

COMPANY REGISTRATION NUMBER 4076067

General Capital Group Plc
Financial statements
31 December 2005

General Capital Group Plc

Financial Statements

Year ended 31 December 2005

Contents	Page
Company information	1
The directors' Report	2
Independent auditors' report to the shareholders	4
Consolidated profit and loss account	5
Consolidated statement of total recognised gains and losses	6
Consolidated balance sheet	7
Consolidated cash flow statement	8
Company balance sheet	9
Notes to the financial statements	10

General Capital Group Plc

Company information

The board of directors	A J Scott-Barrett (Non Executive Chairman) J Hill M Edworthy C Owen D Flowerdew N Marsham
Company Secretary	N Marsham
Registered office	16 Lower Brook Street Ipswich Suffolk IP4 1AP
Auditors	Lovewell Blake 89 Bridge Road Oulton Broad Lowestoft Suffolk NR32 3LN

General Capital Group Plc

The directors' report

Year ended 31 December 2005

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2005.

Principal activities and business review

The group's principal activity continued to be that of the provision of finance.

The directors are satisfied with the level of business and year end financial position. The directors expect the level of business to improve during the forthcoming year.

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

Results and dividends

The profit after tax for the year was £502,130. No dividends were paid on the ordinary shares. £135,638 was paid on the preference shares.

Directors

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Class of share	At 31 December 2005	At 1 January 2005 or later date of appointment
J Hill	Ordinary	8,800	8,800
	Preference	30,000	30,000
M Edworthy	Ordinary	6,200	6,200
	Preference	390,016	210,016
A Scott-Barrett	Ordinary	2,825	1,000
	Preference	500,000	400,000
D Flowerdew	Ordinary	1,375	1,000
C Owen	Ordinary	1,600	1,000

N L Marsham was appointed as a director on 1 May 2006.

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 8 and 9 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.

General Capital Group Plc

The directors' report *(continued)*

for the period ended 31 December 2004

Creditor payment policy

It is the group's policy to pay creditors in accordance with contractual obligations. At 31 December 2005 the number of days purchases outstanding for the group was 37 (2004 – 20). The holding company did not have trade creditors at 31 December 2005 or 31 December 2004.

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

N Marsham
Company Secretary

Approved by the directors on 21 July 2006.

General Capital Group Plc

Independent auditors' report to the shareholders of General Capital Group Plc

Year ended 31 December 2005

We have audited the financial statements of General Capital Group Plc for the year ended 31 December 2005 on pages 5 to 22. These financial statements have been prepared under the accounting policies set out therein.

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 shareholders 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 shareholders 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the company and the group as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

89 Bridge Road
Oulton Broad
Lowestoft
Suffolk
NR32 3LN

**Lovewell Blake
Chartered Accountants
& Registered Auditors**

21 July 2006

General Capital Group Plc
and its subsidiary companies
Consolidated profit and loss account
Year ended 31 December 2005

	Notes	Year to 31 December 2005 £	Period from 1 October 2003 to 31 December 2004 £
Turnover			
Continuing operations		6,148,936	2,561,968
Acquisitions		<u>-</u>	<u>1,055,122</u>
		6,148,936	3,617,090
Cost of sales		<u>(1,601,014)</u>	<u>(992,717)</u>
Gross profit		4,547,922	2,624,373
Selling costs		(400,853)	(300,067)
Administrative expenses		(2,307,431)	(1,481,796)
Exceptional item – bad debts		(683,991)	-
Amortisation of goodwill on consolidation		<u>(162,457)</u>	<u>(102,348)</u>
Operating Profit			
Continuing operations		993,190	250,054
Acquisitions		<u>-</u>	<u>490,108</u>
	2	993,190	740,162
Interest receivable		3,791	5,284
Interest payable	5	<u>(147,487)</u>	<u>(96,774)</u>
Profit on ordinary activities before taxation		849,494	648,672
Tax on ordinary activities	6	<u>(347,364)</u>	<u>(287,912)</u>
Profit for the financial year		<u>502,130</u>	<u>360,760</u>

