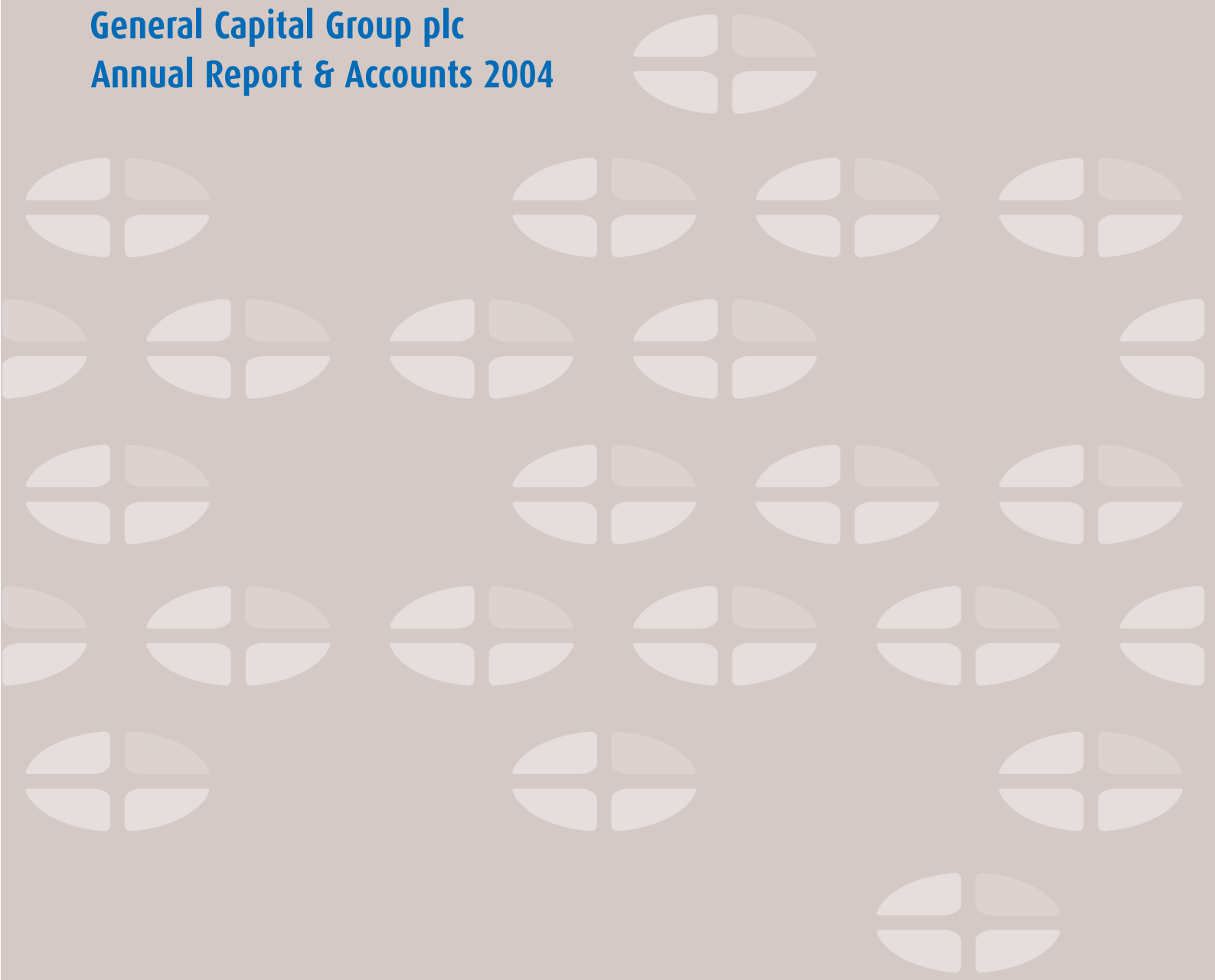


General Capital Group plc
Annual Report & Accounts 2004



Contents

- 3 Group Overview
- 4 Chairman's Statement
- 5 Chief Executive's Review
- 8 Directors' Report
- 10 Independent Auditors' Report to the Shareholders
- 13 Consolidated Profit and Loss Account
- 14 Consolidated Balance Sheet
- 15 Consolidated Cash Flow Statement
- 16 Company Balance Sheet
- 17 Notes to the Financial Statements

