

COMPANY REGISTERED NUMBER 2849105

CARS TRUSTEE (UK) NO 3 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 FEBRUARY 1998



CARS TRUSTEE (UK) NO 3 LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the financial statements for the 9 months ended 27 February 1998, previous financial statements having been made up to 27 May 1997.

BUSINESS REVIEW

The principal activities of the company have been to act as trustee of receivable assets, consisting principally of unsecured monetary obligations of individuals, unincorporated bodies or bodies corporate, under motor vehicle hire purchase contracts, assigned to Cardiff Automobile Receivables Securitisation (UK) No 3 plc by Chartered Trust plc, a public company incorporated under the laws of England and Wales.

RESULTS

The profit and loss account is set out on page 3.

DIRECTORS

The names of the directors are as follows:

Mr A F Raikes
Mr C W Beazley
SPV Management Limited

None of the directors has a service contract of more than one year's duration.

DIRECTORS' INTERESTS

None of the directors has any interest in the share capital of the company or any part of the group.

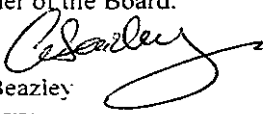
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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.


C W Beazley
Secretary

21 August 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF
CARS TRUSTEE (UK) NO 3 LIMITED**

We have audited the accounts on pages 3 to 7.

Respective responsibilities of directors and auditors

As described on page 1, 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 27 February 1998 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor

Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF2 1TE

25 August 1998

CARS TRUSTEE (UK) NO 3 LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 27 FEBRUARY 1998

	<i>Note</i>	Period ended 27 February 1998 £	Period ended 27 May 1997 £
Interest receivable and similar revenue	3	45,368	44,963
Administrative expenses		(45,293)	(44,888)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	75	75
Tax on profit on ordinary activities	6	2	(18)
		<hr/>	<hr/>
Profit on ordinary activities after taxation being profit for the financial year		77	57
Dividends		(77)	(57)
		<hr/>	<hr/>
Retained profit		-	-
		<hr/>	<hr/>

The above results relate to continuing operations.

The amounts passing through the profit and loss account represent the total recognised gains and losses for the current and preceding periods.

CARS TRUSTEE (UK) NO 3 LIMITED

BALANCE SHEET

AS AT 27 FEBRUARY 1998

	<i>Note</i>	<i>At 27 February 1998 £</i>	<i>At 27 May 1997 £</i>
CURRENT ASSETS			
Debtors	7	1,815	1,763
Cash at bank and in hand	8	9,647,229	12,728,450
		<hr/>	<hr/>
		9,649,044	12,730,213
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	9	(9,648,944)	(12,730,113)
		<hr/>	<hr/>
NET ASSETS		100	100
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account		-	-
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	11	100	100
		<hr/>	<hr/>

The financial statements were approved by the board on 21/8/98

and signed on its behalf by:



A Raikes
Director

CARS TRUSTEE (UK) NO 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Accounting convention

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

Cash flow statement

As the company is a wholly owned subsidiary and its ultimate parent company, Securitisation Holdings No 3 Limited, publishes a consolidated cash flow statement dealing with the consolidated cash flows of the group, the company itself does not prepare a cash flow statement.

Related party transactions

The exemption given under FRS 8 from the requirement to disclose transactions with group companies has been adopted as the group is a wholly owned subsidiary and the accounts of its ultimate holding company, Securitisation Holdings No 3 Limited, are publicly available.

2. PARENT UNDERTAKING

The immediate and ultimate parent undertaking is Securitisation Holdings No 3 Limited, a company registered in England and Wales. Copies of the statutory financial statements of Securitisation Holdings No 3 Limited are available at the company's registered office located at 24-26 Newport Road, Cardiff, CF2 1SR.

3. INTEREST RECEIVABLE AND SIMILAR REVENUE

This represents sums drawn by the company under the terms of a Declaration of Trust made by Cars Trustee (UK) No 3 Limited on 23 November 1993 to enable the company to meet all fees, interest payable and certain expenses associated with carrying out its business.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before taxation is arrived at after taking into account the following items:

	<i>Period ended 27 February 1998 £</i>	<i>Period ended 27 May 1997 £</i>
Auditors' remuneration - audit work	2,168	1,763
Credit manager's fees	43,125	43,125
Directors emoluments	NIL	NIL

5. DIRECTORS AND STAFF

Neither the chairman nor any other director received any fees or emoluments during the period.

None of the directors had a material interest in any contract with the company.

There were no employees of the company during the period, the company having contracted for the provision of administrative services.

CARS TRUSTEE (UK) NO 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Period ended 27 February 1998 £</i>	<i>Period ended 27 May 1997 £</i>
The (credit)/charge for taxation comprises:		
Corporation tax	(2)	18

7. DEBTORS

	<i>At 27 February 1998 £</i>	<i>At 27 May 1997 £</i>
Prepayments and accrued income	1,815	1,763

8. CASH AT BANK AND IN HAND

This represents sums deposited with Lloyds Bank plc and Abbey National Treasury Services plc.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>At 27 February 1998 £</i>	<i>At 27 May 1997 £</i>
Amounts due to group undertakings	5,528,997	5,796,312
Amounts held on behalf of trust beneficiaries	4,117,775	6,931,744
Corporation tax	16	30
Accruals and deferred income	1,815	1,763
Dividends proposed	341	264
	<u>9,648,944</u>	<u>12,730,113</u>

Amounts held on behalf of trust beneficiaries represent cash received from receivables assigned to the company under the terms of the Trust plus interest earned on the deposit of such cash, net of approved expenses, which is due to the beneficiaries under the Trust.

CARS TRUSTEE (UK) NO 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. SHARE CAPITAL

The share capital of the company comprises:	<i>At 27 February 1998 £</i>	<i>At 27 May 1997 £</i>
Authorised:		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Issued, called up and fully paid		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Period ended 27 February 1998 £</i>	<i>Period ended 27 May 1997 £</i>
Opening shareholders' funds	100	100
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Closing shareholders' funds	100	100
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