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DAVENPORT VERNON AND COMPANY LIMITED

STATEMENT OF ACCOUNTS

30TH SEPTEMBER, 1973

FRASER THRELFORD CROOKES & CO.  
Chartered Accountants,  
31, Copthall Avenue,  
LONDON, EC2R 7BP

DAVENPORT VERNON & CO. LTD. AND SUBSIDIARY COMPANIES

CHAIRMAN'S STATEMENT

In my statement accompanying last years accounts I stated that the impact of Value Added Tax could not be foreseen but the effect would be seen in these accounts. Whilst the fall in the Group's profitability cannot be entirely explained by this one factor, nevertheless this tax has had a very strong impact. Before its introduction in April it provided a short term fillip as buyers acquired vehicles under trading conditions they felt able to understand, but subsequently it has (~~drastically~~) undermined the used vehicle market, and except in the case of commercial undertakings new vehicle sales also deteriorated.

The Group, being so closely connected with the Chrysler franchise has also suffered during the year from two industrial dispute in one of which considerable harm was caused to the Chrysler range of vehicles, and this has had a lasting effect. It is not surprising therefore to find all the year's profits were earned during the first six months.

Two companies have turned in profits in excess of their budgets and congratulations are due to Davenport Securities Ltd. and Risboro' Garage Ltd. for this. In the latter case, the achievement was all the more meritorious because of large scale rebuilding work which obviously must have had some adverse effect on output.

Even though the year has been difficult from a trading point of view, the Group has continued its expansion. On 1st February, 1973 the business of H. Flack & Sons Ltd. of Amersham was acquired and has earned profits in its first seven months in the Group and shortly after the end of the financial year the old established motor traders business of J.G. West of Thame was purchased. At Milton Keynes the old premises at Cambridge Street have been replaced by fine new premises on the A5 trunk road where excellent display and servicing facilities are now enjoyed. Davenport Securities Ltd. has increased its advances to hirers to over £360,000. Altogether some £350,000 of Capital Expenditure was incurred excluding the West acquisition.

Most of this finance was provided by the sale of the Cambridge Street premises at Milton Keynes and the sale of approx. two thirds of the freehold premises owned by Trokhos Ltd., where a successful disposal of the haulage fleet was also carried out. The resulting, operations which this company is now conducting are again producing profits.

Needless to say, this scale of operations could not be achieved without some strain on resources and your Directors felt that Bank support was the most economical means of financing these expansion achievements. This could only be obtained by granting a Debenture which has enabled resources to be spread over the whole group wherever need arose, and is currently making it possible for the companies engaged in motor trade activities to finance large scale fleet replacements on favourable terms.

At the last Annual General Meeting two further Directors were appointed and on 28th September Mr. C. Seward was also invited to join the main company's Board as acknowledgement of his completing six years service and his very hard work in controlling the rebuilding operations and the removal of the Milton Keynes company to its new site. This enlarged Board has been operating well, and now has a representative from most companies in the Group. It is felt that this has brought a new breadth to its deliberations which should prove beneficial to the Group, whilst a further development has been the substitution of single Managing Director for the earlier dual role in an attempt to give singleness of purpose to all Group activities.

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DAVENPORT VERNON & CO. LTD. AND SUBSIDIARY COMPANIES

CHAIRMAN'S STATEMENT CONTINUED

Taxation

It has again proved necessary to make further provision for tax equalisation because of the high rate of Corporation Tax now being levied on companies.

Future Prospects

An attempt has been made to prepare realistic forecasts of the next years prospects but the current state of the industrial relations throughout the country and the energy crisis now facing it, make this a most difficult task. The lack of business confidence due to fears of prolonged interference with production and the continuing penal rates of interest on borrowings, militate against any expectation of improvement in profit levels, whilst the possibilities of a change in government cannot be ignored. Should this materialise there is little doubt that taxation will be heavy and returns on capital restricted.

