

RICHMOND CARS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1997
COMPANY NO. 2971884

HARRIS RULE
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS
66-70 OXFORD STREET
SOUTHAMPTON
HAMPSHIRE
SO14 3DL



RICHMOND CARS LIMITED

COMPANY INFORMATION

AS AT 31 MARCH 1997

DIRECTOR

Mr M R Nobes

SECRETARY

Mr L D Dobson

BUSINESS ADDRESS

Fitzherbert Road
Farlington
Portsmouth
Hampshire
PO6 1RU

REGISTERED OFFICE

66-70 Oxford Street
Southampton
Hampshire
SO14 3DL

AUDITORS

Harris Rule
Chartered Accountants and
Registered Auditors
66-70 Oxford Street
Southampton
Hampshire
SO14 3DL

PRINCIPAL BANKERS

Midland Bank plc
118 Commercial Road
Portsmouth
Hampshire
PO1 1EP

RICHMOND CARS LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

| | Pages |
|--|---------------|
| Directors' Report | 1 - 2 |
| Auditors' Report | 3 |
| Profit and Loss Account | 4 |
| Balance Sheet | 5 |
| Notes to the Financial Statements | 6 - 13 |

RICHMOND CARS LIMITED

REPORT OF THE DIRECTOR

The director presents his report and the audited financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a main dealer franchised garage.

DIVIDEND AND TRANSFER TO RESERVES

The directors voted a dividend of 12.2 pence per share on 31 March 1997.

It is proposed that the retained profit of £49,171 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year were as follows:

| | Class of Share | Number of Shares | |
|---------------|-----------------|------------------|--------|
| | | 1997 | 1996 |
| Mr M R Nobes | Ordinary Shares | 150,000 | 73,500 |
| Mr L D Dobson | Ordinary Shares | - | 76,500 |

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the director 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 for that year. In preparing those financial statements, the director is required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;

Cont

RICHMOND CARS LIMITED
REPORT OF THE DIRECTOR

STATEMENT OF DIRECTOR'S RESPONSIBILITIES (continued)

- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

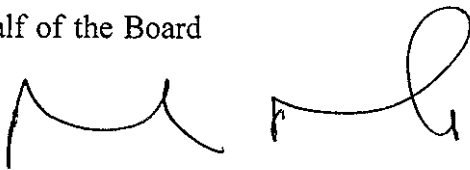
CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Harris Rule, are willing to be re-appointed in accordance with Section 385 of the Companies Act 1985.

On behalf of the Board



Mr M R Nobes
Director

Date: 8.10.97.

RICHMOND CARS LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS OF
RICHMOND CARS LIMITED**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described in the directors report, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 affairs of the company as at 31 March 1997, and of the profit for the year then ended. The financial statements have been properly prepared in accordance with the Companies Act 1985.



Harris Rule
Chartered Accountants and
Registered Auditors
66-70 Oxford Street
Southampton
Hampshire
SO14 3DL

Date: 15 October 1997

RICHMOND CARS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

| | Notes | 1997 £ | 1996 £ |
|--|-----------|-----------------------|-----------------------|
| TURNOVER | | 9,553,469 | 7,142,535 |
| Cost of sales | | (8,991,141) | (6,632,292) |
| GROSS PROFIT | | <u>562,328</u> | <u>510,243</u> |
| Administrative expenses | | (455,291) | (408,635) |
| OPERATING PROFIT | 2 | <u>107,037</u> | <u>101,608</u> |
| Interest payable and similar charges | 3 | (15,390) | (8,217) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>91,647</u> | <u>93,391</u> |
| Tax on profit on ordinary activities | 5 | (24,175) | (21,957) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | <u>67,471</u> | <u>71,434</u> |
| Dividends | 6 | (18,300) | (45,000) |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 15 | <u><u>£49,171</u></u> | <u><u>£26,434</u></u> |


None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

RICHMOND CARS LIMITED
BALANCE SHEET AT 31 MARCH 1997

| | Notes | 1997 | 1996 |
|--|-------|------------------------|------------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | 7 | 7,404 | 9,904 |
| Tangible assets | 8 | 173,855 | 167,964 |
| | | <u>181,259</u> | <u>177,868</u> |
| CURRENT ASSETS | | | |
| Stock | 9 | 726,483 | 553,398 |
| Debtors | 10 | 226,773 | 144,595 |
| Cash at bank and in hand | | 1,415 | 1,040 |
| | | <u>954,671</u> | <u>699,033</u> |
| CREDITORS: amounts falling due within one year | 11 | (888,889) | (666,935) |
| NET CURRENT ASSETS | | <u>65,782</u> | <u>32,098</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>247,041</u> | <u>209,966</u> |
| CREDITORS: amounts falling due after more than one year | 12 | (20,096) | (32,192) |
| | | <u><u>£226,945</u></u> | <u><u>£177,774</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 150,000 | 150,000 |
| Profit and loss account | 15 | 76,945 | 27,774 |
| | | <u><u>£226,945</u></u> | <u><u>£177,774</u></u> |


 Director
 Mr M R Nobes

The financial statements were approved by the board on 8.10.97

The notes on pages 6 to 13 form part of these financial statements.