The notes set out on pages 10 to 22 form part of the financial statements

General Capital Group Plc

and its subsidiary companies

Consolidated statement of total recognised gains and losses

Year ended 31 December 2005

	Year to 31 December 2005 £	Period from 1 October 2003 to 31 December 2004 £
Profit for the financial year attributable to shareholders	502,130	360,760
Unrealised gain on current asset investment	1,075,000	-
Less provision for deferred tax on revaluation	<u>(322,500)</u>	<u>-</u>
Total gains and losses recognised since last annual report	<u>1,254,630</u>	<u>360,760</u>

The notes set out on pages 10 to 22 form part of the financial statements

General Capital Group Plc

and its subsidiary companies

Consolidated balance sheet

31 December 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	7		2,873,207		2,927,585
Tangible assets	8		477,538		162,447
Investments	9		<u>57,356</u>		<u>217,202</u>
			3,408,101		3,307,234
Current assets					
Debtors due within one year	10	12,431,035		10,219,199	
Debtors due after one year	10	11,620,377		10,771,628	
Cash in hand		246,193		149,872	
Investments	14	<u>1,649,477</u>		<u>15,507</u>	
		25,947,082		21,156,206	
Creditors:					
Amounts falling due within one year	15	<u>(4,489,658)</u>		<u>(2,412,683)</u>	
Net current assets			<u>21,457,424</u>		<u>18,743,523</u>
Total assets less current liabilities			<u>24,865,525</u>		<u>22,050,757</u>
Creditors:					
Amounts falling due after more than one year	16		<u>23,065,644</u>		<u>21,505,506</u>
Capital and Reserves					
Called up share capital	22		21,700		21,700
Share premium account	23		120,800		120,800
Capital reserve	24		752,500		-
Profit & loss account	23		<u>904,881</u>		<u>402,751</u>
Shareholder's funds			<u>1,799,881</u>		<u>545,251</u>
			<u>24,865,525</u>		<u>22,050,757</u>

These financial statements were approved by the directors on 21 July 2006 and are signed on their behalf by:

J Hill

N L Marsham

The notes on pages 10 to 22 form part of these financial statements

General Capital Group Plc

and its subsidiary companies

Consolidated cash flow statement

Year ended 31 December 2005

	Notes	Year to 31 December 2005 £	Period from 1 October 2003 to 31 December 2004 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		993,190	740,162
Depreciation and amortisation		251,138	131,366
Loss on disposal of fixed assets		(6,496)	3,637
Increase in debtors		(3,333,794)	(3,095,065)
Decrease in creditors		532,533	(88,320)
Other non-cash movements		<u>297</u>	<u>-</u>
Net cash outflow from operating activities		<u>(1,563,132)</u>	<u>(2,308,220)</u>
Consolidated cash flow statement			
Net cash outflow from operating activities		(1,563,132)	(2,308,220)
Returns on investments and servicing of finance	26(i)	(143,696)	(91,490)
Taxation		(633,218)	(303,282)
Capital expenditure and financial investment	26(i)	(250,006)	(238,507)
Acquisitions and disposals	26(i)	-	(8,570,842)
Financing	26(i)	<u>447,721</u>	<u>(60,878)</u>
		<u>(2,142,331)</u>	<u>(11,573,219)</u>
Reconciliation of net cash flow to movement in debt			
	25(ii)		
Increase in cash in the year		(2,142,331)	(11,573,219)
Cash outflow from decrease in debt		<u>52,279</u>	<u>13,378</u>
Change in net debt resulting from cash flows		(2,090,052)	(11,559,841)
Loans acquired with subsidiary		-	(3,700,000)
New hire purchase agreements		(147,270)	(82,184)
Revaluation of current asset investments		1,075,000	-
Movement due to reclassification of investment		<u>51,470</u>	<u>-</u>
Movement in net debt in the period		(1,110,852)	(15,342,025)
Net debt at 1 January 2005		<u>(20,990,512)</u>	<u>(5,648,487)</u>
Net debt at 31 December 2005		<u>(22,101,364)</u>	<u>(20,990,512)</u>

