

Company Number 2948824

BRITISH CREDIT TRUST HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 MARCH 1997

COMPANIES HOUSE COPY



 **Hacker
Young**
Chartered Accountants

St. Alphage House 2 Fore Street London EC2Y 5DH

BRITISH CREDIT TRUST HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 MARCH 1997

CONTENTS	PAGE
Directors and other information	-
Report of the auditors	-
Report of the directors	1
Consolidated profit and loss account	3
Consolidated balance sheet	4
Company balance sheet	5
Consolidated cash flow statement	6
Notes to the financial statements	7

BRITISH CREDIT TRUST HOLDINGS LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS: Dr. R. J. Gewolb (USA) - Chairman
M. B. A. Lorimer M A
A. C. Surtees B A

SECRETARY AND
REGISTERED OFFICE: Bloomsbury Registrars Limited
8 Coldbath Square
London EC1R 5HL

AUDITORS: Hacker Young
St Alphage House
2 Fore Street
London EC2Y 5DH

BANKERS: National Westminster Bank Plc
217 Strand
London WC2R 1AS

COMPANY NUMBER: 2948824

AUDITORS' REPORT TO THE MEMBERS OF
BRITISH CREDIT TRUST HOLDINGS LIMITED

We have audited the financial statements set out on pages 3 to 19 which have been prepared under the accounting policies set out on pages 7 to 8.

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 financial 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 circumstances of the company and the group, 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 and the group as at 31 March 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

29 April 1998



Hacker Young
Registered Auditor
Chartered Accountants

BRITISH CREDIT TRUST HOLDINGS LIMITED

REPORT OF THE DIRECTORS

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

ACTIVITIES

The company is the parent company of a group of companies engaged in the provision of consumer commercial and corporate finance and related services.

DIRECTORS AND THEIR INTERESTS

The following directors served throughout the year:

Dr. R.J. Gewolb (USA)
M.B.A. Lorimer
A.C. Surtees

Directors' interests in the share capital of the company are set out in note 22 to the financial statements.

RESULTS AND DIVIDENDS

The results for the period are set out on page 3. The directors do not recommend the payment of a dividend. The directors recommend that the retained profit of £927,184 be transferred to reserves.

FUTURE PROSPECTS

The company and the group continue to pursue vigorously the development of the British Credit Trust group activity base and its presence in the market place, through organic and non-organic opportunities.

FIXED ASSETS

The movements in tangible fixed assets are set out in notes 10 and 11 to the financial statements.

BRITISH CREDIT TRUST HOLDINGS LIMITED

REPORT OF THE DIRECTORS

(CONTINUED)

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 3 to 19, the company and the group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the group keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

CHARITABLE DONATIONS

The group made donations totalling £991, during the period.

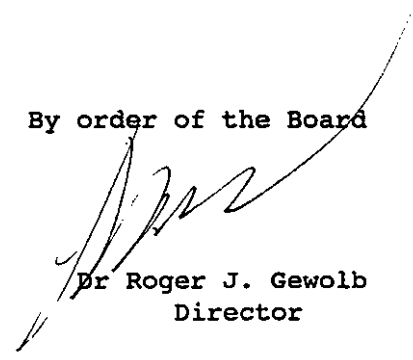
AUDITORS

A resolution to reappoint Hacker Young will be proposed at the Annual General Meeting.

Registered office:

8 Coldbath Square
London
EC1R 5HL

By order of the Board



Dr Roger J. Gewolb
Director

29 April 1998

BRITISH CREDIT TRUST HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

31 MARCH 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
Interest receivable	1(c)	454,257	521,988
Interest payable and similar charges	2	(61,992)	(6,190)
		<hr/>	<hr/>
Net interest income		392,265	515,798
Other operating income		108,000	23,343
Operating expenses (net)	4	(234,869)	(588,572)
		<hr/>	<hr/>
Operating profit		265,396	(49,431)
Profit on disposal of subsidiaries	5	661,788	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	6	927,184	(49,431)
Tax on profit on ordinary activities	8	-	(284,215)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation	21	£ 927,184 =====	£ (333,646) =====

The results for the period are derived from continuing operations.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 7 to 19 form an integral part of these financial statements.

