,675	1,165,866
Payable as follows:		
between one and two years	293,168	538,528
between two and five years	359,507	627,338

10. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
Called up, allotted and fully paid		
1,500,002 ordinary shares of £1 each	1,500,002	1,500,002

11. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
At 1 March	(50,994)	(61,775)
(Loss)/profit for the financial year	(9,072)	10,781
At 28 February	(60,066)	(50,994)

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Opening shareholders' funds	1,449,008	1,438,227
(Loss)/profit for the financial year	(9,072)	10,781
Closing shareholders' funds	1,439,936	1,449,008

**NOTES TO THE ACCOUNTS****Year ended 28 February 1997****13. COMMITMENTS UNDER OPERATING LEASES**

The company is committed to making the following payments within the next year in respect of operating leases expiring as follows:

	1997	1996
	£	£
Land and buildings:		
After five years	189,400	164,000

14. ULTIMATE PARENT COMPANY

The company's parent company is Hoopoe Investments Limited, a company registered in England and Wales. The directors consider the ultimate parent company to be Lenlyn Holdings plc, a company registered in England and Wales. Copies of the ultimate parent company's consolidated financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

15. RELATED PARTIES

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard 8 and accordingly has not disclosed transactions with entities that are part of the Lenlyn Holdings plc group.