Company Information

Company No. 4076067

Registered Office

16 Lower Brook Street, Ipswich, Suffolk IP4 1AP

Non Executive Chairman

A J Scott-Barrett

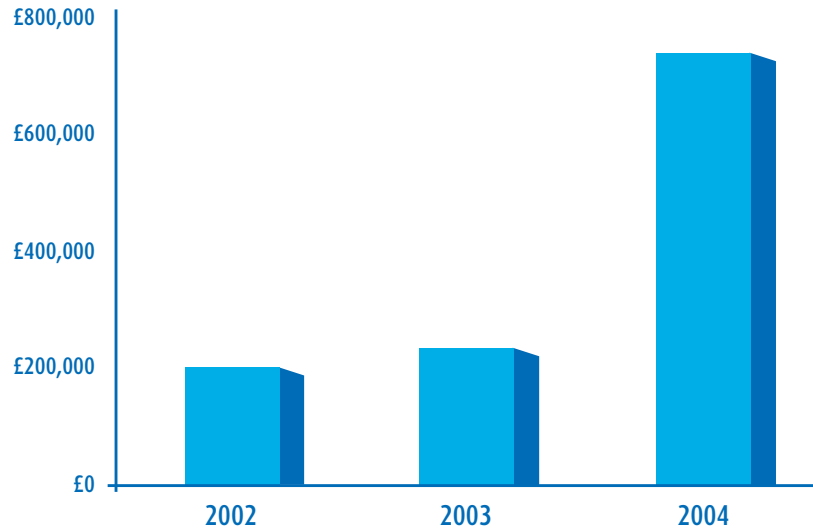
Directors

J C Hill
M D Edworthy
C S St J Owen
D E Flowerdew

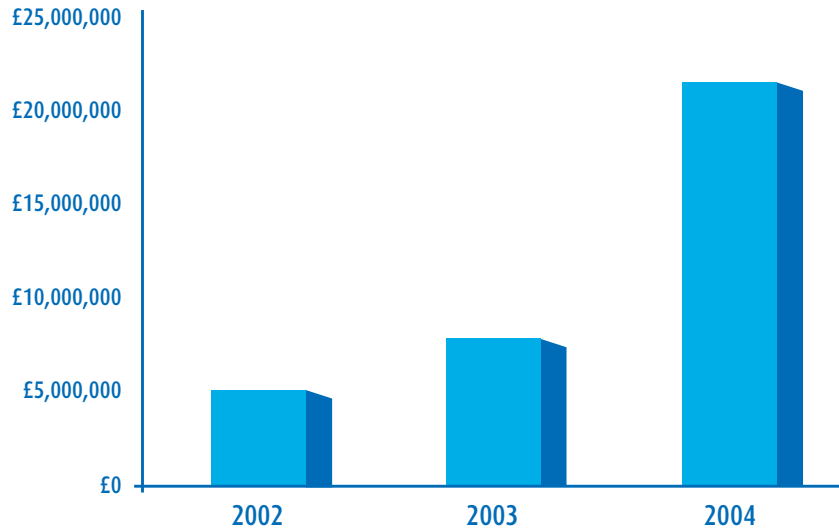
Secretary

J C Hill

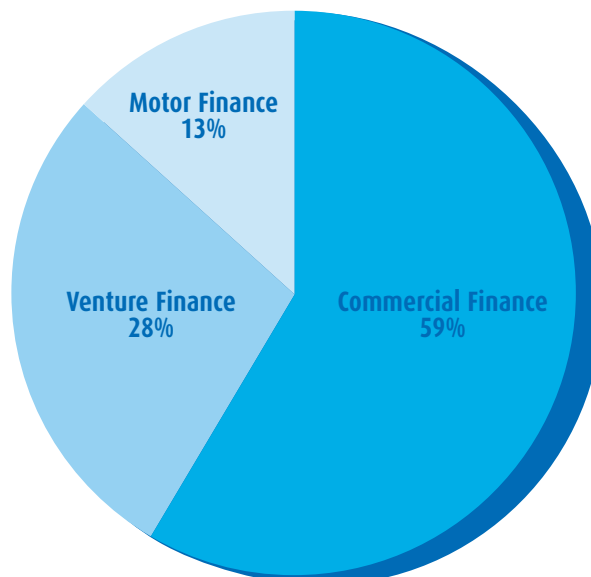
Net Profit (before tax)



Gross Future Receivables



Divisional Credit Exposures as at December 2004



General Capital Group plc

Group Overview

General Capital is a leading independent asset finance company providing tailor-made, innovative and flexible funding solutions across a range of commercial specialisations.

The recently re-branded group comprises three divisions;

General Capital Venture Finance

Own book lending of between £100K and £1m to growing and entrepreneurial businesses. A client focused approach with underwriting based on the strength of the whole business proposition, our lending structures are flexible and designed in each instance to provide an appropriate funding solution to the business case. Where appropriate we negotiate equity participation as a part of the overall facility structure.

General Capital Commercial Finance

Own book lending with transaction values ranging between £5K and £100K, and broking of new business valued up to £10m, all secured on robust commercial assets.

General Capital Motor Finance

Own book mainly non-consumer lending against high value executive cars. All new business is sourced through close relationships with premier dealerships throughout the UK.

General Capital Group plc

Chairman's Statement



Alex Scott-Barrett

The past financial year has been one of great change with General Capital now a broadly based financial group built on the foundation of 14 years of unbroken profitability.

Key developments during 2004 included the acquisition in August of Norfolk and Suffolk Finance Ltd (NSF) which at that time increased our overall lending book to just under £20m. NSF provides the group with a stronger market position and strong processes and people, developed over the years by its founder, Derek Needham. In this acquisition we were backed by the Bank of Scotland and Rothschilds who now provide our key funding lines.

