

# **Premium Credit Receivables Limited**

## **Directors' report and financial statements**

**31 December 1997**

Registered number 3173715



# Premium Credit Receivables Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes	6-9

# Premium Credit Receivables Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

### Principal activities

The company's principal activity is to finance insurance premiums.

### Business review

The directors are pleased to report another successful year with sustained growth.

The directors believe that the results for the year ending 31st December 1998 will continue to show an increase in profitability.

### Results and dividend

The results of the company for the year are detailed in the profit and loss account on page 4. Interim dividends of £4,000,000 were paid on the ordinary shares during the year to the parent company. The directors do not recommend the payment of a final dividend.

### Directors and directors' interests

The directors who served during the year were:

W.T. Hender  
C.A. Ringrose  
M.H. Cobb

No director had any interest in the shares of the company during the period. Shareholdings of the directors in the parent company are shown in those accounts. Directors' and officers' liability insurance was in force throughout the year.

# Premium Credit Receivables Limited

## Directors' report *(continued)*

### 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.

### Auditors

In accordance with Section 385 of the Companies Act 1985 (as amended), a resolution for the formal appointment and re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**D.J. Hender**  
*Secretary*

The Kirkgate  
19/31 Church Street  
Epsom  
Surrey  
KT17 4PF

21st May 1998

## **Auditors' report to the members of Premium Credit Receivables Limited**

We have audited the financial statements on pages 4 to 9.

### *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 company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG  
Chartered Accountants  
Registered Auditors

London

18 June

1998

# Premium Credit Receivables Limited

## Profit and loss account

for the year ended 31 December 1997

	<i>Note</i>	<b>Year ended 1997 £'000</b>	<b>Period ended 1996 £'000</b>
<b>Turnover</b>	<i>1</i>	<b>28,190</b>	<b>9,382</b>
Operating charges		<b>(10,437)</b>	<b>(5,607)</b>
<b>Operating profit</b>		<b>17,753</b>	<b>3,775</b>
Interest recharged to group companies		<b>2,297</b>	<b>764</b>
Interest receivable		<b>332</b>	<b>91</b>
Interest payable and similar charges	<i>2</i>	<b>(13,314)</b>	<b>(3,599)</b>
<b>Profit on ordinary activities before taxation</b>	<i>3</i>	<b>7,068</b>	<b>1,031</b>
Tax on profit on ordinary activities	<i>4</i>	<b>(2,163)</b>	<b>-</b>
<b>Profit on ordinary activities after taxation</b>		<b>4,905</b>	<b>1,031</b>
Dividends payable		<b>(4,000)</b>	<b>-</b>
		<b>905</b>	<b>1,031</b>

All profits relate to continuing operations.

All gains and losses have been dealt with in the profit and loss account.

The notes on pages 6 to 9 form part of these financial statements.

# Premium Credit Receivables Limited

## Balance sheet

at 31 December 1997

	Note	1997		1996	
		£'000	£'000	£'000	£'000
<b>Current assets</b>					
Debtors	5	231,158		177,335	
Cash		2,500		7,002	
		<u>233,658</u>		<u>184,337</u>	
<b>Creditors: amounts due within one year</b>	6	<u>(27,218)</u>		<u>(22,803)</u>	
<b>Net current assets</b>			206,440		161,534
<b>Total assets less current liabilities</b>			<u>206,440</u>		<u>161,534</u>
<b>Creditors: amounts due after one year</b>	7		(202,504)		(158,503)
<b>Total Net Assets</b>			<u>3,936</u>		<u>3,031</u>
<b>Capital and Reserves:</b>					
Share Capital	8		-		-
Capital reserve	9		2,000		2,000
Profit and loss account	9		1,936		1,031
<b>Shareholders Funds</b>			<u>3,936</u>		<u>3,031</u>

These financial statements were approved by the board of directors on 21st May 1998 and were signed on its behalf by:



**W.T. Hender**  
Director



**C.A. Ringrose**  
Director

The notes on pages 6 to 9 form part of these financial statements.

