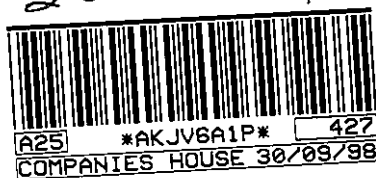


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Report of the Directors and
Financial Statements for the Year Ended 31 December 1997
for
Panda Motors (Swansea) Limited

2006524



Panda Motors (Swansea) Limited

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for the Year Ended 31 December 1997

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Panda Motors (Swansea) Limited
Company Information
for the Year Ended 31 December 1997

DIRECTORS: R G Jones
J E Jones
A R Jones

SECRETARY: J E Jones

REGISTERED OFFICE: Cwm Level Road,
Landore,
Swansea.
SA12 2PG

REGISTERED NUMBER: 2006524

AUDITORS: Trevor Jones & Co.
Registered Auditor &
Chartered Accountants
Sutton House
Acorn Business Park
Heaton Lane
Stockport SK4 1AS

Panda Motors (Swansea) Limited

Report of the Directors
for the Year Ended 31 December 1997

The directors present their report with the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a motor dealer.

DIRECTORS

The directors during the year under review were:

R G Jones
J E Jones
A R Jones

The beneficial interests of the directors holding office on 31 December 1997 in the issued share capital of the company were as follows:

	31.12.97	1.1.97
Ordinary £1 shares		
R G Jones	65	65
J E Jones	10	10
A R Jones	25	25

STATEMENT OF 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 affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

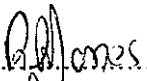
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Trevor Jones & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
R G Jones - DIRECTOR

Dated: 21/9/98

Panda Motors (Swansea) Limited

Report of the Auditors to the Shareholders of
Panda Motors (Swansea) Limited

We have audited the financial statements on pages four to twelve which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page two 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.

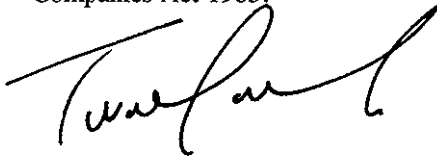
Basis of opinion

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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Trevor Jones & Co.
Registered Auditor &
Chartered Accountants
Sutton House
Acorn Business Park
Heaton Lane
Stockport SK4 1AS

Dated: 26th September 1998

Panda Motors (Swansea) Limited

Profit and Loss Account
for the Year Ended 31 December 1997

		31.12.97		31.12.96	
	Notes	£	£	£	£
TURNOVER	2		1,831,662		1,982,491
Continuing operations		1,831,662		1,963,398	
Discontinued operations		-		19,093	
		<u> </u>		<u> </u>	
Cost of sales	3		1,516,443		1,622,838
GROSS PROFIT	3		315,219		359,653
Net operating expenses	3		298,991		343,913
OPERATING PROFIT	4		16,228		15,740
Continuing operations		16,228		36,677	
Discontinued operations		-		(20,937)	
		<u> </u>		<u> </u>	
Interest receivable and similar income	5		-		52
			16,228		15,792
Interest payable and similar charges			9,435		7,059
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			6,793		8,733
Tax on profit on ordinary activities	6		1,043		1,395
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			5,750		7,338
Retained profit brought forward			23,571		16,233
			29,321		23,571
Transfer from Revaluation reserve			8,008		-
RETAINED PROFIT CARRIED FORWARD			<u>£37,329</u>		<u>£23,571</u>

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Panda Motors (Swansea) Limited

Profit and Loss Account
for the Year Ended 31 December 1997

Note of Historical Cost Profits and Losses
for the Year Ended 31 December 1997

	31.12.97	31.12.96
	£	£
REPORTED PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	6,793	8,733
Transfer from Revaluation reserve	8,008	-
	<hr/>	<hr/>
HISTORICAL COST PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	£14,801	£8,733
	<hr/>	<hr/>
Historical cost profit		
for the year retained after taxation	£13,758	£7,338
	<hr/>	<hr/>

The notes form part of these financial statements


Panda Motors (Swansea) Limited

Balance Sheet
31 December 1997

		31.12.97		31.12.96	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		116,787		122,167
CURRENT ASSETS:					
Stocks	8	273,252		249,368	
Debtors	9	36,393		55,366	
Cash at bank		250		1,953	
		309,895		306,687	
CREDITORS: Amounts falling due within one year	10	313,498		316,653	
NET CURRENT LIABILITIES:			(3,603)		(9,966)
TOTAL ASSETS LESS CURRENT LIABILITIES:			113,184		112,201
CREDITORS: Amounts falling due after more than one year	11		32,279		37,046
			£80,905		£75,155
CAPITAL AND RESERVES:					
Called up share capital	14		100		100
Revaluation reserve	15		43,476		51,484
Profit and loss account			37,329		23,571
Shareholders' funds	16		£80,905		£75,155

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

..........
R G Jones/- DIRECTOR

Approved by the Board on ..21-9-98..

The notes form part of these financial statements

Panda Motors (Swansea) Limited

Notes to the Financial Statements
for the Year Ended 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- Over the period of the lease
Equipment	- 15% on reducing balance
Office Equipment & Signs	- 10% on reducing balance
Motor vehicles	- Over estimated useful life

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit (1995 - loss) before taxation are attributable to the principal activities of the company.