In December we acquired General Capital Finance Ltd, a broking business set up earlier in the year by two industry veterans, David Flowerdew and Chris Dew. This addition will bring us fee-based income and complements our new group structure. At the end of this year we decided to brand all group companies under the General Capital name as these accounts show.

There have been a number of board changes during the year with Geoff Walker, one of the two original founders of Grovefield, stepping down from executive duties. His wise counsel and professionalism were instrumental in the early development of Grovefield. Two new executive directors, David Flowerdew and Charles Owen, have joined during the year and I joined the board as non-executive Chairman in June, 2004.

As the following report shows, General Capital is now a broadly based asset finance company. The combination of the various businesses now forming the group add to the already solid foundations in asset based commercial lending to provide a sound base for the more specialised commercial lending function that is Venture Finance. Although well recognised in the US, this is now a growing and potentially huge market in the UK providing liquidity in the space between bank lending and Venture Capital and playing well to General Capital's strengths of intelligent pricing of risk and flexibility of approach. In a number of instances over the last six months this approach has provided General Capital with some excellent results.

General Capital has high quality staff, good internal processes and a desire and determination to grow and succeed. We face the future with great confidence.

A handwritten signature in blue ink that reads "Alex Scott-Barrett". The signature is written in a cursive, flowing style.

Alex Scott-Barrett

General Capital Group plc

Chief Executive's Review

The period under review has been the most exciting, challenging and rewarding in the company's 14 year history and we start 2005 having successfully integrated our two new acquisitions, significantly strengthened the Board and re-determined the focus of our activities. The resultant scale, and breadth of management experience, has further strengthened our ability to identify and exploit profitable niches within our chosen market sectors.

In conjunction with what has already proved to be a successful re-branding exercise we took the opportunity to review our operational structure, key strengths and medium term strategy. As a result the group now consists of three divisions, enabling us to focus more closely on our areas of expertise;

General Capital Venture Finance:

Our activities under Venture Finance have yielded strong growth and profits in the period and this is a sector which we spearhead within the industry. We look to support and assist growing businesses and equity incentivised management teams with innovative lending structures in areas where mainstream commercial finance houses are constrained through rigidity of process or investment profile. We like to see assets central to revenue production and where appropriate we seek equity participation by way of warrants and options.

During October 2004 we achieved a substantial profit on our equity position in D1 Oils plc following the admission of their shares to the Alternative Investment Market. Simultaneous with their listing D1 were obliged to repay their debt facilities providing us with further profit and investable cash flow of £1m. Our equity participation was stated at cost (nil) and arose as a condition of an earlier advance made in May 2004. This followed a similar divesting of debt and equity held in Cardpoint plc in a previous period and further supports the potential investment returns of this approach. I am pleased to report that we continue to execute on an increasing number of similar transactions and these should provide significant profits in future years.

General Capital Commercial Finance:

This division continues to provide attractive and predictable returns and forms the solid core of our group representing 59% of our credit exposures. With new business introduced to us either by approved asset finance brokers or directly from equipment suppliers with whom we have a relationship, we provide advances between £5k and £100k in the form of lease or hire purchase agreements. Key to our ongoing success in this area is our ability to differentiate our offering from that of our competitors by being adaptable and flexible in our transaction structures.

Following the acquisition of our broking arm, the Commercial Finance division now has the additional benefit of a substantial fee earning capability. Our broking model complements our own lending activities since there are occasions where monetary exposure and fine pricing requirements of particular transactions mean that a credit exposure for the group as principal is inappropriate. I am particularly pleased to report that following our acquisition we achieved our targeted first quarter broking revenues within the first month.



Jonathan Hill

General Capital Group plc

Chief Executive's Review

General Capital Motor Finance:

The motor finance sector is competitive and has undergone much change over recent years. Our competitors have in the main evolved into either prime or sub prime lenders following sales strategies supported by volume driven, credit scored underwriting policies. Our chosen sector falls between prime and sub prime lending and we will maintain our approach of rigid credit underwriting based on a full evaluation of the ability of the borrower to service the advance. By maintaining this focus the division has enjoyed a year in which no bad debt expense was incurred. It is our belief that lenders who rely totally on computerised credit scoring are likely to encounter difficulties as the effects of possible over extension of consumer credit takes effect.

Financial Review

Core Income

The most important element of the group turnover defined as interest earnings from loan, leasing and hire purchase contracts, increased by over 250% to £3.62m. In future accounting periods we anticipate further strong core income growth – particularly in fee income as a result of our broking activities.

The Loan Portfolio

We had an excellent year for new lending. We arranged or provided a record total of £17.6m of which £15.5m (2003 - £5.5m) was advanced as lending principal and £2.1m brokered to third party lenders.

As at the date of this report our portfolio of gross loan and instalment credit receivables had grown to in excess of £25m.

Operating Profit

Net operating profit increased by almost 350% to £0.74m. This increase reflects the successful integration of the acquisitions we made in the period and their ongoing strong contributions.

Bad Debt and Provisions

We have a 14 year history of managing our bad debt expense and I am delighted to report that 2004 was another highly successful year with the charge, as a percentage of the loan book, reducing to 2.1% (2003: 3.1%).

