

SLOUGH MOTOR COMPANY LIMITED

FINANCIAL STATEMENTS

30th September 1996



Slough Motor Company Limited

Directors' report and financial statements

Contents	Page
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes	7 - 13

Slough Motor Company Limited

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 30th September 1996.

Activities

The main activities of the company are the sale, export, hire and maintenance of motor vehicles and ancillary services.

Results

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

Significant changes in fixed assets

Movements in fixed assets are set out in note 8.

Directors

The directors who held office during the year were:

M J Warnes
L B Friedman
C Redfern
T F Bradbury

M J Warnes and L B Friedman are directors of the ultimate parent company, Bestodeck Limited, and their interests in the shares of the group companies are shown in that company's financial statements.

C Redfern and T F Bradbury hold no shares in group companies.

Messrs C Redfern and T F Bradbury retire from the board and, being eligible, offer themselves for re-election.

Auditors

Taylor's are willing to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

On behalf of the board



L B FRIEDMAN

2nd June 1997

Registered Office: 51 Queen Anne Street, London, W1M 0HS

Slough Motor Company Limited

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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Slough Motor Company Limited

Auditors' report to the shareholders of Slough Motor Company 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 page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 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

As stated in note 1 on page 7 no depreciation is provided on freehold buildings. Accordingly the company has not complied with Statement of Standard Accounting Practice No. 12 and Schedule 4, Paragraph 32 (1) of the Companies Act 1985.

Except for the matter above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



TAYLORS

Chartered Accountants and Registered Auditors

51 Queen Anne Street, London W1M 0HS

2nd June 1997

Slough Motor Company Limited

Profit And Loss Account

for the year ended 30th September 1996

	Note	1996 £	1995 £
Turnover	1	36,984,644	33,483,025
Cost of sales		<u>31,609,208</u>	<u>28,311,383</u>
Gross profit		5,375,436	5,171,642
Distribution and administrative expenses	2	<u>5,133,545</u>	<u>4,887,817</u>
		241,891	283,825
Other income	3	<u>75</u>	<u>1,446</u>
		241,966	285,271
Interest payable	4	<u>198,791</u>	<u>201,073</u>
Profit on ordinary activities before taxation	5	43,175	84,198
Taxation	6	<u>20,580</u>	<u>15,000</u>
Profit for the financial year	16	<u><u>22,595</u></u>	<u><u>69,198</u></u>

Recognised gains and losses

There are no recognised gains or losses other than the profit attributable to shareholders of the company.

Slough Motor Company Limited

Balance Sheet

at 30th September 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	8		2,140,087		2,179,043
Current assets					
Stock	1	3,994,036		2,314,220	
Debtors	9	923,989		901,031	
Cash at bank and in hand		2,475		2,815	
		<u>4,920,500</u>		<u>3,218,066</u>	
Creditors					
Amounts falling due within one year	10	5,462,603		3,731,821	
Net current liabilities			(542,103)		(513,755)
Total assets less current liabilities			<u>1,597,984</u>		<u>1,665,288</u>
Creditors					
Amounts falling due after more than one year	11	554,085		643,984	
Loan from parent company	12	150,000		150,000	
		<u></u>	(704,085)	<u></u>	(793,984)
			<u>893,899</u>		<u>871,304</u>
Capital and reserves					
Called up share capital	14		50,100		50,100
Revaluation reserve	15		216,524		216,524
Profit and loss account			627,275		604,680
Total shareholders' funds			<u>893,899</u>		<u>871,304</u>
Shareholders' funds are attributable to:					
Non-equity shareholders' funds			100		100
Equity shareholders' funds			893,799		871,204
			<u>893,899</u>		<u>871,304</u>

These financial statements were approved by the board of directors on 2nd June 1997 and were signed on its behalf by:


L B FRIEDMAN
Director

Slough Motor Company Limited

Cash Flow Statement

for the year ended 30th September 1996

	Note	£	1996 £	£	1995 £
Operating profit			241,966		285,271
Operating activities					
Depreciation charges		186,017		134,646	
Loss on sale of fixed assets		801		-	
Decrease/(increase) in stock		(1,679,816)		(25,679)	
Decrease/(increase) in debtors		(22,958)		193,354	
Increase in creditors		1,535,809		14,730	
			19,853		317,051
Net cash inflow from operating activities			261,819		602,322
Returns on investment and servicing of finance					
Interest paid		(198,791)		(201,073)	
Net cash outflow from returns on investment and servicing of finance			(198,791)		(201,073)
Taxation					
Corporation tax paid			(15,000)		(15,000)
Investing activities					
Proceeds of sale of fixed assets		295,100		308,793	
Payments to acquire fixed assets		(442,962)		(510,457)	
Net cash outflow from investing activities			(147,862)		(201,664)
Net cash inflow/(outflow) before financing			(99,834)		184,585
Financing					
(Decrease)/increase in loans	17	(115,670)		(137,004)	
Net cash inflow from financing			(115,670)		(137,004)
Increase in cash and cash equivalents	18		(215,504)		47,581

Slough Motor Company Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of properties except that no depreciation has been provided on freehold buildings.

Turnover

This represents the value of goods sold, services provided and commissions receivable by the company, excluding value added tax.

Fixed assets and depreciation

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings, plant and equipment	- 10% to 20% per annum
Car hire vehicles	- 2% to 4% per month
Leasehold property	- over the unexpired period of the lease

No depreciation is provided on freehold buildings.

Stock

Stock is valued at the lower of cost and net realisable value. Stock held on consignment is accounted for in the balance sheet only when title has passed to the company or when the commercial risk of obsolescence rests with the company.

Leased assets

Rental payments are written off in the year in which they are incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Slough Motor Company Limited

Notes (continued)

	1996 £	1995 £
2. Distribution and administrative expenses		
Distribution costs	3,270,135	3,391,811
Administrative expenses	1,863,410	1,496,006
	<u>5,133,545</u>	<u>4,887,817</u>
3. Other income		
Interest	-	1,146
Rent	-	300
Other operating income	75	-
	<u>75</u>	<u>1,446</u>
4. Interest payable		
Bank overdraft	81,684	80,409
Loans repayable within five years	84,616	62,435
Loans repayable wholly or partly in more than five years	32,491	58,229
	<u>198,791</u>	<u>201,073</u>
5. Profit on ordinary activities		
This is stated after charging:		
Auditors' remuneration	9,000	9,000
Operating lease charges:		
Equipment	8,025	8,025
Other	203,467	169,705
Depreciation and amounts written off tangible fixed assets	186,017	134,646
Loss on sale of tangible fixed assets	801	-
	<u></u>	<u></u>
6. Taxation		
Based on the profit for the year:		
Corporation tax at 25%	23,000	15,000
Adjustment in respect of prior years	(2,420)	-
	<u>20,580</u>	<u>15,000</u>

Slough Motor Company Limited

Notes (continued)

7. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	1996 No.	1995 No.
Production	73	75
Distribution	62	74
Administrative	34	33
	<u>169</u>	<u>182</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	2,700,534	2,571,232
Social security costs	251,750	247,362
Other pension costs	52,316	41,822
	<u>3,004,600</u>	<u>2,860,416</u>

8. Tangible assets

	Freehold properties £	Fixtures, fittings, plant and equipment £	Car hire vehicles £	Total £
<i>Cost or valuation</i>				
At beginning of year	1,323,962	1,007,159	423,979	2,755,100
Additions	-	134,022	308,940	442,962
Disposals	-	(19,219)	(350,905)	(370,124)
At end of year	<u>1,323,962</u>	<u>1,121,962</u>	<u>382,014</u>	<u>2,827,938</u>
<i>Depreciation</i>				
At beginning of year		553,179	22,878	576,057
Provided this year		122,337	63,680	186,017
Disposals		(17,943)	(56,280)	(74,223)
At end of year		<u>657,573</u>	<u>30,278</u>	<u>687,851</u>
<i>Net book values</i>				
30th September 1996	<u>1,323,962</u>	<u>464,389</u>	<u>351,736</u>	<u>2,140,087</u>
30th September 1995	<u>1,323,962</u>	<u>453,980</u>	<u>401,101</u>	<u>2,179,043</u>

Slough Motor Company Limited

Notes (continued)