If current fears are proved right, practically the whole of industry must expect severe shortages of its main products which in turn is likely to lead to higher prices.

It must take a considerable time to recover to an economic level of activity even if many fears prove groundless. In these circumstances, your Directors would be failing in their duty if they did not point out that any improvement in profits within the current year cannot be anticipated.

Dividends

A change in accounting for tax calls for a change in the method of declaring dividends, which now have to be declared at net rates instead of gross.

Four subsidiary companies have declared dividends including, it is pleasing to note, Trokhos Ltd., where substantial profits accumulated from the sale of property. Except in the case of Risboro' Garage Ltd. however, the payments are slightly less than in the previous year, but all companies have adequate reserves already to enable the Directors to recommend the final dividends shown in the respective companies accounts.

The year to 30th September, 1973 has been a period of exceptionally hard work to cope with a worsening trade situation. In such conditions it always appear that extra effort is ill rewarded but your Directors would wish to express their gratitude for and appreciation of these efforts, on the part of all Group Staffs.

...D. DENNE.....  
D. Denne  
Chairman

REPORT OF THE DIRECTORS

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To be submitted at the Seventy Seventh Annual General Meeting to be held at the Company's Registered Office on 21st February, 1974.

1. Profits and Dividends

	<u>Year Ended</u> <u>30.9.73</u>	<u>Year Ended</u> <u>30.9.72</u>
Group Trading Profit before providing for Taxation was	£71,628 =====	£94,599 =====
After providing for Taxation profits or losses on sales of Fixed Assets of subsidiary companies, and profits attributable to minority shareholders in subsidiary companies, and adjusting for income relating to previous years profits available for distribution to members of this company were	36,477	38,710
To which should be added profits undistributed in previous years less adjustments re previous year	<u>75,276</u> 111,753	<u>61,894</u> 100,604
From which your Directors recommend the following appropriations:-		
Dividends - 6% Cum.		
Preference Shares at 4.3632% net	203	273 (6% Gross)
Ordinary Shares:-		
Interim Dividend at 4% net	4,900	7,500 (75% Gross)
Proposed Final Dividend at 84% net	<u>8,400</u>	<u>15,000</u> (150% Gross)
	13,503	22,773
Leaving undistributed profits which your Directors consider should be carried forward	£ 98,250 =====	£ 77,831 =====

2. Directors

The Directors, of the Company during the year and their registered shareholdings including shares held by wives of Directors) at 30th September, 1973 were:-

	<u>1973</u>		<u>1972</u>	
	<u>Ordinary</u>	<u>Preference</u>	<u>Ordinary</u>	<u>Preference</u>
<u>Davenport Vernon &amp; Co. Ltd.</u>				
R.H. Arden	545	250	545	250
As Trustee (Joint)	1,101	169	1,101	169
D. Denne	1,225	1,282	1,225	1,282
D.R. Denne	567	80	567	80
J.A..Denne	567	335	567	335
As Trustee (Joint)	1,101	169	1,101	169
A.E.F. Hole	45	320	45	320
A.S. Luxford				
(from 15th Feb. 1973)	-	50	-	-
J.W. Mathews (from 15th Feb. 1973)	-	50	-	-
C. Seward (from 28th Sept. 1973)	-	-	-	-