Shareholders and Funders

During the year we successfully negotiated a new senior debt club facility from Bank of Scotland and N M Rothschild and used this to assist in the acquisition of Norfolk and Suffolk Finance and to repay the long term loan note held by Century Life plc. The group has enjoyed a relationship with Century Life since 1994 and we are pleased to have repaid their confidence in us.

General Capital Group plc

Chief Executive's Review

In addition to the senior debt facility we also enjoy substantial backing from a number of private individuals who hold Loan Notes and Preference Shares. At the time of writing we have recently completed a further preference share investment round and during 2005 it is our intention to raise further equity to support our growth.

The board very much appreciates the continued support of all shareholders.

Outlook

Prospects for the year ahead in all divisions are very encouraging with exceptionally high levels of transaction flow already apparent. The re-branding exercise has raised levels of awareness of the breadth of our activities amongst our chosen broker and professional intermediary business introducers, thus enhancing the quality of the new business that we see.

During 2004 we have commenced a programme of significant investment designed to ensure that our administration processes are amongst the best in the industry. Due for completion in 2005 this investment will provide a solid platform capable of handling very substantial future growth and will further improve our ability to provide high levels of service to our key relationships.

Our opportunities are numerous but we intend to secure continued growth through steadfast application of focus into areas in which we have proven to excel. Our key aim is to ensure sustainable earnings growth. This will be achieved by:

- Providing swift responses and innovative solutions for appropriate Venture lending opportunities
- Generating high levels of transaction flow such that we may continue to be selective in the opportunities that we pursue
- Identifying and exploiting market niches most suited to our funding approach
- Applying a rigorous financial and risk management framework
- Making acquisitions only when they add tangible and earnings enhancing benefits

Whilst we have substantially grown the business in this period, we have equally strengthened it, and are confident that in building and cementing these solid foundations we are well positioned to continue to grow our profits in line with our ambitions.



Jonathan Hill

General Capital Group plc

Directors' Report

The directors have pleasure in presenting their report and the financial statements of the group for the 15 month period ended 31 December 2004.

Principal Activities and Business Review

The group's principal activity is that of providing finance facilities.

On 25 February 2005, the company changed its name from Grovefield Holdings Limited to General Capital Group Limited and on 27 April 2005 was re-registered as a public limited company.

The directors are satisfied with the level of business and year end financial position. They anticipate an improved position in the forthcoming year.

A detailed report of the business appears in the Chief Executive's Review on page 5

Results and Dividends

The group profit on ordinary activities after taxation for the period was £457,534.

No dividends were paid on the ordinary shares. £96,774 was paid on the preference shares.

Directors

The directors during the year under review and the shares in the company in which they were beneficially interested at the beginning and end of the year were:

	Class of share	At 31 December 2004	At 1 October 2003 Or later date of appointment
J C Hill	Ordinary	8,800	4,750
	A preference	30,000	-
	C preference	-	10,000
	D preference	-	190,008
M D Edworthy	Ordinary	6,200	-
	A preference	210,016	-
G Walker	Ordinary	2,800	5,000
	A preference	200,000	110,000
	B preference	-	720,000
	D preference	-	200,008
D E Flowerdew	Ordinary	1,000	-
C S St J Owen	Ordinary	1,000	-
A J Scott-Barrett	Ordinary	1,000	-
	A preference	400,000	-

A J Scott-Barrett was appointed on 7 June 2004, C S St J Owen was appointed on 10 August 2004 and D E Flowerdew was appointed on 2 December 2004. G Walker retired on 6 August 2004.

General Capital Group plc

Directors' Report

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 the affairs of the group at the end of the year and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 17 and 18 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 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.

Creditor payment policy

It is the group's policy to pay creditors in accordance with contractual obligations. At 31st December 2004 the number of days purchases outstanding for the group was 20 (30th September 2003 – 7). The holding company did not have trade creditors at 31st December 2004 or 30th September 2003.

Auditors

A resolution to re-appoint Lovewell Blake as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:

16 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

Signed by order of the directors



J C Hill
Company Secretary

Approved by the directors on 28 April 2005

General Capital Group plc

Independent Auditors' Report to the Shareholders

on the Financial Statements for the 15 month period ended 31 December 2004

We have audited the financial statements of General Capital Group plc on pages 13 to 27 which have been prepared under the historical cost convention and accounting policies set out on pages 17 and 18.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

General Capital Group plc

Independent Auditors' Report to the Shareholders

on the Financial Statements for the 15 month period ended 31 December 2004

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 that 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 affairs of the company and the group as at 31 December 2004 and of the results of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Lovewell Blake

Lovewell Blake
Chartered Accountants
and Registered Auditors

29 April 2005

89 Bridge Road
Oulton Broad
Lowestoft
Suffolk
NR32 3LN

General Capital Group plc and its Subsidiary Companies

Consolidated Profit and Loss Account

for the period ended 31 December 2004

	Notes	2004 £	2003 £
Turnover			
Continuing operations	2	2,561,968	1,409,331
Acquisitions		1,055,122	-
		3,617,090	1,409,331
Cost of sales		(992,717)	(317,165)
Gross profit		2,624,373	1,092,166
Selling costs		(300,067)	(182,023)
Administrative expenses		(1,481,796)	(652,930)
Amortisation of goodwill on consolidation		(102,348)	(44,300)
Operating Profit			
Continuing operations		250,054	212,913
Acquisitions		490,108	-
	3	740,162	212,913
Interest receivable		5,284	17,498
Profit on ordinary activities before taxation		745,446	230,411
Tax on ordinary activities	5	(287,912)	(51,344)
Profit on ordinary activities after taxation		457,534	179,067
Dividends (non-equity shares)		(96,774)	(158,404)
Retained profit for the year	18	360,760	20,663

The group has no recognised gains or losses other than the results for the year as set out above.