The notes on pages 10 to 22 form part of these financial statements

General Capital Group Plc

Company balance sheet

31 December 2005

	Notes	2005 £	2005 £	As Restated 2004 £	2004 £
Fixed assets					
Investments	9		<u>9,896,419</u>		<u>10,004,121</u>
			9,896,419		10,004,121
Current assets					
Debtors	10	<u>16,181,290</u>		<u>11,439,764</u>	
		16,181,290		11,439,764	
Creditors:					
Amounts falling due within one year	15	<u>(2,982,714)</u>		<u>(139,585)</u>	
Net current assets			<u>13,198,576</u>		<u>11,300,179</u>
Total assets less current liabilities			<u>23,094,995</u>		<u>21,304,300</u>
Creditors:					
Amounts falling due after more than one year	16		<u>22,840,016</u>		<u>21,150,016</u>
Capital and reserves					
Called up share capital	22		21,700		21,700
Share premium account	23		120,800		120,800
Profit & loss account	23		<u>112,479</u>		<u>11,784</u>
Shareholders' funds			<u>254,979</u>		<u>154,284</u>
			<u>23,094,995</u>		<u>21,304,300</u>

These financial statements were approved by the directors on 21 July 2006 and are signed on their behalf by:

J Hill

N L Marsham

The notes on pages 10 to 22 form part of these financial statements

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2004

1 Accounting Policies

Basis of Accounting

These Financial Statements have been prepared under the historical cost convention, modified to include the revaluation of certain assets, 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.

FRS 21 Events after the Balance Sheet date

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

This change in policy has resulted in no prior year adjustment for the company.

FRS 25 Financial Instruments: Disclosure and Presentation (IAS 32)

The adoption of FRS 25 has resulted in a change in disclosure and presentation of preference share capital and dividends paid in respect of those preference shares. Preference shares have been reclassified as a financial liability and shown as a creditor. Dividends paid in respect of preference shares have been reclassified as interest payable.

This has also resulted in a prior year adjustment. In the comparative year, £1,140,016 of Preference shares, previously shown as share capital has been reclassified as a creditor. £96,774 of dividends paid in respect of the preference shares has been reclassified as interest payable.

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. An amount equal to the value of the commission payable to third parties is recognised on commencement of an agreement. The directors believe this to be a more appropriate policy of recognition and one which correctly matches income with costs in each respective accounting period.

Turnover also includes gains on the sale of shares (where the shares were received in the ordinary course of the group's lending activities) and arrangement and lending fees.

Goodwill

The excess of the purchase price over the value of the net assets of the subsidiary companies at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation. The accounting treatment of such goodwill is explained in note 7. The goodwill is amortised over its estimated useful life, as set out in note 7.

General Capital Group Plc

and its Subsidiary Companies

Notes to the financial statements

Year ended 31 December 2005

1 Accounting policies *(continued)*

Investments

Investments in subsidiary undertakings are included at cost.

Depreciation

Depreciation is calculated to write off the cost of an asset, less estimated residual values, over the useful economic life of that asset as follows:

Equipment, Fixtures & fittings	- 20% to 25% straight line
Motor vehicles	- 25% straight line

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 on a reducing balance basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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:

Provision is made for tax on gains arising from revaluation (and similar fair value adjustments) of current assets, on the basis these assets are held for resale.

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.

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.

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.

Current asset investments

The company has adopted the alternative accounting rules in respect of the revaluation of current asset investments. Quoted company investments are valued at market value. Unquoted company investments are valued at cost unless there is a readily ascertainable market value. In respect of the unquoted investments currently held, there is no readily ascertainable market value and therefore these have been valued at cost.

Gains arising from the revaluation of such investments are credited to the capital reserve. Upon realisation of the gain, the amount is transferred to the profit and loss account.

