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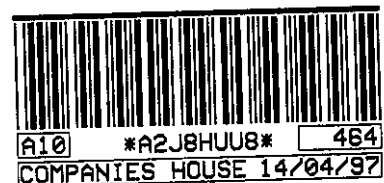
SUBMITTED 10/4/97

Company Registration NO. 3131133

CHEVAL ACCEPTANCES LIMITED  
ABBREVIATED FINANCIAL STATEMENTS

AS AT

30TH JUNE 1996



ANTHONY COWEN  
Chartered Accountants

AUDITORS' REPORT TO THE DIRECTORS OF  
CHEVAL ACCEPTANCES LIMITED  
UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5, together with the full statutory financial statements of the company for the period ended 30 June 1996, prepared under section 226 of the Companies Act 1985 as modified by the exemptions provided by Part 1 of Schedule 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that schedule.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the full statutory financial statements that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those accounts. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full statutory financial statements.

OPINION

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part 111 of Schedule 8 to that Act, in respect of the period ended 30 June 1996, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On 10 April 1997 we reported, as auditors of Cheval Acceptances Limited, to the shareholders on the full statutory financial statements for the period ended 30 June 1996, and our audit report was as follows:

*We have audited the financial statements on pages 4 to 8 which have been prepared in accordance with the accounting policies set out on page 6.*

AUDITORS' REPORT TO THE DIRECTORS OF (continued)  
CHEVAL ACCEPTANCES LIMITED  
UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

continuation from page 1

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 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.

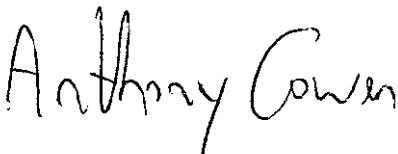
BASIS OF OPINION

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 judgments 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 30 June 1996 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



**Anthony Cowen**  
Registered Auditors and  
Chartered Accountants

53 Kinetic Centre  
Theobald Street  
Borehamwood  
HERTS. WD6 4PJ

10 April 1997

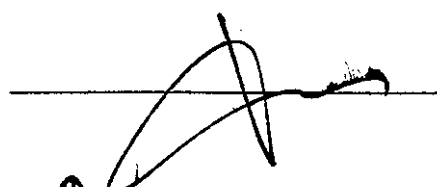
**CHEVAL ACCEPTANCES LIMITED**  
**ABBREVIATED BALANCE SHEET AS AT 30TH JUNE 1996**

	NOTES	£	£
<b>CURRENT ASSETS</b>			
Unpaid Share Capital		100	
Bank		172,657	
Debtors	2	886,943	
		-----	
		1,059,700	
<b>CREDITORS: Amounts falling due within one year</b>	3	(1,056,644)	
		-----	
<b>NET CURRENT ASSETS</b>			3,056
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			----- £ 3,056 =====
<b>CAPITAL AND RESERVES</b>			
Called Up Share Capital	4		100
Profit and Loss Account			2,956
<b>SHAREHOLDERS' FUNDS (all equity interests)</b>			----- £ 3,056 =====

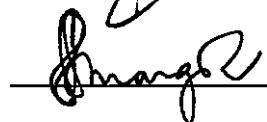
The directors have taken advantage of the exemptions conferred by Part 111 of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company qualifies as a small company.

The directors have taken advantage of special exemptions conferred by Part 1 of Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the financial statements and have done so on the grounds that, in their opinion, the company qualifies as a small company.

Signed on behalf of the board of directors and approved by the board on **10 April 1997**.



**N C EPSTEIN**  
DIRECTOR



**J H MARGOLIS**  
DIRECTOR

The attached notes form part of these accounts.

CHEVAL ACCEPTANCES LIMITED  
NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE PERIOD ENDED 30TH JUNE 1996

## 1. ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and incorporate the results of the principal activity which is described in the director's report.

The company has taken advantage of the exemption in Financial Reporting Standard 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

### TURNOVER

Turnover represents interest received and receivable from borrowers.

### DEFERRED TAXATION

No provision has been made for deferred taxation as in the opinion of the directors there is a reasonable probability that no liability will arise in the foreseeable future.

£

## 2. DEBTORS

Due from Borrowers	842,020
Other Debtors	44,923
	-----
	886,943
	=====

The amounts due from borrowers are secured by first charges held over properties. The company has given the lenders (included in creditors the right to assign these securities to themselves.

As at the Balance Sheet date no lender has exercised the aforementioned right.

**CHEVAL ACCEPTANCES LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**FOR THE PERIOD ENDED 30TH JUNE 1996**

**3. CREDITORS: Amounts falling due within** **£**  
**one year**

Due to Lenders	1,042,451
Trade Creditors	1,675
Due to Related Company	6,848
Accruals	4,710
Corporation Tax	960
	-----
	1,056,644
	=====

**4. CALLED UP SHARE CAPITAL**

<u>Authorised Share Capital</u>	<b>£</b>
1,000 ordinary shares of £1 each	1,000
	=====

Authorised, Allotted, Called Up & Unpaid:

100 ordinary shares of £1 each	100
	===

98 shares were allotted on 30th June 1996.

**5. ULTIMATE HOLDING COMPANY**

The company's parent company is Arcadia Securities Limited which is incorporated in the British Virgin Islands.