The notes set out on pages 17 to 27 form part of the financial statements

General Capital Group plc and its Subsidiary Companies

Consolidated Balance Sheet

as at 31 December 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed Assets					
Intangible assets	6		2,927,585		775,250
Tangible assets	7		162,447		43,341
Investments	8		217,202		-
			3,307,234		818,591
Current Assets					
Debtors due within one year	9	10,219,199		2,706,486	
Debtors due after one year	9	10,771,628		3,899,405	
Cash in hand		149,872		28,548	
Investments	13	15,507		-	
			21,156,206	6,634,439	
Creditors:					
Amounts falling due within one year	14	2,412,683		859,656	
			18,743,523		5,774,783
Net Current Assets					
			22,050,757		6,593,374
Total Assets Less Current Liabilities					
			22,050,757		6,593,374
Creditors:					
Amounts falling due after more than one year	15		20,365,490		5,221,367
Capital and Reserves					
Called up share capital	17		1,161,716		1,330,016
Share premium account	18		120,800		-
Profit & loss account	18		402,751		41,991
Shareholders' funds			1,685,267		1,372,007
			22,050,757		6,593,374
Shareholders' Funds:					
Equity interests			545,251		51,991
Non-equity interests			1,140,016		1,320,016
			1,685,267		1,372,007

These financial statements were approved by the directors on 28 April 2005 and are signed on their behalf by:


J C Hill

The notes on pages 17 to 27 form part of these financial statements

General Capital Group plc and its Subsidiary Companies

Consolidated Cashflow Statement

for the period ended 31 December 2004

	Notes	2004 £	2003 £
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating profit		740,162	212,913
Depreciation and amortisation		131,366	52,102
Profit on disposal of fixed assets		3,637	-
Increase in debtors		(3,095,065)	(974,259)
Decrease in creditors		(88,320)	(126,879)
Net Cash Outflow from Operating Activities		(2,308,220)	(836,123)
Consolidated Cashflow Statement			
Net cash outflow from operating activities		(2,308,220)	(836,123)
Returns on investments and servicing of finance	22(i)	(91,490)	(140,906)
Taxation		(303,282)	(46,827)
Capital expenditure and financial investment	22(i)	(238,507)	(45,000)
Acquisitions and disposals	22(i)	(8,570,842)	-
Financing	22(i)	(60,878)	-
		(11,573,219)	(1,068,856)
Reconciliation of Net Cashflow to Movement in Debt			
	22(ii)		
Increase in cash in the year		(11,573,219)	(1,068,856)
Cash outflow from decrease in debt		13,378	-
Change in net debt resulting from cash flows		(11,559,841)	(1,068,856)
Loans acquired with subsidiary		(3,700,000)	-
New hire purchase agreements		(82,184)	-
Movement in net debt in the period		(15,342,025)	(1,068,856)
Net debt at 1 October 2003		(5,648,487)	(4,579,631)
Net debt at 31 December 2004		(20,990,512)	(5,648,487)

The notes on pages 17 to 27 form part of these financial statements

General Capital Group plc

Company Balance Sheet

as at 31 December 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed Assets					
Investments	8		9,554,121		1,336,671
			9,554,121		1,336,671
Current Assets					
Debtors	9	11,889,764		30,000	
Cash in hand		-		3,501	
		11,889,764		33,501	
Creditors:					
Amounts falling due within one year	14	139,585		40,156	
			11,750,179		6,655
Net Current Assets					
			21,304,300		1,330,016
Total Assets less Current Liabilities					
Creditors:					
Amounts falling due after more than one year	15		20,010,000		-
Capital and Reserves					
Called up share capital	17		1,161,716		1,330,016
Share premium account	18		120,800		-
Profit & loss account	18		11,784		-
Shareholders' funds					
			1,294,300		1,330,016
			21,304,300		-
Shareholders' funds:					
Equity interests			154,284		10,000
Non-equity interests			1,140,016		1,320,016
			1,294,300		1,330,016

These financial statements were approved by the directors on 28 April 2005 and are signed on their behalf by:


J C Hill

The notes on pages 17 to 27 form part of these financial statements

Notes to the Financial Statements

for the period ended 31 December 2004

1 Principal Accounting Policies

Basis of Accounting

These Financial Statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Basis of Consolidation

The consolidated accounts include the company and all its subsidiary undertakings.

The holding company has taken advantage of Section 230 of the Companies Act 1985 not to publish its own profit and loss account.