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
2 Operating profit		
Operating profit is stated after charging:		
	£	£
Depreciation of owned fixed assets	44,893	20,593
Depreciation of assets held under hire purchase agreements	43,788	8,425
Amortisation of goodwill on consolidation	162,457	102,348
(Profit)/Loss on disposal of fixed assets	(6,496)	3,637
Auditors remuneration	<u>10,000</u>	<u>8,900</u>

3 Particulars of employees

The average number of persons employed by the group, during the financial year was:

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
Administration	9	11
Management	8	7
Directors	<u>5</u>	<u>5</u>
	<u>22</u>	<u>23</u>

The aggregate payroll costs of the above were:

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
	£	£
Wages and salaries	1,056,084	813,273
Social security costs	119,459	77,003
Pension costs	<u>38,096</u>	<u>18,030</u>
	<u>1,213,639</u>	<u>908,306</u>

4 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
	£	£
Emoluments receivable	<u>522,878</u>	<u>406,059</u>
Emoluments of the highest paid director	<u>120,184</u>	<u>165,694</u>

The above includes estimated taxable benefits of £23,215 (2004 £32,309).

The number of directors who accrued benefits under company pension schemes was:

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
	No	No
Money purchase schemes	<u>-</u>	<u>1</u>

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

5 Interest payable and similar charges

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
	£	£
Hire purchase interest	11,849	-
Preference share dividends classified as interest	<u>135,638</u>	<u>96,774</u>
	<u>147,487</u>	<u>96,774</u>

Also, included in cost of sales is interest charged of £1,601,014 in respect of loan interest.

6 Tax on profit on ordinary activities

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
	£	£
(a) Analysis of charge in the year		
UK corporation tax at 30% (2003 30%)	417,359	440,153
Underprovided in previous year	<u>(20,041)</u>	<u>40</u>
Total current tax	397,318	440,193
Increase/(decrease) in provision for deferred tax (note 11)	<u>(49,954)</u>	<u>(152,281)</u>
	<u>347,364</u>	<u>287,912</u>
(b) Factors affecting current tax charge		

The tax assessed on the profit on ordinary activities for the year is:

	Year to 31 December 2005	Period from 1 October 2003 to 31 December 2004
	£	£
Profit on ordinary activities before taxation	<u>849,494</u>	<u>648,672</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	254,848	194,602
Expenses not deductible for tax	100,693	67,284
Net adjustments in respect of finance leased assets	62,428	188,338
Marginal relief	(610)	(10,071)
Adjustments in respect of the previous periods	<u>(20,041)</u>	<u>40</u>
	<u>397,318</u>	<u>440,193</u>

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

7	Intangible fixed assets	The Group
	Goodwill arising on consolidation	£
	Cost	
	At 1 January 2005	3,140,683
	Additions	<u>108,079</u>
	At 31 December 2005	<u>3,248,762</u>
	Amortisation	
	At 1 January 2005	213,098
	Charge for the period	<u>162,457</u>
	At 31 December 2005	<u>375,555</u>
	Net Book Value	
	At 31 December 2005	<u>2,873,207</u>
	At 31 December 2004	<u>2,927,585</u>

£886,000 of the goodwill arose on the acquisition of General Capital Venture Finance Limited. £2,254,683 of goodwill arose on the acquisition of General Capital Finance Limited. £108,079 of the goodwill arose on the acquisition of Norfolk & Suffolk Finance Limited.

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

8	Tangible fixed assets	Equipment,	Motor	Total
	The group	fixtures & fittings	vehicles	£
	Cost	£	£	£
	At 1 January 2005	150,651	204,039	354,690
	Additions	265,537	156,166	421,703
	Disposals	-	(58,125)	(58,125)
	At 31 December 2005	<u>416,188</u>	<u>302,080</u>	<u>718,268</u>
	Depreciation			
	At 1 January 2005	100,211	92,032	192,243
	Charge for the period	29,930	58,751	88,681
	Disposals	-	(40,194)	(40,194)
	At 31 December 2005	<u>130,141</u>	<u>110,589</u>	<u>240,730</u>
	Net Book Value			
	At 31 December 2005	<u>286,047</u>	<u>191,491</u>	<u>477,538</u>
	At 31 December 2004	<u>50,396</u>	<u>112,007</u>	<u>162,447</u>

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

8 Tangible fixed assets *(continued)*

Hire purchase agreements

Included within the net book value of £477,538 is £156,018 (2004 - £73,759) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £43,788 (2004 – £8,425).

