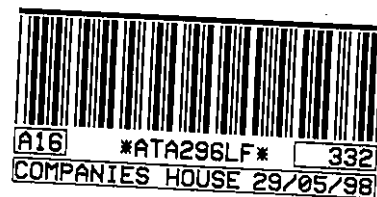


FINANCE U LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

(Company Number : 2167930)



BARTONS LIMITED
CHARTERED ACCOUNTANTS

FINANCE U LIMITED

YEAR ENDED 31 DECEMBER 1997

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The page which follows is for the information of the directors only and will not be filed with the Registrar of Companies

Detailed Trading and Profit and Loss Account	11
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FINANCE U LIMITEDOFFICERS AND PROFESSIONAL ADVISERSYEAR ENDED 31 DECEMBER 1997

Directors

G.A. Humphries
Mrs. A.E. Humphries

Secretary

G.A. Humphries

Registered Office

18 The Paddocks
Penarth
CF6 2BW

Auditors

Bartons Limited
Chartered Accountants and
Registered Auditor
Lermon Court
Fairway House
Links Business Park
St. Mellons
Cardiff CF3 0LT

Bankers

Barclays Bank Plc.
Cathedral Road Business Centre
Cardiff

Solicitors

Howard Palser Grossman Hermer
The Bonded Warehouse
Atlantic Wharf
Cardiff Bay
CF1 5HD

FINANCE U LIMITEDDIRECTORS REPORT

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

1. ACTIVITIES

The principal activity of the company is the provision of finance to members of the general public.

2. REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are pleased with the results achieved by the company for the year under review and are confident of the company's continued profitability in future periods.

3. RESULTS, DIVIDENDS AND SEGMENTAL INFORMATION

The retained profit of £109,880 has been transferred to reserves (1996 : £82,745). The results for the year are shown in the profit and loss account on page 4. The directors recommend that no dividend be paid for the year (1996 - £Nil).

4. DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. The directors interests, as defined by the Companies Act 1985, in the shares of the company at 1 January 1997 and at 31 December 1997 were as follows:

1 January 1997 and 31 December 1997

	£1 Ordinary Shares
	No
G.A. Humphries	99
Mrs. A.E. Humphries	1
	<hr/>

5. AUDITORS

Bartons Limited have expressed their willingness to remain in office as auditors of the company.

BY ORDER OF THE BOARD

G.A. HUMPHRIES
Company Secretary

Dated:

15/5/98

FINANCE U LIMITED

2(b)

DIRECTORS RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1997

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 year. 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. 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.

.....
G.A. HUMPHRIES

Directors

.....A. Humphries
MRS. A.E. HUMPHRIES

15/5/98
Dated:

AUDITORS REPORT

3.

TO THE MEMBERS OF

FINANCE U LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2(b) 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

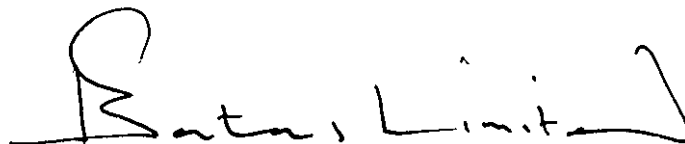
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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's affairs 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.

BARTONS LIMITED
Chartered Accountants and
Registered Auditor
Lermon Court
Fairway House
Links Business Park
St. Mellons
Cardiff CF3 0LT.



Dated:

27 May 1998

FINANCE U LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 1997

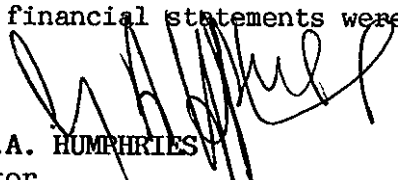
	Note	1997 £	1996 £
TURNOVER	2	1,006,188	585,017
Administrative expenses		(634,798)	(398,132)
OPERATING PROFIT		371,390	186,885
Interest payable and similar charges	6	(230,987)	(71,874)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	140,403	115,011
Tax on profit on ordinary activities	7	(30,523)	(32,266)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR	12	109,880	82,745

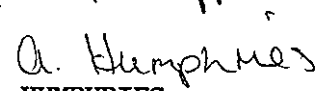
The operating profit is wholly earned from continuing activities of the Company. The retained profit is the only profit for the year and therefore no statement of recognised gains and losses is required.

