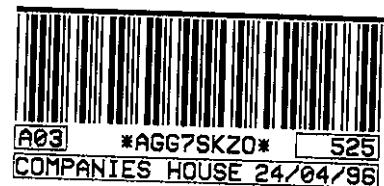


SURREY ASSET FINANCE LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 1995



CLARKSON HYDE
Chartered Accountants

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Director

B Bannayi

Reporting accountants

Clarkson Hyde
137-143 High Street
Sutton
Surrey
SM1 1JH

Bankers

Midland Bank plc
38 High Street
Dartford
Kent
DA1 1DG

The director submits his annual report together with the financial statements of the company for the 18 months ended 30 June 1995.

PRINCIPAL ACTIVITY

The principal activity of the company during the period continued to be that of leasing and financing of plant, equipment and vehicles.

DIRECTOR AND HIS INTERESTS

The director of the company during the period under review and his beneficial interest in the share capital of the company was as follows:

	Ordinary shares of £1 each	
	30 June 1995	31 December 1993
B Bannayi	108	8
D J Dine (resigned 1 January 1994)	-	-

DIRECTOR'S RESPONSIBILITIES

Company law requires that I 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.

I am responsible for:

- a) preparing these financial statements, and in my opinion, I have:
 - (i) selected suitable accounting policies and applied them consistently;
 - (ii) made judgements and estimates which I consider to be reasonable and prudent;
 - (iii) followed applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
 - (iv) used the going concern basis.
- b) keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985.
- c) safeguarding the assets of the company and for taking reasonable steps for the prevention of fraud and other irregularities.

REPORTING ACCOUNTANTS

Clarkson Hyde were appointed as reporting accountants on 25 September 1995 and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

This report has been prepared taking advantage of special exemptions applicable to small companies under Part II of Schedule 8 to the Companies Act 1985.

BY ORDER OF THE BOARD



S Bannayi
Secretary
10 April 1996

To the members of Surrey Asset Finance Limited:

We have examined, without carrying out an audit, the accounts for the period ended 30 June 1995 set out on pages 3 to 8.

Respective responsibilities of director and reporting accountants

As described on page 1, the company's director is responsible for the preparation of the accounts, and he believes that the company is exempt from an audit. It is our responsibility to examine the accounts and, based on our examination, to report our opinion, as set out below, to the shareholders.

Basis of opinion

We conducted our examination in accordance with the appropriate standards for reporting accountants issued by the Auditing Practices Board. This examination consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the company's officers as we considered necessary for the purposes of this report.

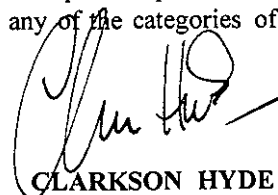
The examination was not an audit conducted in accordance with Auditing Standards. Accordingly, we do not express an audit opinion on the accounts. Therefore, our examination does not provide any assurance that the accounting records and the accounts are free from material mis-statement.

Opinion

In our opinion:

- a) the accounts are in agreement with those accounting records kept by the company under Section 221 of the Companies Act 1985.
- b) having regard only to, and on the basis of, the information contained in those accounting records, the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act,
- c) having regard only to, and on the basis of, the information contained in those accounting records the company satisfied the conditions for exemption from an audit of the accounts for the period specified in Section 249A(4) of the Act and did not, at any time within the period fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1)(a) to (f).

137-143 High Street
Sutton
Surrey
SM1 1JH


CLARKSON HYDE
Chartered Accountants
10 April 1996

	Note	18 months ended 30/6/1995	16 months ended 31/12/1993
TURNOVER		240,302	357,674
Cost of sales		<u>33,818</u>	<u>175,208</u>
GROSS PROFIT		206,484	182,466
Operating costs	2	<u>92,398</u>	<u>123,420</u>
OPERATING PROFIT	3	114,086	59,046
Other income		<u>533</u>	<u>232</u>
		114,619	59,278
Interest payable and similar charges	4	<u>11,038</u>	<u>3,072</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		103,581	56,206
Taxation		<u>18,903</u>	<u>12,392</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		84,678	43,814
Dividends		<u>83,200</u>	<u>31,500</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD	10	£ <u>1,478</u>	£ <u>12,314</u>

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

	Note	30 June 1995	31 December 1993
FIXED ASSETS			
Tangible assets	5	57,056	56,332
Investments	6	<u>1,000</u>	<u>-</u>
		58,056	56,332
CURRENT ASSETS			
Debtors	7	39,003	59,176
Cash at bank and in hand		<u>5,890</u>	<u>3,782</u>
		44,893	62,958
CREDITORS - amounts falling due within one year	8(a)	<u>48,399</u>	<u>32,954</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,506)</u>	<u>30,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		54,550	86,336
CREDITORS - amounts falling due after more than one year	8(b)	<u>40,648</u>	<u>73,912</u>
		<u>£13,902</u>	<u>£12,424</u>
CAPITAL AND RESERVES			
Called up share capital	9	110	110
Profit and loss account	10	<u>13,792</u>	<u>12,314</u>
		<u>£13,902</u>	<u>£12,424</u>

In the opinion of the director, the company is entitled for the period ended 30 June 1995 to the exemption conferred in Section 249A(2) of the Companies Act 1985 not to present audited financial statements.