9 Fixed asset investments

	Company 2005	Group 2005	Company 2004	Group 2004
	£	£	£	£
Investments in subsidiary undertakings	9,866,419	-	9,974,121	107,702
Other investments	<u>30,000</u>	<u>57,356</u>	<u>30,000</u>	<u>109,500</u>
	<u>9,896,419</u>	<u>57,356</u>	<u>10,004,121</u>	<u>217,202</u>

- a) The investment in subsidiaries represents shares at cost.
- b) The company owns a 100% interest in General Capital Venture 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, 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, a company incorporated in England. The company has been dormant since 1 April 2005.
- e) The company owns a 100% interest in General Capital Investments 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.

10 Debtors

	Company 2005	Group 2005	Company 2004	Group 2004
	£	£	£	£
Amounts falling due within one year				
Trade debtors	-	12,163,213	-	9,716,632
Amount owed by group undertakings	16,170,546	-	11,439,764	-
Deferred tax (note 11)	-	135,097	-	408,306
Directors current accounts	-	32,000	-	-
Other debtors	<u>10,744</u>	<u>100,725</u>	<u>-</u>	<u>94,261</u>
	16,181,290	12,431,035	11,439,764	10,219,199
Amounts falling due after one year				
Trade debtors	<u>-</u>	<u>11,620,377</u>	<u>-</u>	<u>10,771,628</u>
	<u>16,181,290</u>	<u>24,051,412</u>	<u>11,439,764</u>	<u>20,990,827</u>

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

11 Deferred taxation

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

	Company Year to 31 December 2005 £	Group Year to 31 December 2005 £	Company Period from 1 October to 31 December 2004 £	Group Period from 1 October to 31 December 2004 £
Included in debtors (note 10)	<u>-</u>	<u>135,097</u>	<u>-</u>	<u>408,306</u>

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

Balance brought forward	-	408,306	-	122,140
Addition on acquisition	-	(663)	-	133,885
Deferred tax provided for on revaluation	-	(322,500)	-	-
Profit and loss movement arising during the period	<u>-</u>	<u>49,954</u>	<u>-</u>	<u>152,281</u>
Balance carried forward	<u>-</u>	<u>135,097</u>	<u>-</u>	<u>408,306</u>

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

Excess of depreciation over taxation allowances	-	457,597	-	408,306
Deferred tax provided for on revaluation	<u>-</u>	<u>(322,500)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>135,097</u>	<u>-</u>	<u>408,306</u>

12 Investment in finance leases

The group

	2005 £	2004 £
Gross investment	13,516,811	12,629,965
Less: Charges allocated to future periods	<u>(2,955,376)</u>	<u>(2,558,328)</u>
	<u>10,561,435</u>	<u>10,071,637</u>

The cost of assets acquired for the purpose of letting under finance lease agreements was £7,016,540 (2004 £8,597,254).

The aggregate rentals receivable under finance leases was £8,408,553 (2004 £10,360,632).

13 Investment in hire purchase contracts

The group

	2005 £	2004 £
Gross investment	6,107,329	8,839,846
Less: Charges allocated to future periods	<u>(951,203)</u>	<u>(1,612,811)</u>
	<u>5,156,126</u>	<u>7,227,035</u>

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

14 Current asset investments
The group

	2005	2004
	£	£
Other Investments	<u>1,649,477</u>	<u>15,507</u>

The above includes £1,575,000 (2004 – Nil) in respect of Greatfleet Plc, a company quoted on the Alternative Investment Market.