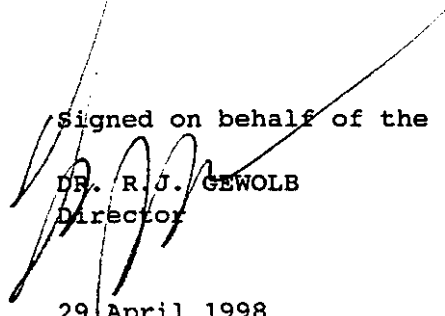
BRITISH CREDIT TRUST HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

31 MARCH 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS			
Tangible assets	10	80,578	76,253
CURRENT ASSETS			
Debtors - due within one year	12	280,743	236,364
Debtors - due after one year	12	455,643	-
Other debtors	13	16,098	257,021
Deferred tax asset - due within one year	14	-	166,000
Deferred tax asset - due after one year	14	-	505,138
Bank balances and cash	15	965,010	20,257,488
		<hr/>	<hr/>
		1,717,494	21,422,011
CREDITORS: Amounts falling due within one year	16	1,001,770	19,600,294
		<hr/>	<hr/>
NET CURRENT ASSETS		715,724	1,821,717
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		796,302	1,897,970
CREDITORS: Amounts falling due after more than one year	17	(9,832)	(24,029)
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES	18	-	(2,976,043)
		<hr/>	<hr/>
		£ 786,470	£(1,102,102)
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Profit and loss account	21	786,370	(140,814)
Goodwill reserve	21	-	(961,388)
		<hr/>	<hr/>
		£ 786,470	£(1,102,102)
		=====	=====

Signed on behalf of the board by:



DR. R. J. GEWOLB
Director

29 April 1998

The notes on pages 7 to 19 form an integral part of these financial statements.

BRITISH CREDIT TRUST HOLDINGS LIMITED

BALANCE SHEET

31 MARCH 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS			
Tangible assets	10	79,326	16,219
Investments	11	130,104	130,200
		<hr/>	<hr/>
		209,430	146,419
		<hr/>	<hr/>
CURRENT ASSETS			
Other debtors	13	49,831	165,542
Bank balances and cash		908,859	631,931
		<hr/>	<hr/>
		958,690	797,473
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	16	(518,105)	(296,850)
		<hr/>	<hr/>
NET CURRENT ASSETS		440,585	500,623
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		650,015	647,042
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	17	(9,832)	-
		<hr/>	<hr/>
		£ 640,183	£ 647,042
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Profit and loss account	21	640,083	646,942
		<hr/>	<hr/>
		£ 640,183	£ 647,042
		=====	=====

Signed on behalf of the board by:

DR. R.J. GEWOLB
Director

29 April 1998

The notes on pages 7 to 19 form an integral part of these financial statements.

BRITISH CREDIT TRUST HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

31 MARCH 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
NET CASH (OUTFLOW)			
FROM OPERATING			
ACTIVITIES	25	(108,851)	(121,936)
RETURNS ON INVESTMENT AND			
SERVICING OF FINANCE			
Interest paid		(61,992)	(6,190)
		<hr/>	<hr/>
		(170,843)	(128,126)
TAXATION			
Taxation (paid)		-	(49,444)
		<hr/>	<hr/>
		(170,843)	(177,570)
CAPITAL EXPENDITURE AND			
FINANCIAL INVESTMENT			
Purchase of tangible			
fixed assets	(43,807)		(26,514)
Sale of fixed assets	5,850		-
	<hr/>	<hr/>	<hr/>
		(37,957)	(26,514)
ACQUISITIONS AND DISPOSALS			
Disposal of subsidiary			
undertakings	26	1	-
Net cash disposed with			
subsidiary undertakings	(19,942)		-
	<hr/>	<hr/>	<hr/>
		(19,941)	-
FINANCING			
Repayment of secured			
loan	(19,065,676)		-
Capital element of			
finance leases paid	(42,468)		(11,823)
	<hr/>	<hr/>	<hr/>
		(19,108,144)	(11,823)
DECREASE IN CASH			
IN THE PERIOD	27	£ (19,336,885)	£ (215,907)
		=====	=====

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

(a) Accounting Convention

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

(b) Basis of Consolidation

The financial statements incorporate the results of the company and all of its subsidiaries. The results of subsidiary undertakings are included from their effective dates of acquisition.