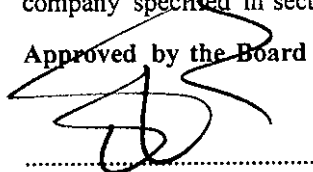
The director confirms that no notice has been deposited under Section 249B(2) in relation to the company's financial statements for the period ended 30 June 1995.

The director acknowledges his responsibility for:

- (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985.
- (ii) preparing financial statements which give a true and fair view of the state of the affairs of the company as at 30 June 1995 and of its profit for the period then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to financial statements so far as applicable to the company.

Advantage has been taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part 1 of Schedule 8 of the Companies Act 1985. In the opinion of the director, the company is entitled to those exemptions on the grounds that it has met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

Approved by the Board on 10 April 1996



B Bannayi

1. ACCOUNTING POLICIES

(a) Accounting basis

The financial statements are prepared on the historical cost basis. In accordance with Financial Reporting Standard 1, the company has taken advantage of the small company exemption in not preparing a cash flow statement.

(b) Turnover

Turnover comprises agency fees, lease charges and interest calculated on a sum of the digits basis, and sales of machinery.

(c) Depreciation

Depreciation is provided so as to write off the cost of the fixed assets over their estimated useful lives, employing the following rates and methods:

Category	Rate	Method
Fixtures, fittings and equipment	25%	Straight line
Motor vehicles	25%	Straight line

(d) Hire purchase interest

Hire purchase interest has been allocated to the accounting periods using the sum of the digits method.

(e) Deferred taxation

Deferred taxation is calculated under the liability method for all material timing differences arising between profits as computed for taxation purposes and profits as stated in the accounts. No provision is made when it is considered that no liability is likely to arise in the foreseeable future.

2. OPERATING COSTS

	18 months ended 30 June 1995	16 months ended 31 December 1993
Selling and distribution costs	21,337	14,150
Administrative expenses	<u>71,061</u>	<u>109,270</u>
	<u>£92,398</u>	<u>£123,420</u>

	18 months ended 30 June 1995	16 months ended 31 December 1993	
3. OPERATING PROFIT			
Operating profit is stated after charging/(crediting):			
Depreciation of owned tangible fixed assets	187	166	
Depreciation of tangible fixed assets held under hire purchase contracts	12,339	28,000	
(Profit)/loss on disposal of fixed assets	(11,000)	2,447	
Director's remuneration	9,034	37,612	
Auditors' remuneration	<u>-</u>	<u>500</u>	
4. INTEREST PAYABLE AND SIMILAR CHARGES			
Hire purchase interest	<u>£11,038</u>	<u>£ 3,072</u>	
	Motor vehicles	Fixtures and fittings	Total
5. TANGIBLE FIXED ASSETS			
COST			
At 1 January 1994	84,000	498	84,498
Additions	69,250	-	69,250
Disposals	(84,000)	-	(84,000)
At 30 June 1995	<u>69,250</u>	<u>498</u>	<u>69,748</u>
DEPRECIATION			
At 1 January 1994	28,000	166	28,166
Charge for the period	12,339	187	12,526
Eliminated on disposal	(28,000)	-	(28,000)
At 30 June 1995	<u>12,339</u>	<u>353</u>	<u>12,692</u>
NET BOOK VALUE			
At 30 June 1995	<u>£56,911</u>	<u>£ 145</u>	<u>£57,056</u>
At 31 December 1993	<u>£56,000</u>	<u>£ 332</u>	<u>£56,332</u>

The net book value of motor vehicles includes £49,411 (1993: £56,000) in respect of assets held under hire purchase contracts.

6. **INVESTMENTS** Unquoted
investments

COST

Additions during the period and as at 30 June 1995 £1,000

7. DEBTORS	30 June 1995	31 December 1993
Trade debtors	33,549	58,593
Prepayments	87	63
Other debtors	<u>5,367</u>	<u>520</u>
	<u>£39,003</u>	<u>£59,176</u>

Trade debtors includes an amount of **£8,556** (1993: £34,788) in respect of amounts due after more than one year.

8.(a) **CREDITORS - amounts falling due within one year**

Trade creditors	155	308
Accruals	2,886	3,800
Other creditors	<u>45,358</u>	<u>28,846</u>
	<u>£48,399</u>	<u>£32,954</u>

(b) **CREDITORS - amounts falling due after more than one year**

Other creditors	<u>£40,648</u>	<u>£73,912</u>
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9. **CALLED UP SHARE CAPITAL**

Authorised:

100,000 ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>
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Called up, allotted and fully paid

110 ordinary shares of £1 each	<u>£110</u>	<u>£110</u>
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10. **PROFIT AND LOSS ACCOUNT**

At 1 January 1994	12,314	-
Retained profit for the period	<u>1,478</u>	<u>12,314</u>
At 30 June 1995	<u>£13,792</u>	<u>£12,314</u>

11. RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' FUNDS

There were no movements in shareholders' funds during the period other than in the profit and loss account, as shown in note 10.

12. ULTIMATE HOLDING COMPANY

At 1 January 1994 Surrey Asset Holdings Limited, a company registered in England, held 90.9% of the issued share capital of Surrey Asset Finance Limited. On 14 June 1994 Surrey Asset Holdings Limited transferred its holding to B Bannayi, the director. Surrey Asset Holdings Limited was dissolved on 7 February 1995.