The group owns at least 20% of the share capital in the following companies:

Company	Percentage Held
Greatfleet Plc	20.83%
Pre-X Capital Management Limited	50%
Oakside Environmental Limited	75%
Revo 250 Limited	25.01%

Aggregate capital and reserves **£**

Greatfleet Plc	(1,015,632)
Pre-X Capital Management Limited	-
Oakside Environmental Limited	-
Revo 250 Limited	-

Profit/(loss) for the year **£**

Greatfleet Plc	(1,015,796)
Pre-X Capital Management Limited	-
Oakside Environmental Limited	-
Revo 250 Limited	-

Nature of business

Greatfleet Plc	Recruitment
Pre-X Capital Management Limited	Capital management
Oakside Environmental Limited	Waste management services
Revo 250 Limited	Exclusive lifestyle membership club

In respect of Greatfleet Plc, the figures shown above relate to the management accounts for the 6 month period ended 30 June 2005.

In respect of Pre-X Capital Management Limited, Oakside Environmental Limited and Revo 250 Limited, no results are available at present as the first periods accounts have yet to be filed and no management accounts are available.

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

15 Creditors - Amounts falling due within one year

	Company 2005 £	Group 2005 £	Company 2004 £	Group 2004 £
Bank loans and overdraft	696,563	833,237	2,371	827,085
Trade creditors	-	583,067	-	470,771
Amount owed to group undertakings	-	-	-	-
UK corporation tax	-	403,125	-	639,688
Other taxation and social security	8,100	145,042	8,100	102,624
Other creditors	-	27,037	-	50,519
Accruals and deferred income	278,051	424,598	129,114	293,646
Other loans	200,000	200,000	-	-
Loan notes	1,800,000	1,800,000	-	-
Hire purchase agreement	-	73,552	-	28,350
	<u>2,982,714</u>	<u>4,489,658</u>	<u>139,585</u>	<u>2,412,683</u>

The bank loans and overdrafts are secured by way of a debenture over all the assets of the company.

16 Creditors - Amounts falling due after more than one year

	Company 2005 £	Group 2005 £	As Restated Company 2004 £	Group 2004 £
Bank loans	20,000,000	20,000,000	17,010,000	17,260,000
Loan notes	1,200,000	1,200,000	3,000,000	3,000,000
Trade creditors	-	135,383	-	65,034
Shares classed as a financial liability	1,640,016	1,640,016	1,140,016	1,140,016
Hire purchase agreements	-	90,245	-	40,456
	<u>22,840,016</u>	<u>23,065,644</u>	<u>21,150,016</u>	<u>21,505,506</u>

The company and group senior bank loans are secured by debentures over all the assets of the company. J Hill and M Edworthy have each also provided personal guarantees of £700,000 in respect of bank loans totalling £20,000,000.

17 Commitments under hire purchase agreements

Future agreements under hire purchase agreements are as follows:

	Company 2005 £	Group 2005 £	Company 2004 £	Group 2004 £
Amount payable within 1 year	-	73,553	-	28,350
Amount payable between 1 and 2 years	-	63,345	-	25,254
Amount payable between 2 and 5 years	-	26,899	-	15,202
	<u>-</u>	<u>163,797</u>	<u>-</u>	<u>68,806</u>

Hire purchase agreements are secured on the assets concerned.

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

18 Commitments under operating leases

At 31 December 2005, the group had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	28,800	-
Within 2 to 5 years	<u>77,500</u>	<u>65,000</u>
	<u>106,300</u>	<u>65,000</u>

19 Contingencies

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 2005 amounted to £136,674 and £250,000 respectively.

On 1st December 2005 General Capital Venture Finance Limited (GCVF) entered into a 5 year debenture secured commercial loan facility with a client. The terms of which provided for an advance to the client of £625,000 repayable by 60 monthly capital and interest instalments of £14,869 providing GCVF with an interest rate return of 15% per annum fixed. Simultaneous with this, GCVF arranged for a third party, unconnected, finance company to receive from the client 60 monthly capital and interest instalments of £14,869. The interest rate required of the third party finance company was 10% and, therefore, the net present value arising under this arrangement equated to £700,000. Of this amount £75,000 was payable by the third party finance company to GCVF as an arrangement fee. GCVF had agreed to indemnify the third party finance company on a first loss basis against any amounts due from the client. The maximum liability under this arrangement as at 31 December 2005 was £892,122.