(c) Income Recognition

(i) Instalment Finance

Charges made for instalment finance and commissions payable to dealers are brought into revenue using the sum of the digits method.

(ii) Credit Insurance

Credit insurance commission income is recognised in full at the inception of an agreement if an advance for the full premium is granted to the customer. Where an advance for the full premium is not granted at the inception of the agreement, the customer pays monthly premiums and commission income is spread evenly over the life of the agreement.

(iii) Leasing Income

Leasing income is credited to profit and loss account using an investment period method which apportions income in relation to funds invested.

(d) Deferred Taxation

Deferred taxation is provided to take account of timing differences which arise from the treatment of items for accounting purposes and their treatment for taxation purposes, to the extent that it is likely that an asset or liability to taxation will arise in the foreseeable future.

(e) Depreciation

Depreciation is calculated to write off the cost of fixed assets over the estimated useful lives on a straight line basis using the following annual rates:

Computers & equipment	20%
Furniture, fixtures and fittings	10%
Motor vehicles	25%

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

(e) Depreciation (Cont'd)

Improvements to leasehold premises are amortised over the period of the lease.

Assets which have no further value to the business are written off.

(f) Goodwill

Goodwill, representing the excess consideration paid on the purchase of a business over the fair values of the separable underlying assets and liabilities, is written off immediately to reserves.

2. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1997</u> £	<u>1996</u> £
On borrowings repayable within 5 years:		
Bank loans and overdrafts	-	52
Finance leases and hire purchase obligations	4,939	6,138
Other interest payable	57,053	-
	<hr/>	<hr/>
	£ 61,992	£ 6,190
	=====	=====

3. STAFF COSTS

	<u>1997</u> £	<u>1996</u> £
The average number of employees of the group during the period was 9 (1996: 12), all of whom were involved in administration.		
The costs incurred in respect of those employees were:		
Salaries	166,647	233,081
Social security costs	15,560	24,272
	<hr/>	<hr/>
	£ 182,207	£ 257,353
	=====	=====

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

4. OPERATING EXPENSES (NET)

	<u>1997</u> £	<u>1996</u> £
Administrative expenses	1,017,799	1,308,137
Recovery of bad debts and release of general bad debt provisions	(782,930)	(719,565)
	<hr/>	<hr/>
	£ 234,869	£ 588,572
	=====	=====

5. PROFIT ON DISPOSAL OF SUBSIDIARIES

	£
Profit on disposal (note 26)	1,623,176
Goodwill previously written off to reserves	(961,388)
	<hr/>
	£ 661,788
	=====

During the year the group disposed of Demelt Group Limited.

The contribution to the consolidated profit and loss account by the disposed sub-group was minimal due to the transfer at book value of the above trading assets and liabilities from those subsidiaries to British Credit Trust Finance Limited, a company forming part of these group accounts, on 1 April 1996.

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Group:	<u>1997</u> £	<u>1996</u> £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	35,765	27,168
Auditors' remuneration - audit services	5,000	20,000
Operating lease rentals - leasehold property (net of sub-let income)	-	87,959
Costs of surplus properties during the period	-	210,957
Utilisation of provision for cost of surplus properties during the period	-	(210,957)
Loss on disposal of fixed assets	9,336	1,000
	=====	=====
Company:		
Auditors' remuneration - audit services	1,000	10,000
	=====	=====

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

7. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments directly during the period. Payments amounting to £223,984 (1996: £200,250) were made to companies in which the directors either have interests or for which they have carried out professional services, in respect of the provision of their management services. The services of the chairman accounted for £181,036 (1996: £160,000) of this total, and payment in respect of the services of both other directors fell within the range £20,001 - £25,000 (as also for 1996).