Turnover

Turnover represents income earned from loan, hire purchase and finance lease agreements and is credited to the profit and loss account over the period of the agreement in proportion to the capital outstanding. In cases where introductory commissions have been paid to third parties, an appropriate amount of the income is recognised upon commencement of the agreement.

Previously, proceeds of the sale of assets subject to hire purchase agreements were recognised as income. This policy is no longer considered appropriate and comparative figures for 2003 have been restated to show a reduction of £1,966,948 in both turnover and cost of sales.

Turnover also includes gains and losses on disposals of equity interests where those interests were acquired as part of the group's lending activities.

Goodwill

The excess of the purchase price over the value of the net assets of the subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation. The goodwill is amortised over its estimated useful life, as set out in note 6.

Depreciation

Depreciation is calculated to write off the cost, less estimated residual values, of tangible fixed assets (excluding freehold land) over their expected useful lives to the business. The annual depreciation rates and methods are as follows:-

Fixtures & Fittings - 20% straight line

Office equipment - 25% straight line

Motor vehicles - 25% straight line

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

Deferred Taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Pension costs

One group company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Investments

Investments in subsidiary undertakings are included at cost.

2 Turnover	2004	2003
	£	£
Income from finance agreements	3,448,382	1,409,331
Profit on disposal of equity interests	168,708	-
	3,617,090	1,409,331
3 Operating Profit	2004	2003
Operating profit is stated after charging/(crediting):-	£	£
Administrative expenses including:		
Depreciation	29,018	7,802
Amortisation of goodwill on consolidation	102,348	44,300
Loss on disposal of fixed assets	3,637	-
Auditors remuneration	8,900	3,100
4a Employees		
The average number of persons employed by the group, including directors, during the period was:	2004	2003
Administration	15	8
The costs incurred in respect of these employees were:	2004	2003
	£	£
Wages and salaries	813,273	295,043
Social security costs	77,003	33,574
Pension costs	18,030	-
	908,306	328,617

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

4b Directors' Emoluments

	2004	2003
	£	£
Total remuneration	406,059	202,443
Emoluments of the highest paid director	165,695	101,888

The above amounts include estimated taxable benefits of £68,246 (2003 £3,776). The amounts for 2004 cover a 15 month period.

5 Tax on profit on ordinary activities**(a) Analysis of charge in the year**

	2004	2003
	£	£
UK corporation tax at 30% (2003 30%)	440,153	122,257
Underprovided in previous year	40	-
Total current tax	440,193	122,257
Increase/(decrease) in provision for deferred tax	(152,281)	(70,913)
	287,912	51,344

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004	2003
	£	£
Profit on ordinary activities before taxation	745,446	230,411
Profit on ordinary activities multiplied by the standard rate of corporation tax	223,634	69,123
Expenses not deductible for tax	38,252	15,532
Net adjustments in respect of finance leased assets	188,338	65,122
Marginal relief	(10,071)	(27,520)
Prior year under provision	40	-
	440,193	122,257

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

6 Intangible fixed assets**Goodwill arising on consolidation**The
Group
£**Cost**

At 1 October 2003	886,000
Additions	2,254,683
At 31 December 2004	3,140,683

Amortisation

At 1 October 2003	110,750
Charge for the period	102,348
At 31 December 2004	213,098

Net Book Value

At 31 December 2004	2,927,585
At 30 September 2003	775,250

£886,000 of the goodwill arose on the acquisition of General Capital Venture Finance Limited (formerly Grovefield Finance Limited). £2,254,683 of goodwill arose on the acquisition of General Capital Finance Limited (formerly Norfolk & Suffolk Finance Limited) which occurred on 6 August 2004.

The goodwill is being amortised over a period of 20 years.

7 Tangible Fixed Assets

The Group	Fixtures & fittings £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2003	-	22,548	51,327	73,875
Additions on acquisition	67,854	25,174	121,856	214,884
Additions	-	54,329	82,184	136,513
Disposals	-	(19,255)	(51,327)	(70,582)
At 31 December 2004	67,854	82,796	204,040	354,690
Depreciation				
At 1 October 2003	-	21,131	9,403	30,534
Depreciation on acquisition	67,566	25,174	73,872	166,612
Charge for the period	244	5,226	23,548	29,018
Disposal	-	(19,131)	(14,790)	(33,921)
At 31 December 2004	67,810	32,400	92,033	192,243
Net Book Value				
At 31 December 2004	44	50,396	112,007	162,447
At 30 September 2003	-	1,417	41,924	43,341

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

8 Fixed Asset Investments

	Company 2004 £	Group 2004 £	Company 2003 £	Group 2003 £
Investments in subsidiary undertakings	9,524,121	107,702	1,336,671	-
Other investments	30,000	109,500	-	-
	9,554,121	217,202	1,336,671	-

- a) The investment in subsidiaries represents shares at cost.
- b) The company owns a 100% interest in General Capital Venture Finance Limited (formerly Grovefield Finance Limited), a company incorporated in England. Its principal activity is that of providing asset finance facilities.
- c) The company owns a 100% interest in General Capital Finance Limited (formerly Norfolk & Suffolk Finance Limited), a company incorporated in England. Its principal activity is that of providing asset finance facilities.
- d) The company owns a 100% interest in Norfolk & Suffolk Finance Limited (formerly General Capital Finance Limited), a company incorporated in England. Its principal activity is that of providing asset finance facilities. This company has not been included in the consolidation on the grounds of immateriality.
- e) The company owns a 100% interest in Suffolk Mercantile Limited, a company incorporated in England. Its principal activity is that of an investment company.
- f) The company owns a 50% interest in Nationwide Taxi Finance Limited, a company incorporated in England. Its principal activity is that of providing asset finance facilities. The company has not been included in the consolidation under the equity method of accounting on the grounds of immateriality.