20 Transactions with directors

General Capital Venture Finance Limited paid rent of £25,000 during the year in respect of the property occupied by the company. The property is owned by the personal pensions of J Hill and M Edworthy.

During the year the company advanced £120,000 to Mr J Hill. The advance was made on normal commercial terms and the agreement repayment profile was a single bullet repayment. The capital balance outstanding at 31 December 2005 was £124,500.

General Capital Venture Finance Limited operates a loan account with J Hill. The balance due to the company at the year end is £32,000 and this was the maximum balance outstanding during the year.

During 2003, the General Capital Venture Finance Limited advanced £30,000 to Picture This (UK) Limited, a company in which Mr J Hill's wife is a director and shareholder. The agreement advance was made on normal commercial terms and the agreement repayment profile was based on equal monthly capital and interest repayments. The capital balance outstanding at 31 December 2005 was £25,578 (2004: £27,778).

General Capital Group Plc
and its subsidiary companies
Notes to the financial statements
Year ended 31 December 2005

20 Transactions with directors (continued)

During 2004, General Capital Venture Finance Limited advanced £15,000 to Mr C Owen under an asset finance agreement. The agreement was later transferred to Mr J Hill who settled the balance during the year. The advance was made on normal commercial terms.

Also during 2004, Rosewood Property Developments Limited, a company with which Mr M Edworthy is a director and shareholder, was advanced £50,000 under an asset finance agreement with General Capital Venture Finance Limited. This advance was made on normal commercial terms and the balance was cleared in February 2005.

During the year the General Capital Finance Limited advanced £75,000 to Rosewoods Homes Limited, a company in which Mr M Edworthy is a director and shareholder. The advance was made on normal commercial terms and the repayment profile was 'interest only' with a 'bullet' repayment. The capital balance outstanding on this agreement at 31 December 2005 was £75,745.

21 Prior year adjustment

Comparative figures have been amended to correctly reflect the value of an investment in a subsidiary undertaking. The share capital held in the subsidiary undertaking was £450,000 higher than previously stated. Investments in subsidiary undertakings have been increased by £450,000 and Amounts due from subsidiary undertakings have been decreased by the same value.

22 Share capital	Number 2005	Value 2005	Number 2004	Value 2004
Equity				
Authorised		£		£
Ordinary shares of £1 each	21,200	21,200	21,200	21,200
Ordinary 'A' shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
	<u>21,700</u>	<u>21,700</u>	<u>21,700</u>	<u>21,700</u>
Issued and fully paid				
Ordinary shares of £1 each	21,200	21,200	21,200	21,200
Ordinary 'A' shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
	<u>21,700</u>	<u>21,700</u>	<u>21,700</u>	<u>21,700</u>
Non Equity – Shares classed as financial liabilities				
Authorised		£		£
Redeemable 'A' preference shares of £1 each		<u>1,640,016</u>		<u>1,140,016</u>
Issued and fully paid				
Redeemable 'A' preference shares of £1 each		<u>1,640,016</u>		<u>1,140,016</u>

The ordinary 'A' shares rank equally with the ordinary shares in all respects except that they have no voting rights.

Shares classed as a financial liability are non voting and do not participate in the winding up proceeds on liquidation of the company, other than repayment of their nominal value.