REPORT OF THE DIRECTORS CONTINUED

2. Directors (Continued)

Subsidiary Companies - all Ordinary Shares

	<u>Air</u> <u>Drive</u> <u>Ltd.</u>	<u>Davenport</u> <u>Securities</u> <u>Ltd.</u>	<u>Davenport</u> <u>Vernon</u> <u>(Milton Keynes)</u> <u>Ltd.</u>	<u>Risboro</u> <sup>†</sup> <u>Garage</u> <u>Ltd.</u>	<u>Trokhos</u> <u>Ltd.</u>
	<u>1973</u> <u>1972</u>	<u>1973</u> <u>1972</u>	<u>1973</u> <u>1972</u>	<u>1973</u> <u>1972</u>	<u>1973</u> <u>1972</u>
R.H. Arden	200 200	180 100	- -	- -	200 200
D. Denne	500 500	400 250	100 100	4,000 4,000	1,000 1,000
D.R. Denne	1,000 1,000	720 400	300 300	1,000 1,000	400 400
J.A. Denne	200 200	270 150	200 200	300 300	600 600
A.E.F. Hole	500 500	450 250	100 100	2,000 2,000	1,500 1,500
A.S. Luxford	- -	140 -	- -	3,200 3,200	- -
J.W. Mathews	- -	100 -	- -	- -	50 50
C. Seward	- -	100 -	100 100	- -	- -

One of the shares of H. Flack & Son Ltd, a subsidiary company acquired in the year is held by Mr. D. Denne, the balance being held by Davenport Vernon and Co. Ltd.

Messrs. R.H. Arden and D.R. Denne retire from the Board by rotation but being eligible, offer themselves for re-election. Confirmation of the appointment of Mr. C. Seward to the Board, will be sought.

3. Principal Activities

The Company continued to trade as motor vehicle dealers with supporting service and parts facilities.

Subsidiary Companies provided other depots for similar activities, together with gear cutting and hire purchase facilities leasing of commercial vehicles and manufacturers of compressed air equipment.

4. Employees

	<u>1973</u>	<u>1972</u>
Average number of employees in the Group (excluding Directors)	199	181
Aggregateremuneration paid to Group employees (excluding Directors)	£314,486	£274,815

5. Charitable Contributions expended were below £50.

6. Exports

The Group did not export any goods or services during the year.

7. Income and Corporation Taxes Act 1970

The Group is subject to the close Company provisions of this legislation.

8. Large Shareholdings

Apart from the Directors, the following large shareholdings were held at 30th September.

	<u>30.9.73</u>		<u>30.9.72</u>	
	<u>Ordinary</u>	<u>Preference</u>	<u>Ordinary</u>	<u>Preference</u>
Mrs. P.D.A. Chronander	2,051	1,340	2,051	1,340
Mrs. A.J.L. Arden	1,742	147	1,742	147

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DAVENPORT VERNON & COMPANY LIMITED

REPORT OF THE DIRECTORS CONTINUED

9. Auditors

No alternative nominations having been received Messrs. Fraser Threlford Crookes & Co. successors to Messrs. James Fraser & Sons have intimated their willingness to continue in office.

BY ORDER OF THE BOARD



A.E.F. HOLE

Secretary

Davenport Vernon Trading Estate,  
London Road,  
High Wycombe,  
Bucks.

24th January, 1974.

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DAVENPORT VERNON AND COMPANY LIMITED  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1973

	<u>Notes</u>	<u>30.9.73</u> <u>£</u>	<u>30.9.72</u> <u>£</u>
Turnover		1,926,257	1,912,365
Deduct: Trading and Administrative expenses except those shown below		<u>1,848,824</u> 77,433	<u>1,826,414</u> 85,951
Deduct: Depreciation	7,431		7,299
Directors' Remuneration	2 20,852		17,475
Interest Payable - Bank	24,762		10,944
Other	3,487		2,017
Auditors' Remuneration	<u>2,175</u>		<u>1,550</u>
		<u>58,707</u>	<u>39,285</u>
		18,726	46,666
Add: Dividends Receivable from Subsidiary Companies		<u>14,871</u>	<u>11,510</u>
Profit for Year before Taxation		33,597	58,176
Deduct Taxation	3	<u>9,050</u>	<u>18,620</u>
		24,547	39,556
Deduct Adjustment re Previous year's business (net of tax relief)		-	288
Deduct Increase in Tax Equalisation Account due to change in rate of Corporation Tax		<u>6,085</u>	<u>-</u>
Available for distribution		18,462	39,268
Deduct: Proposed Appropriations:-			
Dividend on 6% Cum.Pref.Shares net (1972 Gross)	203		273
Dividend on Ordinary Shares:-			
Interim paid at 49% net (75% Gross)	4,900		7,500
Proposed Final at 84% net (150% Gross)	<u>8,400</u>		<u>15,000</u>
		<u>13,503</u>	<u>22,773</u>
		4,959	16,495
Add: Balance brought forward from previous year	69,879		60,904
Deduct: Transfer to Tax Equalisation Account	3 -		<u>7,520</u>
		<u>69,879</u>	<u>53,384</u>
Balance carried forward		£ 74,838 =====	£ 69,879 =====