FINANCE U LIMITEDBALANCE SHEETAS AT 31 DECEMBER 1997

	Note	£	1997 £	£	1996 £	£
CURRENT ASSETS						
Debtors amounts falling due within one year	8(a)	1,540,156		683,776		
Debtors amounts falling due after one year	8(b)	3,046,651		2,099,242		
			4,586,807		2,783,018	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(3,160,383)		(1,866,083)		
NET CURRENT ASSETS			1,426,424		916,935	
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR						
	10		(1,216,441)		(816,832)	
			209,983		100,103	
CAPITAL AND RESERVES						
Called up share capital	11		100		100	
Profit and loss account	12		209,883		100,003	
SHAREHOLDERS' FUNDS	12		209,983		100,103	

These financial statements were approved by the Board on 15/5/98


MR. G.A. HUMPHRIES
Director


MRS A.E. HUMPHRIES
Director

FINANCE U LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(c) Finance agreement interest income

Interest receivable in respect of finance agreements is credited to the profit and loss account and is calculated based on the term of the agreement the rule of seventy eight.

(d) Cash flow statement

As the company is a small company within the definition set out in S.247 of the Companies Act 1985, the company has taken advantage of the exemptions available to small companies by FRS 1 and therefore has not produced a cash flow statement for inclusion in these financial statements.

(e) Commissions payable

Commissions payable on the inception of a finance agreement are written off to the company's profit and loss account over the term of the finance agreement calculated on the rule of seventy eight.

2. TURNOVER

Turnover represents interest receivable on finance agreements entered into between the company and its customers.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
Profit on ordinary activities before taxation is arrived at after charging:		
Auditors remuneration	7,500	500
	<hr/>	<hr/>

FINANCE U LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 1997

4. EMPLOYEES

	1997 No.	1996 No.
The average number employed by the company which includes directors was:		
Office and management	3	3
	<u> </u>	<u> </u>

The costs incurred in respect of the employees excluding directors were:

	1997 £	1996 £
Wages and salaries	-	75,000
Social security costs	-	-
Other pension costs	-	-
	<u> </u>	<u> </u>
	-	75,000
	<u> </u>	<u> </u>

5. DIRECTORS' EMOLUMENTS

	1997 £	1996 £
Remuneration (chairman only) - unallocated bonus	120,000	75,000
	<u> </u>	<u> </u>

There were no other directors' emoluments

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Interest on bank overdraft repayable on demand	1,408	7,520
Interest on other loans repayable within one year	42,500	7,478
Interest on other loans repayable by instalments within five years	187,079	56,876
	<u> </u>	<u> </u>
	230,987	71,874
	<u> </u>	<u> </u>

FINANCE U LIMITED

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NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
United Kingdom corporation tax at 21.74% (1996 - 28%) based on the profit for the year	30,523	32,266
	<hr/>	<hr/>
	30,523	32,266
	<hr/>	<hr/>

8(a) DEBTORS - amounts falling due within on year

	1997 £	1996 £
Finance agreements	2,325,035	946,079
Less:		
Provision for unearned interest	(1,144,073)	(463,296)
	<hr/>	<hr/>
Other debtors	1,180,962	482,783
	359,194	200,993
	<hr/>	<hr/>
	1,540,157	683,776
	<hr/>	<hr/>