3. ANALYSIS OF OPERATIONS

	Continuing £	31.12.97 Discontinued £	Total £
Cost of sales	<u>1,516,443</u>	<u>-</u>	<u>1,516,443</u>
Gross profit	<u>315,219</u>	<u>-</u>	<u>315,219</u>
Net operating expenses:			
Administrative expenses	<u>298,991</u>	<u>-</u>	<u>298,991</u>

Panda Motors (Swansea) Limited

Notes to the Financial Statements
for the Year Ended 31 December 1997

3. ANALYSIS OF OPERATIONS - continued

	Continuing £	31.12.96 Discontinued £	Total £
Cost of sales	<u>1,622,838</u>	<u>-</u>	<u>1,622,838</u>
Gross profit	<u>340,560</u>	<u>19,093</u>	<u>359,653</u>
Net operating expenses:			
Administrative expenses	<u>303,883</u>	<u>40,030</u>	<u>343,913</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.97 £	31.12.96 £
Depreciation - owned assets	8,244	9,916
Profit on disposal of fixed assets	(1,612)	-
Auditors' remuneration	2,400	4,450
Pension costs	<u>1,698</u>	<u>5,889</u>
Directors' emoluments and other benefits etc	<u>27,530</u>	<u>24,960</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.12.97 £	31.12.96 £
Deposit account interest	<u>-</u>	<u>52</u>

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.97 £	31.12.96 £
UK Corporation Tax	<u>1,043</u>	<u>1,395</u>

UK Corporation Tax has been charged at 21.74% (1996 - 24.25%).

Panda Motors (Swansea) Limited

Notes to the Financial Statements
for the Year Ended 31 December 1997

7. TANGIBLE FIXED ASSETS

	Leasehold property	Equipment	Office Equipment & Signs	Motor vehicles	Totals
	£	£	£	£	£
COST OR VALUATION:					
At 1 January 1997	89,666	56,663	25,083	12,141	183,553
Additions	-	2,596	2,556	-	5,152
Disposals	-	-	-	(5,341)	(5,341)
At 31 December 1997	89,666	59,259	27,639	6,800	183,364
DEPRECIATION:					
At 1 January 1997	14,242	31,194	7,152	8,798	61,386
Charge for year	1,993	4,002	1,904	345	8,244
Eliminated on disposals	-	-	-	(3,053)	(3,053)
At 31 December 1997	16,235	35,196	9,056	6,090	66,577
NET BOOK VALUE:					
At 31 December 1997	73,431	24,063	18,583	710	116,787
At 31 December 1996	75,424	25,469	17,931	3,343	122,167

Cost or valuation at 31 December 1997 is represented by:

	Leasehold property	Equipment	Office Equipment & Signs	Motor vehicles	Totals
	£	£	£	£	£
Valuation in 1990	80,000	-	-	-	80,000
Cost	9,666	59,259	27,639	6,800	103,364
	89,666	59,259	27,639	6,800	183,364

8. STOCKS

	31.12.97	31.12.96
	£	£
Vehicles	206,910	184,901
Other Stock	35,099	27,035
Consigned Vehicles	31,243	37,432
	273,252	249,368

Panda Motors (Swansea) Limited

Notes to the Financial Statements
for the Year Ended 31 December 1997

9. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.97 £	31.12.96 £
Trade Debtors	29,690	46,114
Other Debtors	2,375	2,375
Prepayments & accrued income	4,328	6,877
	<u>36,393</u>	<u>55,366</u>

10. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.97 £	31.12.96 £
Bank loans and overdrafts (see note 12)	81,993	68,067
Trade Creditors	26,737	47,020
Directors Current Accounts	99,003	99,350
Hire Purchase & Finance Leases	23,630	10,585
Stocking Loan	21,300	19,307
New Vehicle Funding	31,243	37,432
Other Taxes & PAYE	14,058	15,364
Taxation	1,043	1,395
Accruals and deferred income	14,491	18,133
	<u>313,498</u>	<u>316,653</u>

NEW VEHICLE FUNDING

The consigned vehicles included in stocks at £31,243 are the property of a finance company. Creditors due within one year include the amount in respect of these vehicles and this amount is secured directly on the consigned vehicles.

11. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.97 £	31.12.96 £
Bank loans (see note 12)	12,899	17,666
Pension Fund Loan	19,380	19,380
	<u>32,279</u>	<u>37,046</u>

Panda Motors (Swansea) Limited
Notes to the Financial Statements
for the Year Ended 31 December 1997

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.12.97 £	31.12.96 £
Amounts falling due within one year or on demand:		
Bank overdrafts	75,127	60,815
Bank loans	6,866	7,252
	<u>81,993</u>	<u>68,067</u>
Amounts falling due between one and two years:		
Bank loans	<u>6,866</u>	<u>6,866</u>
Amounts falling due between two and five years:		
Bank loans	<u>6,033</u>	<u>10,800</u>

13. SECURED DEBTS

Security is by way of a legal mortgage over leasehold garage premises at Pwll Street, Cwmlan Terrace, Brynhyfryd, Swansea.

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.97 £	31.12.96 £
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.97 £	31.12.96 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

15. REVALUATION RESERVE

	31.12.97 £	31.12.96 £
Brought Forward	<u>43,476</u>	<u>51,484</u>

Panda Motors (Swansea) Limited

Notes to the Financial Statements
for the Year Ended 31 December 1997

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.97	31.12.96
	£	£
Profit for the financial year	5,750	7,338
	<hr/>	<hr/>
NET ADDITION TO SHAREHOLDERS' FUNDS	5,750	7,338
Opening shareholders' funds	75,155	67,817
	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	80,905	75,155
	<hr/>	<hr/>
Equity interests	80,905	75,155
	<hr/>	<hr/>