	<u>1997</u>	<u>1996</u>
	£	£
8. TAXATION		
Corporation tax at current rates	-	(117,000)
Deferred taxation on timing differences in the period	-	401,215
	<hr/>	<hr/>
	£ -	£ 284,215
	=====	=====

9. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the year amounted to £6,859 (1996: loss of £22,622).

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

10. TANGIBLE FIXED ASSETS

	Short leasehold		Motor	
	<u>Premises</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
The Group:	£	£	£	£
Cost				
At 1 April 1996	51,000	172,514	85,534	309,048
Additions	-	12,952	42,324	55,276
Disposals	(51,000)	(152,034)	(32,734)	(235,768)
At 31 March 1997	-	33,432	95,124	128,556
Depreciation				
At 1 April 1996	51,000	150,720	31,075	232,795
Charge for the period	-	13,544	22,221	35,765
Disposals	(51,000)	(156,400)	(13,182)	(220,582)
At 31 March 1997	-	7,864	40,114	47,978
Net book value				
At 31 March 1997	£ -	£25,568	£55,010	£80,578
	=====	=====	=====	=====
At 31 March 1996	£ -	£21,794	£54,459	£76,253
	=====	=====	=====	=====

Included within motor vehicles are assets held under hire purchase agreements with an original cost of £21,470 and a net book value of £16,549.

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

10. TANGIBLE FIXED ASSETS (continued)

The Company:	Motor Vehicles £	Computers £	Office Equipment £	Total £
Cost				
At 1 April 1996	-	5,389	13,132	18,521
Additions	42,324	3,117	9,835	55,276
Transfers in	70,800	-	-	70,800
Disposals	(18,000)	-	-	(18,000)
At 31 March 1997	95,124	8,506	22,967	126,597
Depreciation				
At 1 April 1996	-	591	1,711	2,302
Charge for the year	22,221	1,649	3,206	27,076
On transfers in	25,768	-	-	25,768
On disposals	(7,875)	-	-	(7,875)
At 31 March 1997	40,114	2,240	4,917	47,271
Net book value				
At 31 March 1997	£ 55,010	£ 6,266	£ 18,050	£ 79,326
At 31 March 1996	£ -	£ 4,798	£ 11,421	£ 16,219

Included within motor vehicles are assets held under hire purchase agreements with an original cost of £21,470 and a net book value of £16,549.

11. INVESTMENTS

Shares in subsidiary
undertakings

	£
At 1 April 1996	130,200
Disposals	(96)
At 31 March 1997	£ 130,104

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

A summary of the principal subsidiary undertakings is set out below:

	<u>Nature of business</u>
British Credit Trust Finance Limited	Consumer credit finance and service provider
Belldial Limited	Leasing
British Credit Trust Collections Limited	Consultancy
British Credit Trust Management Limited (formerly Blue Lion Credit Limited)	Non-trading
British Credit Trust Asset Finance Limited	Instalment credit broking
British Credit Trust Limited (formerly Sinord 92 Limited)	Non-trading
British Credit Trust Commercial Mortgages Limited	Non-trading
Cross-Border Leasing Limited	Non-trading

All of the above are wholly owned subsidiaries and are registered in England and Wales. Their entire issued share capitals are in the form of Ordinary Shares of £1 each.