The reconciliation of movements in shareholders' funds is shown in note 10.

# Premium Credit Receivables Limited

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of accounting*

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

#### *Comparative figures*

The comparative figures represent the financial position of the company at 31 December 1996 and the results of the company for the period from incorporation on 15th March 1996.

#### *Cash flow statement*

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

#### *Deferred taxation*

Deferred taxation in respect of the taxation effect of material timing differences is provided only to the extent that it is probable that liabilities will crystallise. No deferred tax asset is recognised.

#### *Turnover*

Turnover represents service charges earned primarily in respect of insurance premium financing. Income on fixed rate contracts is recognised on the "Rule of 78" method over the period of the underlying contract.

### 2 Interest payable and similar charges

	Year ended 1997 £'000	Period ended 1996 £'000
Payable on revolving credit facility	13,314	3,599

### 3 Profit on ordinary activities before taxation

	Year ended 1997 £'000	Period ended 1996 £'000
Profit on ordinary activities before taxation is stated after charging the following :		
Legal and professional fees	5	1,915

Audit fees are included in the accounts of the holding company.



# Premium Credit Receivables Limited

## Notes (continued)

### 3 Profit on ordinary activities before taxation (continued)

No director of the company received any remuneration for the year ended 31 December 1997 (1996 : £ nil ). Remuneration of the directors in respect of services to the holding company are shown in those accounts

### 4 Tax on profit on ordinary activities

	Year ended 1997 £'000	Period ended 1996 £'000
The taxation charge consists of the following:		
UK corporation tax at 31.5 % (1996 : 33%)	2,163	-

### 5 Debtors

	1997 £'000	1996 £'000
Trade debtors	231,158	177,335

### 6 Creditors: amounts falling due within one year

	1997 £'000	1996 £'000
Amounts due to group companies	23,216	21,491
Corporation tax	2,163	-
Accruals	1,839	1,312
	27,218	22,803

### 7 Creditors: amounts due after one year

	1997 £'000	1996 £'000
Revolving credit facility	202,504	158,503

A fixed and floating charge is registered in favour of Thames Asset Global Securitization No 1 Inc. to secure the revolving credit facility.

# Premium Credit Receivables Limited

## Notes (continued)

### 7 Creditors: amounts due after one year (continued)

#### Revolving credit facility

On 23 August 1996, the company entered into a revolving credit facility with Thames Asset Global Securitization Inc. (TAGS) whereby moneys advanced would be secured by the company's trade debts. The current facility available is £250 million and the advances made by TAGS are on a range of terms. Interest is payable to TAGS on either the repayment or rollover of the advance at the end of the term. The revolving credit facility agreement is renewable on 31 July 2001.

### 8 Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Issued, allotted, called up and fully paid</i>		
1 ordinary shares of £1 each	1	1

### 9 Reserves

		£'000
<b>Capital reserve</b>		
At 1 January 1997 and 31 December 1997		2,000
	<b>Year ended</b>	<b>Period ended</b>
<b>Profit and loss account</b>	<b>1997</b>	<b>1996</b>
	<b>£'000</b>	<b>£'000</b>
1 January 1997	1,031	-
Retained profit for the year	905	1,031
31 December 1997	1,936	1,031

# Premium Credit Receivables Limited

## Notes *(continued)*

### 10 Reconciliation of the movement in shareholders' funds

	Year ended 1997 £'000	Period ended 1996 £'000
Profit for the financial period	4,905	1,031
Capital reserve	-	2,000
Dividends	(4,000)	-
Net addition/(reduction) to shareholders' funds	905	3,031
Opening shareholders' funds	3,031	-
Closing shareholders' funds	3,936	3,031

### 11 Ultimate holding company

The company's ultimate holding company is Vendcrown Limited, which is incorporated in Great Britain and registered in England and Wales.