

**PREMIUM SELECT MARKETING
CORPORATION LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999



PREMIUM SELECT MARKETING CORPORATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

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PREMIUM SELECT MARKETING CORPORATION LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year to 31st December 1999.

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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. The directors 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.

Activity

The principal activity of the Company was acting as an intermediary between the lender and insurance brokers for financing insurance premiums.

During the year the Company disposed of its business and certain assets to Amber Credit Limited. Thereafter the Company has ceased to trade.

Dividend

The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who served during the year were as follows:

A Stein
N G Candeland

None of the Directors had a beneficial interest in the share capital of the Company.

The interests of the Directors in the share capital of the United Kingdom holding company, CFS Group Plc, are set out in the directors' report of that company.

PREMIUM SELECT MARKETING CORPORATION LIMITED

DIRECTORS' REPORT (continued)

Year 2000

A centrally managed and co-ordinated programme was undertaken to address the impact on the business of the Year 2000 and this was completed before the end of 1999. All computer systems, telecommunication and other technical systems were assessed. The incremental cost of this programme was not material.

Subsequent to this review, it appears that the Company's systems and processes are Year 2000 compliant, and the directors anticipate that this will continue to be the case.

Auditors

A resolution to reappoint Baker Tilly, Chartered Accountants, auditors of the company, will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'T J Ikel', with a horizontal line drawn underneath it.

T J Ikel
Secretary

25 September 2000

Registered Office: CFS House
Intec Business Estate
Wade Road
Basingstoke
Hampshire
RG24 8NE.

PREMIUM SELECT MARKETING CORPORATION LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the 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.

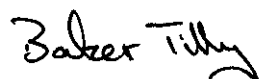
Basis of opinion

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 company's circumstances, are consistently applied and are 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 as at 31st December 1999 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Chartered Accountants
and Registered Auditors

The Clock House
140 London Road
Guildford
Surrey GU1 1UW

4 October 2000

PREMIUM SELECT MARKETING CORPORATION LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1999**

	Notes	1999 £	1998 £
Turnover		248,826	961,672
Cost of sales		(115,923)	(243,163)
		<hr/>	<hr/>
Gross profit		132,903	718,509
Administrative expenses		(90,714)	(320,419)
		<hr/>	<hr/>
Operating profit	2	42,189	398,090
Loss on disposal of discontinued operations		(103,816)	-
Other interest receivable and similar income		1,145	3,403
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(60,482)	401,493
Tax on (loss)/profit on ordinary activities	4	(8,307)	(41,288)
		<hr/>	<hr/>
(Loss)/profit for the financial year	11	£ (68,789)	£ 360,205
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than the profit for the financial year.

All amounts derive from discontinued operations.

PREMIUM SELECT MARKETING CORPORATION LIMITED


BALANCE SHEET

AT 31ST DECEMBER 1999

	Notes	1999		1998	
		£	£	£	£
Fixed assets					
Intangible assets	5	-	-	855,000	
Tangible assets	6	-	-	13,251	
					868,251
Current assets					
Debtors	7	1,314,305		567,707	
Cash at bank and in hand	8	133,177		109,644	
		1,447,482		677,351	
Creditors: Amounts falling due within one year	9	(256,066)		(285,397)	
Net current assets			1,191,416		391,954
Net assets		£ 1,191,416		£ 1,260,205	
Capital and reserves					
Called up share capital	10	1,000		1,000	
Share premium account	11	899,000		899,000	
Profit and loss account	11	291,416		360,205	
Shareholders' funds	11	£ 1,191,416		£ 1,260,205	

Approved by the Board on 25 September 2000 and signed on its behalf by


A Stein
Director


N G Candeland
Director

PREMIUM SELECT MARKETING CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

1. Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Goodwill

Purchased goodwill was amortised over its expected economic life of 20 years. Amortisation commenced on 1st January 1998.

Tangible fixed assets

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, at the following annual rates:-

Plant and equipment 10 - 33%

Turnover

Turnover represents amounts earned by the company in respect of services rendered during the period.