8(b) DEBTORS - amounts falling due after one year

	1997 £	1996 £
Finance agreements	3,816,831	2,421,380
Less:		
Provision for unearned interest	(936,416)	(419,302)
	<hr/>	<hr/>
	2,880,415	2,002,078
Other debtors	166,236	97,164
	<hr/>	<hr/>
	3,046,651	2,099,242
	<hr/>	<hr/>

Included in other debtors are the following amounts:

	1997 £	1996 £
Due within one year	359,094	193,217
Due after one year	166,236	97,164
	<hr/>	<hr/>
	525,330	290,381
	<hr/>	<hr/>

These amounts represent commissions payable which will be charged to the company's profit and loss account in future periods this is in line with the company's accounting policy with regard to the contract of commissions payable.

FINANCE U LIMITED

9.

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 19979. CREDITORS: AMOUNTS FALLING DUE WITHIN
ONE YEAR

	1997 £	1996 £
Bank overdraft (a)	36,752	134,763
Due to related companies (note 13)	1,132,747	1,059,518
Accruals and deferred income	129,632	153,606
Other loans (b)	1,830,729	485,930
Corporation tax	30,523	32,266
	<hr/>	<hr/>
	3,160,383	1,866,083
	<hr/>	<hr/>

(a) The bank overdraft is secured by guarantees from CPG (Wales) Plc. and one of its directors, Mr. G.A. Humphries, and is repayable on demand.

(b) Other loans represent loans from Hitachi Credit (UK) Plc, Japan Leasing (Europe) Plc and the Cooperative Bank. These loans are repayable in monthly instalments over the term of the loan and are secured by way of charges over the bills of exchange of the company. The interest rate applicable to these loans are between 5.85% and 6.15% flat rate per annum. Also included in other loans is an amount of £750,000 due to Richard C. Bircher (Holdings) Limited. This loan is repayable within one year and carries interest at a rate of 17% per annum. This loan is secured by way of a charge over the bills of exchange issued by the Company.

The other loans are secured by guarantees from the following companies and individuals:

CPG (Wales) Plc
G H Management Services Limited
CPG (Wales) Management Services Limited
G A Humphries
Mrs A E Humphries

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Other loans repayable by monthly instalments between two and five years (see note 9(b))	1,216,441	816,832
	<hr/>	<hr/>
	1,216,441	816,832
	<hr/>	<hr/>
Analysis of loan repayments:		
	1997 £	1996 £
Other loans		
Within one year or on demand	1,830,729	485,930
Between two and five years	1,216,441	816,832
	<hr/>	<hr/>
	3,047,170	1,302,762
	<hr/>	<hr/>

FINANCE U LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 DECEMBER 1997

11. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised		
100 ordinary shares of £1 each	100	100
	=====	=====
	1997 £	1996 £
Allotted, issued and fully paid		
Ordinary shares of £1 each	100	100
	=====	=====

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS
FUNDS AND STATEMENT OF MOVEMENTS ON
RESERVES

	Issued Share Capital £	Profit and loss Account £	Total 1997 £	Total 1996 £
At beginning of the year	100	100,003	100,103	17,358
Profit retained for year	-	109,880	109,880	82,745
	=====	=====	=====	=====
At end of the year	100	209,883	209,983	100,103
	=====	=====	=====	=====

13. RELATED BUSINESS TRANSACTIONS

G.A. Humphries and Mrs. A.E. Humphries are directors of the companies CPG (Wales) Plc and G H Management Services Limited. The amounts owed to these companies from Finance U Limited were as follows:

	1997 £	1996 £
CPG (Wales) Plc	1,126,959	1,053,730
G H Management Services Limited	5,788	5,788
	=====	=====
	1,132,747	1,059,518
	=====	=====

Included within the company's profit and loss account is an amount of £407,780 (1996 - £187,022) in respect of commissions payable, which wholly relates to CPG (Wales) Plc. This transaction is performed at arms length under the normal course of trading of the company. The treatment of this commission payable is set out in the Company's accounting policies.