	1996 £	1995 £
8. Tangible assets (continued)		
<i>Freehold properties comprise</i>		
Cost	923,962	923,962
Valuation - 1988	400,000	400,000
	<u>1,323,962</u>	<u>1,323,962</u>
 The historical cost of these properties was	 <u>1,107,438</u>	 <u>1,107,438</u>
 As stated in the Accounting Policies, no depreciation is provided on freehold buildings.		
All other tangible assets are stated at historical cost.		
9. Debtors		
Trade debtors	880,601	880,387
Other debtors	2,340	1,018
Prepayments and accrued income	41,048	19,626
	<u>923,989</u>	<u>901,031</u>
10. Creditors falling due within one year		
Trade creditors	3,343,551	1,917,629
Social security and other taxes	175,039	282,985
Amounts owed to group undertakings	504,536	440,845
Accruals	603,803	452,081
Bank overdraft (secured - see note 13)	689,365	474,201
Short term loans (secured - see note 13)	38,609	64,380
Long term loans (secured - see note 13)	84,700	84,700
Corporation tax	23,000	15,000
	<u>5,462,603</u>	<u>3,731,821</u>
11. Creditors falling due after more than one year		
Long term loans (secured - see note 13)	<u>554,085</u>	<u>643,984</u>

Slough Motor Company Limited

Notes (continued)

12. Ultimate parent company

The company's ultimate parent company is Bestodeck Limited, a company registered in England. The loan of £150,000 is, at present, free of interest.

13. Bank overdraft and loans

The aggregate amount of secured borrowings is as follows:

Falling due within five years:

	1996 £	1995 £
Bank overdraft	689,365	474,201
Short term loans	38,609	64,381
Long term loans	423,500	423,500
	<u>1,151,474</u>	<u>962,082</u>

Falling due after more than five years:

Long term loans	<u>215,285</u>	<u>305,184</u>
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The bank overdraft and loans are secured by fixed and floating charges over the company's assets.

The long term loans are repayable by monthly instalments as follows:

	£
Interest variable with Finance House base rate	1,958
Inclusive of interest	<u>5,062</u>

14. Share capital

Authorised

	1996 £	1995 £
'A' ordinary shares of £1 each	50,000	50,000
'B' ordinary shares of £1 each	100	100
	<u>50,100</u>	<u>50,100</u>

Allotted, issued and fully paid

	1996 £	1995 £
'A' ordinary shares of £1 each	50,000	50,000
'B' ordinary shares of £1 each	100	100
	<u>50,100</u>	<u>50,100</u>

Slough Motor Company Limited

Notes (continued)

	1996 £	1995 £
15. Revaluation reserve		
At beginning and end of year	<u>216,524</u>	<u>216,524</u>
There is no present intention of disposing of the revalued properties; accordingly no provision has been made in these financial statements for taxation of £72,000 which would arise in the event of such a disposal.		
16. Reconciliation of movements in shareholders' funds		
Profit for the financial year	22,595	69,198
Opening shareholders' funds	<u>871,304</u>	<u>802,106</u>
Closing shareholders' funds	<u>893,899</u>	<u>871,304</u>
17. Analysis of changes in financing during the year		
<i>Loans</i>		
At start of year	793,064	930,068
Net cash inflow	<u>(115,670)</u>	<u>(137,004)</u>
At end of year	<u>677,394</u>	<u>793,064</u>
18. Analysis of changes in cash and cash equivalents during the year		
Balance at start of year	(471,386)	(518,967)
Net cash inflow	<u>(215,504)</u>	<u>47,581</u>
Balance at end of year	<u>(686,890)</u>	<u>(471,386)</u>

Slough Motor Company Limited

Notes (continued)

19. Contingent liability

The company is the representative member of a group registration for value added tax purposes and, accordingly, is jointly and severally liable for any such tax due by other group members.

20. Financial commitments

Pensions

The company contributes to a fully insured defined benefit scheme, operated by a fellow subsidiary company, under which amounts to be paid as retirement benefits are determined by an employee's earnings and/or years of service. Contributions are written off to the profit and loss account in the accounting period in which they are required.

Operating leases

The company has annual commitments expiring as follows:

	1996		1995	
	£	£	£	£
	Land and Buildings	Other	Land and Buildings	Other
In two to five years	31,000	8,025	-	8,320
After five years	180,800	-	169,705	-
	<u>211,800</u>	<u>8,025</u>	<u>169,705</u>	<u>8,320</u>

Other commitments

The company has commitments to repurchase Motability vehicles as follows:

	£
Within one year	140,195
Thereafter	309,100
	<u>449,295</u>

21. Deferred taxation

The total potential liability, none of which has been provided in these financial statements, is as follows:

	1996	1995
	£	£
Revaluation of properties	<u>72,000</u>	<u>72,000</u>