RICHMOND CARS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997****1. ACCOUNTING POLICIES****a Basis of accounting**

The financial statements have been prepared under the historical cost convention.

b Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 from presenting a cash flow statement as it qualifies as a small company.

c Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

d Goodwill

The company's policy is to write off goodwill evenly over its useful economic life of 5 years.

e Depreciation

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:-

| | | | |
|------------------------|---|-----|---------------|
| Leasehold improvements | - | 4% | Straight line |
| Plant and Equipment | - | 10% | Straight line |
| Office equipment | - | 20% | Straight line |

f Stock

Stocks are valued at the lower of cost and net realisable value.

g Leasing and hire purchase

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

RICHMOND CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

2. OPERATING PROFIT

| | 1997 | 1996 |
|--|--------------|--------------|
| | £ | £ |
| The operating profit is stated after charging: | | |
| Hire of equipment | 13,682 | 2,526 |
| Auditor's remuneration | 5,600 | 2,000 |
| Depreciation of fixed assets | 13,909 | 9,850 |
| Depreciation of leased assets | 3,395 | 282 |
| Amortisation | <u>2,500</u> | <u>2,500</u> |

3. INTEREST PAYABLE AND SIMILAR CHARGES

| | 1997 | 1996 |
|------------------------------|----------------|---------------|
| | £ | £ |
| On bank loans and overdrafts | 14,488 | 7,738 |
| Hire purchase interest | 682 | 479 |
| Interest on overdue taxation | 220 | - |
| | <u>£15,390</u> | <u>£8,217</u> |

RICHMOND CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

4. STAFF COSTS

| | 1997 | 1996 |
|-----------------------|-----------------|-----------------|
| | £ | £ |
| Wages and salaries | 436,767 | 326,555 |
| Social security costs | 39,743 | 29,704 |
| | <u>£476,510</u> | <u>£356,259</u> |

The average weekly number of employees during the year was made up as follows:

| | Number | Number |
|----------------|---------------|---------------|
| Administration | 7 | 7 |
| Salesmen | 10 | 11 |
| Workshop | 14 | 7 |
| | <u>31</u> | <u>25</u> |

Directors' emoluments:

| | 1997 | 1996 |
|---|---------------|---------------|
| | £ | £ |
| Remuneration for management services (including pension contributions) | <u>32,481</u> | <u>36,460</u> |

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1997 | 1996 |
|---|----------------|----------------|
| | £ | £ |
| Corporation tax at 24% on taxable profits | 24,197 | 21,924 |
| Over provision in prior year | (22) | 33 |
| | <u>£24,175</u> | <u>£21,957</u> |

RICHMOND CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

6. DIVIDENDS

| | 1997 | 1996 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| Interim dividend at 31 March 1997 | 18,300 | 45,000 |
| | <u>£18,300</u> | <u>£45,000</u> |

7. INTANGIBLE ASSETS

| | Goodwill |
|--------------------------------------|-----------------|
| | £ |
| COST | |
| At 1 April 1996 and 31 March 1997 | <u>12,500</u> |
| AMORTISATION | |
| At 1 April 1996 | 2,596 |
| Charge for the year | 2,500 |
| At 31 March 1997 | <u>5,096</u> |
| NET BOOK VALUE | |
| At 31 March 1997 | <u>£7,404</u> |
| At 31 March 1996 | <u>£9,904</u> |

RICHMOND CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

8. TANGIBLE ASSETS

| COST | Leasehold Improve- ments £ | Plant & Equipment £ | Motor Vehicles £ | Office Equipment £ | Total £ |
|------------------|---|--|---------------------------------|-----------------------------------|--------------------|
| At 1 April 1996 | 93,986 | 59,851 | 13,578 | 11,597 | 179,012 |
| Additions | 6,815 | 8,362 | - | 8,018 | 23,195 |
| At 31 March 1997 | <u>100,801</u> | <u>68,213</u> | <u>13,578</u> | <u>19,615</u> | <u>202,207</u> |

DEPRECIATION

| | | | | | |
|---------------------|--------------|---------------|--------------|--------------|---------------|
| At 1 April 1996 | 3,713 | 5,343 | 282 | 1,710 | 11,048 |
| Charge for the year | 3,982 | 6,246 | 3,395 | 3,681 | 17,304 |
| At 31 March 1997 | <u>7,695</u> | <u>11,589</u> | <u>3,677</u> | <u>5,391</u> | <u>28,352</u> |

