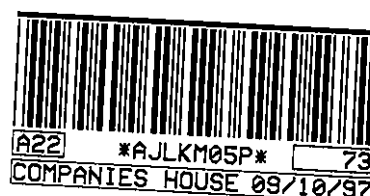


# **Premium Credit Receivables Limited**

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

**31 December 1996**

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 period from incorporation to 31 December 1996.

### Principal activities

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

### Business review

The directors are pleased to report a favourable result for the period from incorporation to 31 December 1996. Certain non recurring costs were incurred which reduced the profitability for the period. An increase in profitability is predicted for the year to 31 December 1997.

### Incorporation and change of name

The company was incorporated on 15 March 1996 under the name of Coatrade Limited and by the passing of a special resolution on 28 May 1996, the name of the company was changed to Premium Credit Receivables Limited.

### Results and dividend

The results of the company for the period are detailed in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

### Directors and directors' interests

The directors who served during the period since incorporation were:

W.T. Hender	(Appointed 18 July 1996)
C.A. Ringrose	(Appointed 18 July 1996)
M.H. Cobb	(Appointed 18 July 1996)
T.P.L. Ford	(Appointed 22 May 1996, resigned 11 June 1996)
M.E. Lesser	(Appointed 24 May 1996, resigned 18 July 1996)
Norton Rose Limited	(Appointed 15 March 1996, resigned 22 May 1996)
Norose Limited	(Appointed 15 March 1996, resigned 22 May 1996)

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 period.

# 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

13 May 1997



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## 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 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG**

*Chartered Accountants*

*Registered Auditors*

13 May 1997



Member firm of  
KPMG International

# Premium Credit Receivables Limited

## Profit and loss account

for the period ended 31 December 1996

	Note	1996 £'000
Turnover	1	9,382
Operating charges		(5,607)
<b>Operating profit</b>		<b>3,775</b>
Interest recharged to group companies		764
Interest receivable		91
Interest payable and similar charges	2	(3,599)
<b>Profit on ordinary activities before taxation</b>	3	<b>1,031</b>
Tax on profit on ordinary activities	4	-
<b>Profit on ordinary activities after taxation</b>		<b>1,031</b>

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 1996

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

These financial statements were approved by the board of directors on 13 May 1997 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.

#### *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

	1996 £'000
Payable on revolving credit facility	3,599
	<hr/>

### 3 Profit on ordinary activities before taxation

	1996 £'000
Profit on ordinary activities before taxation is stated after charging the following :	
Legal and professional fees	1,915
	<hr/>

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 period ended 31 December 1996. Remuneration of the directors in respect of services to the holding company are shown in those accounts

### 4 Tax on profit on ordinary activities

The taxation charge consists of the following:

1996  
£'000

UK corporation tax at 33%

-

### 5 Debtors

1996  
£'000

Trade debtors

177,335

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

1996  
£'000

Amounts due to group companies  
Accruals

21,491

1,312

22,803

### 7 Creditors: amounts due after one year

1996  
£'000

Revolving credit facility

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 £200 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

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

### 9 Reserves

	1996 £'000
<b>Capital reserve</b>	
Arising in period	2,000
<b>Profit and loss account</b>	
Retained profit for the period	1,031

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

	1996 £'000
Capital reserve	2,000
Profit for the financial period	1,031
Dividends	-
Net addition to shareholders' funds	3,031
Opening shareholders' funds	-
Closing shareholders' funds	3,031

# Premium Credit Receivables Limited

## Notes *(continued)*

### 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.