12. DEBTORS

The Group:	<u>1997</u> £	<u>1996</u> £
Trade debtors:		
Gross receivable	1,788,732	2,024,429
Less provisions for bad debts	(1,052,346)	(1,787,069)
	<hr/>	<hr/>
Net receivable	£ 736,386	£ 236,364
	=====	=====
Net receivable due within one year	280,743	236,364
Net receivable due after more than one year	455,643	-
	<hr/>	<hr/>
	£ 736,386	£ 236,364
	=====	=====

13. OTHER DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1997</u> £	<u>1996</u> £	<u>1997</u> £	<u>1996</u> £
Amounts due from group undertakings	-	-	33,864	154,570
Prepayments and accrued income	8,019	212,020	8,019	8,405
Other debtors	8,079	45,001	7,948	2,567
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 16,098	£ 257,021	£ 49,831	£ 165,542
	=====	=====	=====	=====

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

14. DEFERRED TAXATION

The Group:

The movements in the deferred tax asset during the period are analysed below.

		<u>Not recognised</u>	
		General	Provision for
		Bad Debt	Contingent
		Provision	Property
	<u>Recognised</u>	<u>Provision</u>	<u>Liabilities</u>
	£	£	£
At 1 April 1996	671,138	56,100	982,500
Movement in the year	(671,138)	(56,100)	(982,500)
	<hr/>	<hr/>	<hr/>
At 31 March 1997	£ -	£ -	£ -
	=====	=====	=====

15. BANK BALANCES AND CASH

The Group:

	<u>1997</u>	<u>1996</u>
	£	£
Cash on deposit	965,010	1,191,812
Cash held as security for bank loan	-	19,065,676
	<hr/>	<hr/>
	£ 965,010	£20,257,488
	=====	=====

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

16. CREDITORS - Amounts falling due within one year

	Group		Company	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Bank overdrafts	44,407	-	30,674	-
Bank loan (secured - see note 15)	-	19,065,676	-	-
Trade creditors	191,364	-	16,751	-
Obligations under finance leases and hire purchase agreements	862	17,664	862	-
Other creditors	693,490	115,270	-	70
Taxation and social security	16,806	74,442	-	-
Amounts due to group undertakings	-	-	463,996	289,762
Accruals and deferred income	54,841	327,242	5,822	7,018
	<u>£1,001,770</u>	<u>£19,600,294</u>	<u>£ 518,105</u>	<u>£ 296,850</u>

17. CREDITORS: Amounts falling due after more than one year

The Group:	<u>1997</u>	<u>1996</u>
Trade creditors - obligations under finance leases and hire purchase agreements	£ 9,832	£ 24,029

The Company:

Trade creditors - obligations under finance leases and hire purchase agreements	£ 9,832	£ -
--	---------	-----

18. PROVISIONS FOR LIABILITIES AND CHARGES

The Group:

	£
At 1 April 1996	2,976,043
Disposal of subsidiary undertaking containing the provision	(2,976,043)
At 31 March 1997	£ -

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

19. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

The group's and company's liability for future rentals under finance leases and hire purchase agreements amounts to £12,409 and after deducting future finance charges this amounts to £10,694 which is analysed in notes 16 and 17.

20. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
The Company:		
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
30,000 Redeemable preference shares of £1 each	30,000	30,000
	£ 31,000	£ 31,000
	=====	=====
Issued and fully paid:		
100 Ordinary shares of £1 each	£ 100	£ 100
	=====	=====

21. MOVEMENTS IN SHAREHOLDERS' FUNDS

The Group:	<u>Share Capital</u>	<u>Profit and loss account</u>	<u>Goodwill reserve</u>	<u>Shareholders' funds</u>
	£	£	£	£
Profit for the year	-	927,184	-	927,184
Movement in the year	-	-	961,388	961,388
Net additions to shareholders' funds	-	927,184	961,388	1,888,572
Opening shareholders' funds	100	(140,814)	(961,388)	(1,102,102)
Closing shareholders' funds	£ 100	£ 786,370	£ -	£ 786,470
	=====	=====	=====	=====
		<u>Share Capital</u>	<u>Profit and loss account</u>	<u>Shareholders' funds</u>
		£	£	£
The Company:				
Loss for the year		-	(6,869)	(6,859)
Additions to shareholders' funds		-	(6,859)	(6,859)
Opening shareholders' funds		100	646,942	647,042
Closing shareholders' funds	£	100	£ 640,083	£ 640,183
	=====	=====	=====	=====