NET BOOK VALUE

| | | | | | |
|------------------|----------------|----------------|----------------|----------------|-----------------|
| At 31 March 1997 | <u>£93,106</u> | <u>£56,624</u> | <u>£9,901</u> | <u>£14,224</u> | <u>£173,855</u> |
| At 31 March 1996 | <u>£90,273</u> | <u>£54,508</u> | <u>£13,296</u> | <u>£9,887</u> | <u>£167,964</u> |

Included above are assets held under finance leases and hire purchase contracts as follows:

| Net book values: | 1997 £ | 1996 £ |
|-------------------------|-------------------|-------------------|
| Motor vehicles | <u>9,901</u> | <u>13,296</u> |

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

9. STOCKS

| | 1997 £ | 1996 £ |
|-------------------------------------|-------------------|-------------------|
| Finished goods and goods for resale | <u>726,483</u> | <u>553,398</u> |

Stock of finished goods include vehicles totalling £271,457 (1996: £261,300) where title does not pass until payment is made in full.

RICHMOND CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

10. DEBTORS

| | 1997 | 1996 |
|--------------------------------|-----------------|-----------------|
| | £ | £ |
| Trade debtors | 170,367 | 71,705 |
| Other debtors | - | 2,250 |
| Prepayments and accrued income | 56,406 | 70,640 |
| | <u>£226,773</u> | <u>£144,595</u> |

11. CREDITORS: amounts falling due within one year

| | 1997 | 1996 |
|--|-----------------|-----------------|
| | £ | £ |
| Bank loans and overdrafts | 223,893 | 126,791 |
| Trade creditors | 535,424 | 389,228 |
| Corporation tax | 35,069 | 21,924 |
| Other taxes and social security costs | 23,691 | 17,503 |
| Directors loan accounts | 99 | 9,300 |
| Other creditors | 49,819 | 74,004 |
| Net obligations under hire purchase and finance lease contracts | 4,097 | 4,097 |
| Accruals and deferred income | 16,797 | 24,088 |
| | <u>£888,889</u> | <u>£666,935</u> |

The bank overdraft is secured by a mortgage debenture over the assets of the company.

RICHMOND CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

12. CREDITORS: amounts falling after more than one year

| | 1997 | 1996 |
|---|---------------|---------------|
| | £ | £ |
| Net obligations under finance leases and hire purchase contracts | 4,096 | 8,192 |
| Accruals and deferred income | 16,000 | 24,000 |
| | <u>20,096</u> | <u>32,192</u> |
| Net obligations under finance leases and hire purchase contracts | | |
| Repayable within one year | 4,772 | 4,772 |
| Repayable between one and five years | 4,772 | 9,544 |
| | <u>9,544</u> | <u>14,316</u> |
| Finance charges and interest allocated to future accounting period | (1,351) | (2,027) |
| | <u>8,193</u> | <u>12,289</u> |
| Included in current liabilities | (4,097) | (4,097) |
| | <u>£4,096</u> | <u>£8,192</u> |

13. PROVISION FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 24% analysed over the following timing differences:

| | Provided | | Not Provided | |
|---|-----------------|-------------|---------------------|--------------|
| | 1997 | 1996 | 1997 | 1996 |
| | £ | £ | £ | £ |
| On the excess of capital allowances over depreciation | <u>-</u> | <u>-</u> | <u>4,969</u> | <u>2,823</u> |

RICHMOND CARS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

14. SHARE CAPITAL

| | 1997 £ | 1996 £ |
|-------------------------------------|----------------|----------------|
| Authorised: | | |
| 150,000 ordinary shares of £1 each | <u>150,000</u> | <u>150,000</u> |
| Allotted, called up and fully paid: | | |
| 150,000 ordinary shares of £1 each | <u>150,000</u> | <u>150,000</u> |

15. PROFIT AND LOSS ACCOUNT

| | 1997 £ | 1996 £ |
|----------------------------------|----------------|----------------|
| Retained profit at 1 April 1996 | 27,774 | 1,340 |
| Retained profit for the year | 49,171 | 26,434 |
| Retained profit at 31 March 1997 | <u>£76,945</u> | <u>£27,774</u> |

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1997 £ | 1996 £ |
|------------------------------------|-----------------|-----------------|
| Profit for the financial year | 67,471 | 71,434 |
| Dividends | (18,300) | (45,000) |
| Net increase to shareholders funds | <u>49,171</u> | <u>26,434</u> |
| Opening shareholders funds | 177,774 | 151,340 |
| Closing shareholders funds | <u>£226,945</u> | <u>£177,774</u> |

17. REVENUE COMMITMENTS

The amount payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

| | 1997 £ | 1996 £ |
|--------------------|---------------|---------------|
| Land and buildings | | |
| Expiry date: | | |
| After five years | <u>35,000</u> | <u>35,000</u> |