The capital and reserves of Norfolk & Suffolk Finance Limited 31 December 2004 were £8,445, and its profit for the period was £8,345.

9 Debtors

	Company 2004 £	Group 2004 £	Company 2003 £	Group 2003 £
Amounts falling due within one year				
Trade debtors	-	9,716,632	-	2,536,111
Amount owed by subsidiary company	11,889,764	-	30,000	-
Deferred tax	-	408,306	-	122,140
Other debtors	-	94,261	-	48,235
	11,889,764	10,219,199	30,000	2,706,486
Amounts falling due after one year				
Trade debtors	-	10,771,628	-	3,899,405
	11,889,764	20,990,827	30,000	6,605,891

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

10 Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	Company	Group	Company	Group
	2004	2004	2003	2003
	£	£	£	£
Included in debtors (note 9)	-	408,306	-	122,140

The movement in the deferred taxation account during the period was:

Balance brought forward	-	122,140	-	51,227
Addition on acquisition	-	133,885	-	-
Profit and loss movement arising during the period	-	152,281	-	70,913
Balance carried forward	-	408,306	-	122,140

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

Excess of taxation allowances over depreciation	-	408,306	-	122,140
---	---	----------------	---	---------

11 Investment in finance leases

Group	2004	2003
	£	£
Gross investment	12,629,965	4,947,100
Less: Charges allocated to future periods	(2,558,328)	(1,051,892)
	10,071,637	3,895,208

12 Investment in loan and hire purchase contracts

Group	2004	2003
	£	£
Gross investment	8,839,846	2,938,732
Less: Charges allocated to future periods	(1,612,811)	(684,355)
	7,227,035	2,254,377

13 Current Asset Investments

Group	2004	2003
	£	£
Other Investments	15,507	-

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

14 Creditors - Amounts falling due within one year

	Company 2004	Group 2004	Company 2003	Group 2003
	£	£	£	£
Bank loans and overdraft	2,371	827,085	-	30,830
Trade creditors	-	470,771	-	93,948
Amount owed to subsidiary undertaking	-	-	300	-
UK corporation tax	-	639,688	-	122,257
Taxation and social security costs	8,100	102,624	-	59,871
Other creditors	-	50,519	39,856	52,422
Accruals and deferred income	129,114	293,646	-	-
Block discounting bank creditors	-	-	-	500,328
Hire purchase agreement	-	28,350	-	-
	139,585	2,412,683	40,156	859,656

The bank loans and overdrafts are secured by debentures over the whole of the company's assets

Hire purchase agreements are secured on the assets concerned.

15 Creditors - Amounts falling due after more than one year

	Company 2004	Group 2004	Company 2003	Group 2003
	£	£	£	£
Bank loans	17,010,000	17,260,000	-	-
Loan notes	3,000,000	3,000,000	-	4,750,000
Block discounting bank creditor	-	-	-	395,877
Other creditors	-	65,034	-	75,490
Hire purchase agreements	-	40,456	-	-
	20,010,000	20,365,490	-	5,221,367

The company and group senior bank loans are secured by debentures over the whole of the company's assets. Mr J C Hill and Mr M D Edworthy have each provided personal guarantees of £350,000 in respect of bank loans totalling £9,310,000.

Hire purchase agreements are secured on the assets concerned.

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

16 Commitments under hire purchase agreements

Future agreements under hire purchase agreements are as follows:

	Company 2004 £	Group 2004 £	Company 2003 £	Group 2003 £
Amount payable within 1 year	-	28,350	-	-
Amount payable between 1 and 2 years	-	25,254	-	-
Amount payable between 2 and 5 years	-	15,202	-	-
	-	68,806	-	-

17 Share Capital

	Number 2004	Value 2004 £	Number 2003	Value 2003 £
Authorised				
Ordinary shares of £1 each	21,200	21,200	20,000	20,000
Ordinary 'A' shares of £1 each	500	500	-	-
Redeemable 'A' preference shares of £1 each	1,140,016	1,140,016	1,320,016	1,320,016
	1,161,716	1,161,716	1,340,016	1,340,016
Issued and fully paid				
Ordinary shares of £1 each	21,200	21,200	10,000	10,000
Ordinary 'A' shares of £1 each	500	500	-	-
Redeemable 'A' preference shares of £1 each	1,140,016	1,140,016	1,320,016	1,320,016
	1,161,716	1,161,716	1,330,016	1,330,016

The ordinary 'A' shares rank equally with the ordinary shares in all respects except that they have no voting rights. The preference shares, which are non voting, do not participate in the winding up proceeds on liquidation of the company, other than repayment of their nominal value.