2. Operating profit

	1999	1998
	£	£
This is stated after charging:		
Auditors' remuneration	3,046	6,000
Amortisation of goodwill	-	45,000
Depreciation of fixed assets	2,435	4,295
	<hr/>	<hr/>

PREMIUM SELECT MARKETING CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1999

3. Employees and directors

	1999 £	1998 £
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Staff costs including executive directors during the year amounted to:-

Wages and salaries	38,125	64,139
Social security costs	4,047	6,391
Pension costs	1,046	-

	<u>£ 43,218</u>	<u>£ 70,530</u>
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	1999	1998
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The average monthly number of employees during the year was:-

Office and management	<u>3</u>	<u>2</u>
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4. Taxation

	1999 £	1998 £
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The taxation charge which is based on the results of the year is made up as follows:-

Prior year (over provision)/under provision	(29,226)	11,746
Corporation tax - current year	37,533	29,542

	<u>£ 8,307</u>	<u>£ 41,288</u>
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PREMIUM SELECT MARKETING CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1999

5. Intangible fixed assets

	Purchased goodwill £
Cost:	
At 1 January 1999	900,000
Disposals	(900,000)
	<hr/>
At 31 December 1999	-
	<hr/>
Amortisation:	
At 1 January 1999	45,000
Disposals	(45,000)
	<hr/>
At 31 December 1999	-
	<hr/>
Net book value:	
31 December 1999	£ -
	<hr/> <hr/>
31 December 1998	£ 855,000
	<hr/> <hr/>

6. Fixed assets

	Plant and equipment
Cost:	
At 1 January 1999	17,546
Disposals	(17,546)
	<hr/>
At 31 December 1999	-
	<hr/>
Depreciation:	
At 1 January 1999	4,295
Charge for the year	2,435
Released on disposals	(6,730)
	<hr/>
At 31 December 1999	-
	<hr/>
Net book value:	
31 December 1999	£ -
	<hr/> <hr/>
31 December 1998	£ 13,251
	<hr/> <hr/>

PREMIUM SELECT MARKETING CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1999

7. Debtors	1999	1998
	£	£
Amounts falling due within one year:		
Trade debtors	-	41,522
Amounts owed by group undertakings	1,152,507	390,507
Other debtors	161,798	131,683
Prepayments	-	3,995
	£ 1,314,305	£ 567,707

8. Cash at bank and in hand

As part of the arrangement with the finance provider, the company has guaranteed to meet part of any bad debts that arise from the provision of credit facilities to retail customers. Cash at bank includes restricted funds of £Nil (1998: £75,989) which are held to secure payment of any amounts that may become payable in relation to such bad debts.

9. Creditors: Amounts falling due within one year	1999	1998
	£	£
Trade creditors	-	34,818
Corporation tax	37,533	29,542
Other taxation and social security costs	-	3,247
Other creditors	214,433	211,790
Accruals	4,100	6,000
	£ 256,066	£ 285,397

10. Share capital	1999	1998
	£	£
Authorised, allotted, issued and fully paid:		
500 'A' ordinary shares of £1 each	500	500
500 'B' ordinary shares of £1 each	500	500
	£ 1,000	£ 1,000

The A and B shares carry identical rights.

PREMIUM SELECT MARKETING CORPORATION LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 1999

11. Reserves and reconciliation of movements in shareholders' funds

	Share Capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
Opening shareholders' funds	1,000	899,000	360,205	1,260,205
Loss for the financial year	-	-	(68,789)	(68,789)
Closing shareholders' funds	£ 1,000	£ 899,000	£ 291,416	£ 1,191,416

12. Contingent liabilities

i Bad debt guarantees

As part of the arrangement with the finance provider, the Company has guaranteed to meet part of any bad debts that arise from the provision of credit facilities to retail customers. The potential liability under this guarantee cannot be quantified.

ii Loan guarantees

The company is party to cross-guarantees given to secure the borrowings of other group companies. These obligations are secured by a fixed and floating charge over the Company's assets and undertakings. At 31 December 1999 the total value of the group loans subject to these cross-guarantees amounted to £1,684,500.

13. Related party transactions

The Company is exempt from disclosing intra-group related party transactions under Financial Reporting Standard 8 by the virtue of it being a wholly owned subsidiary undertaking of CFS Group Plc, for which group accounts are prepared.

14. Parent company and controlling party

The Company's holding company and controlling party is CFS Group Plc, a publicly listed UK company.

This parent undertaking is the holding company of both the largest and smallest group for which group accounts are prepared and of which the Company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ or from the Company Secretary at CFS House, Unit 7, Intec 2, Wade Road, Basingstoke RG24 8NE.