23 Reserves

The group	Profit and loss account	Share Premium account
	£	£
At 1 January 2005	402,751	120,800
Movement for the period	<u>502,130</u>	<u>-</u>
At 31 December 2005	<u>904,881</u>	<u>120,800</u>

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

23 Reserves <i>(continued)</i> The Company	Profit and loss account £	Share Premium account £
At 1 January 2005	11,784	120,800
Movement for the year	<u>100,695</u>	-
At 31 December 2005	<u>112,479</u>	<u>120,800</u>
24 Capital reserve The group	Year to 31 December 2005 £	Period from 1 October 2003 to 31 December 2004 £
Revaluation of current asset investments	1,075,000	-
Deferred tax provided for on revaluation	<u>(322,500)</u>	-
Balance carried forward	<u>752,500</u>	-
25 Pension fund	The charge for pension fund contributions during the year ended 31 December 2005 was £38,096 (2004 £18,030).	
26 Notes to the cash flow statement i) Gross cash flows	Year to 31 December 2005 £	Period from 1 October 2003 to 31 December 2004 £
Returns on investment and servicing of finance:		
Interest received	3,791	5,284
Interest element of hire purchase agreements	(11,849)	-
Non-equity dividends paid	<u>(135,638)</u>	<u>(96,774)</u>
	<u>(143,696)</u>	<u>(91,490)</u>
Capital expenditure and financial investment:		
Payments to acquire tangible fixed assets	(274,433)	(54,329)
Receipts from sales of tangible assets	24,427	33,024
Payments to acquire fixed assets investments	-	<u>(217,202)</u>
	<u>(250,006)</u>	<u>(238,507)</u>
Acquisitions and disposals:		
Purchase of subsidiary undertaking	-	(8,077,972)
Net overdrafts acquired with subsidiary	-	<u>(492,870)</u>
	-	<u>(8,570,842)</u>

General Capital Group Plc

and its subsidiary companies

Notes to the financial statements

Year ended 31 December 2005

26 Notes to the cash flow statement (continued)

i) Gross cash flows

Financing:

Issuing of ordinary share capital	-	132,500
Issuing of preference share capital	500,000	-
Redemption of preference shares	-	(180,000)
Capital element of hire purchase payments	<u>(52,279)</u>	<u>(13,378)</u>
	<u>447,721</u>	<u>(60,878)</u>

ii) Analysis of changes in net debt

	At 1 January 2005 £	Cash flow £	Other non-cash changes £	At 31 December 2005 £
Cash in hand at bank	149,872	96,321	-	246,193
Overdrafts	(77,085)	(756,152)	-	(833,237)
Debt due within one year	(750,000)	750,000	-	-
Debt due after one year	(20,260,000)	(2,740,000)	-	(23,000,000)
Hire purchase agreement	(68,806)	52,279	(147,270)	(163,797)
Current assets investments	<u>15,507</u>	<u>507,500</u>	<u>1,126,470</u>	<u>1,649,477</u>
	<u>(20,990,512)</u>	<u>(2,090,052)</u>	<u>979,200</u>	<u>(22,101,364)</u>

27 Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £54,105 (2004 - £Nil).

28 Reconciliation of shareholders' funds

	Year to 31 December 2005 £	Period from 1 October 2003 to 31 December 2004 £
Profit for the financial year	502,130	360,760
Other net recognised gains and losses	752,500	-
New share capital subscribed	<u>-</u>	<u>132,500</u>
Net addition to shareholders' funds	1,254,630	493,260
Opening shareholders' funds	<u>545,251</u>	<u>51,991</u>
Closing shareholders' funds	<u>1,799,881</u>	<u>545,251</u>

General Capital Group Plc
Holding company profit and loss account
Year ended 31 December 2005

	Year to 31 December 2005 £	Period from 1 October 2003 to 31 December 2004 £
Turnover	1,365,706	534,410
Interest expense	<u>(1,580,265)</u>	<u>(565,020)</u>
Gross loss	(214,559)	(30,610)
Administrative expenses	<u>(204,436)</u>	<u>(44,456)</u>
Operating profit/(loss)	(418,995)	(75,066)
Income from share in group undertaking	563,509	155,000
Preference share dividends classified as interest	(135,638)	(96,774)
Interest receivable	<u>-</u>	<u>2,455</u>
Profit before taxation	8,876	(14,385)
Taxation	<u>91,819</u>	<u>18,152</u>
Retained profit for the year	<u>100,695</u>	<u>3,767</u>