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

22. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

- a) The following directors of the company have material interests in it by virtue of their shareholdings as follows:

	Number of ordinary <u>£1 shares</u>	Percentage of <u>share capital</u>
R.J. Gewolb	80	80%
M.B.A. Lorimer (non-beneficial)	10	10%
A.C. Surtees	10	10%
	<hr/>	<hr/>
	100	100%
	<hr/>	<hr/>

- b) During the year the group paid £115,000 for management charges in respect of staff costs and office accommodation, and received £108,000 in management income in respect of recharges of director/management costs, on normal commercial terms with companies in which the directors hold interests.

In consideration of the transfer of a portfolio of trading assets and liabilities to the group from a company which was a member of the group as at the date of the transfer, and is still under common ultimate ownership and control but had been disposed of by the group as at 31 March 1997 (note 5), a promissory note for the book value of the net assets, namely £737,500, was issued, payable with interest by instalments over 5 years.

In September 1997 the transferor accepted an offer of discounted early settlement of the outstanding balance on the above mentioned promissory note. The directors anticipate that this will give rise to a gain of approximately £300,000 which will be recognised in the accounts for the year ending 31 March 1998.

23. CAPITAL COMMITMENTS

There were no capital commitments authorised by the directors but not contracted for, or contracted for but not provided for in the accounts at 31 March 1997.

24. OPERATING LEASE COMMITMENTS

	<u>1997</u> £	<u>1996</u> £
At 31 March 1997 the group was committed to making the following payments during the next year in respect of operating leases:		
Leasehold property, leases expiring:		
Within one year	-	-
Between one and five years	-	42,000
After five years	-	499,000
	<hr/>	<hr/>

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

25. NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES

	<u>1997</u> £	<u>1996</u> £
Operating profit/(loss)	265,396	(49,431)
Depreciation	35,765	27,795
Loss on sale of fixed assets	9,336	1,000
Interest payable and similar charges	61,992	6,190
Release of provisions	-	(210,957)
(Increase)/decrease in debtors	(500,022)	672,218
Decrease/(increase) in other debtors	240,923	(84,669)
Increase/(decrease) in creditors	439,547	(484,082)
Non cash movement, being profit on disposal of subsidiary (note 5)	(661,788)	-
	<hr/>	<hr/>
	£ (108,851)	£ (121,936)
	=====	=====

26. DISPOSAL OF SUBSIDIARY UNDERTAKINGS

	£
Net liabilities disposed of	(1,623,175)
Profit on disposal	1,623,176
	<hr/>
	£ 1
	=====
Satisfied by	
Cash	£ 1
	=====

The subsidiaries sold during the year contributed an immaterial amount to the profit of the group.

BRITISH CREDIT TRUST HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1997

(CONTINUED)

27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£
Decrease in cash in the period	(19,336,885)
Cash flow from decrease in debt and lease financing	19,108,144
	<hr/>
Change in net debt resulting from cash flows	(228,741)
New finance leases	(11,469)
	<hr/>
Movement in net debt in the period	(240,210)
Net cash at 1 April 1996	1,150,119
	<hr/>
Net cash at 31 March 1997	£ 909,909 =====

28. ANALYSIS OF NET DEBT

	At 1 April 1996 £	Cash Flow £	Other non cash changes £	At 31 December 1997 £
Cash in hand	20,257,488	(19,292,478)	-	965,010
Overdrafts	-	(44,407)	-	(44,407)
	<hr/>	<hr/>	<hr/>	<hr/>
	20,257,488	(19,336,885)	-	920,603
Debt due within one year:				
Bank loan				
(unsecured)	(19,065,676)	19,065,676	-	-
Finance leases	(41,693)	42,468	(11,469)	(10,694)
	<hr/>	<hr/>	<hr/>	<hr/>
	£1,150,119	£ (228,741)	£ (11,469)	£ 909,909
	=====	=====	=====	=====

During the year the group entered into finance leases in respect of assets with a total capital value at inception of the leases at £11,469.