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

18 Reserves

The Group	Profit and loss account	Share Premium account
	£	£
At 1 October 2003	41,991	-
Movement for the period	360,760	120,800
At 31 December 2004	402,751	120,800
The Company	Profit and loss account	Share Premium account
	£	£
Movement for the year	11,784	120,800
At 31 December 2004	11,784	120,800

19 Contingent Liabilities

The company has guaranteed certain borrowings of its subsidiary companies, General Capital Venture Finance Limited and General Capital Finance Limited. The borrowings outstanding at 31 December 2004 amounted to £17,010,000 and £1,000,000 respectively.

20 Pension Fund

The charge for pension fund contributions during the period ended 31 December 2004 was £18,030 (2003 £Nil)

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

21 Transactions with Directors and Related Party Transactions

General Capital Venture Finance Limited paid rent of £12,500 during the period in respect of the property occupied by the company. The property is owned by the trustees of the personal pension schemes of Mr J C Hill and Mr M D Edworthy.

Included in the group trade debtors is an asset finance agreement with Mr J C Hill. The amount outstanding at 31st December 2004 was £60,000. The agreement was made on normal commercial terms.

Also included in the group trade debtors are asset finance agreements with Rosewood Property Developments Limited and Picture This (UK) Limited. Mr M D Edworthy is a director and shareholder of Rosewood Property Developments Limited and Mr J C Hill's wife is a director and shareholder of Picture This (UK) Limited. The balances outstanding at 31st December 2004 were £50,000 and £27,778 respectively. The agreements were also made on normal commercial terms.

During 2002, Mr J C Hill entered into an asset finance agreement with General Capital Venture Finance Limited for a sum of £26,738. This was settled in full during October 2004. The agreement was made on normal commercial terms.

During the period, Mr C S St J Owen entered into an asset finance agreement with General Capital Venture Finance Limited for a sum of £15,000. The agreement was made on normal commercial terms and the balance outstanding at 31st December 2004 was £13,392.

22 Notes to the Cash Flow Statement

i) Gross cash flows

	2004	2003
	£	£
Returns on investment and servicing of finance:		
Interest received	5,284	17,498
Non-equity dividends paid	(96,774)	(158,404)
	(91,490)	(140,906)
Capital expenditure and financial investment:		
Payments to acquire tangible fixed assets	(54,329)	(45,000)
Receipts from sales of tangible assets	33,024	-
Payments to acquire fixed assets investments	(217,202)	-
	(238,507)	(45,000)
Acquisitions and disposals:		
Purchase of subsidiary undertaking	(8,077,972)	-
Net overdrafts acquired with subsidiary	(492,870)	-
	(8,570,842)	-
Financing:		
Issuing of ordinary share capital	132,500	-
Redemption of preference shares	(180,000)	-
Capital element of hire purchase payments	(13,378)	-
	(60,878)	-

General Capital Group plc and its Subsidiary Companies

Notes to the Financial Statements

for the period ended 31 December 2004 (continued)

Notes to the Cash Flow Statement (continued)**ii) Analysis of Changes in Net Debt**

	At 1 October 2003	Cash flow	Acquisition (Excluding cash and overdrafts)	Other non-cash changes	At 31 December 2004
	£	£	£	£	£
Cash in hand at bank	28,548	121,324	-	-	149,872
Overdrafts	(30,830)	(46,255)	-	-	(77,085)
Debt due within one year	(500,328)	(249,672)	-	-	(750,000)
Debt due after one year	(5,145,877)	(11,414,123)	(3,700,000)	-	(20,260,000)
Hire purchase agreements	-	13,378	-	(82,184)	(68,806)
Current assets investments	-	15,507	-	-	15,507
	(5,648,487)	(11,559,841)	(3,700,000)	(82,184)	(20,990,512)

23 Acquisition of subsidiary undertaking

On 6 August 2004, the group acquired the business of General Capital Finance Limited (formerly Norfolk & Suffolk Finance Limited). The fair values of the assets acquired were as follows:

Net assets acquired	£
Tangible fixed assets	48,272
Debtors	11,003,705
Deferred tax asset	133,886
Creditors	(789,183)
Loans	(3,700,000)
Bank overdrafts	(492,870)
Corporation tax	(380,521)
	5,823,289
Goodwill	2,254,683
	8,077,972

The cost of acquisition included deferred consideration of £1,800,000 of loan notes.

The book values, upon acquisition, of the fixed assets, debtors and creditors approximated to fair values.

24 Reconciliation of movement in shareholders funds

	2004	2003
	£	£
Profit for the financial year	360,760	20,663
New share capital subscribed	132,500	-
Opening shareholders' funds	51,991	31,328
Closing shareholders' funds	545,251	51,991



GeneralCapital

General Capital Group plc
16 Lower Brook Street
Ipswich, Suffolk IP4 1AP

t 01473 252 565
f 01502 252 597
w www.generalcapital.co.uk