BALANCE SHEET 30TH SEPTEMBER, 1973

	<u>Notes</u>	<u>30.9.73</u> £	<u>30.9.72</u> £
<b><u>FIXED ASSETS</u></b> - Per Schedule	10	308,446	291,402
Less: Hire Purchase Commitment		<u>941</u>	<u>2,498</u>
		307,505	288,904
<b><u>INVESTMENTS</u></b> - Quoted	4	-	99
Subsidiary Companies		<u>171,479</u>	<u>37,889</u>
		171,479	37,988
<b><u>GOODWILL</u></b>		1	1
<b><u>CURRENT ASSETS</u></b>			
Stocks and Work in Progress	1	150,689	137,184
Deposits on Consignment Stocks		26,628	97,860
Debtors and Prepayments:-			
Subsidiary Companies		58,947	14,671
Others		120,131	59,438
Cash in Hand		<u>190</u>	<u>213</u>
		356,585	309,366
<b><u>LESS: CURRENT LIABILITIES</u></b>			
Trade Creditors and Accrued Charges		68,714	68,857
Amount due to Subsidiary Companies		29,503	33,896
Bank Overdraft - Secured		341,695	146,883
Corporation Tax	3	14,698	10,998
Preference Dividend		203	273
Proposed Final Dividend on Ordinary Shares		<u>8,400</u>	<u>15,000</u>
		463,213	275,907
<b><u>NET CURRENT ASSETS</u></b>		(106,628)	33,459
		<u>372,357</u>	<u>360,352</u>
Less: Unsecured Loans		90	90
Tax Equalisation Account	1	<u>33,700</u>	<u>24,365</u>
		33,790	24,455
<b><u>NET ASSETS EMPLOYED</u></b>		<u>£338,567</u>	<u>£335,897</u>
<b><u>REPRESENTED BY:-</u></b>			
Preference Share Capital	5	4,643	4,543
Ordinary Share Capital	5	10,000	10,000
Capital Reserves	6	212,806	212,806
Revenue Reserves	7	36,280	38,669
Profit and Loss Account	11	<u>74,838</u>	<u>69,879</u>
		<u>£338,567</u>	<u>£335,897</u>

Signed *E. Franklin* Director

Signed *[Signature]* Director



DAVENPORT VERNON AND COMPANY LIMITED

Schedule of Fixed Assets

30th September, 1973

	Cost 1.10.72 £	Additions at Cost £	Deletions at Cost £	Cost 30.9.73 £	Depreciation to date £	Net Book Value 30.9.73 £	Net Book Value 30.9.73 £
Freehold Land & Buildings	239,446	18,854	-	258,300	-	258,300	239,446
Leasehold Buildings	2,199	-	-	2,199	791	1,408	1,584
	241,645	18,854	-	260,499	791	259,708	241,030
Plant and Machinery	30,002	2,357	-	32,359	16,841	15,518	15,591
Fixtures and Fittings	16,764	794	-	17,558	7,415	10,143	10,214
Office Machinery	12,686	536	-	13,222	9,639	3,583	4,377
Office Furniture	6,405	320	37	6,688	3,311	3,377	3,399
Loose Tools & Equipment	3,761	293	-	4,054	3,081	973	1,167
Heating & Lighting Installation	22,015	1,106	-	23,121	8,672	14,449	14,735
Company Vehicles	2,402	420	725	2,097	1,402	695	889
	94,035	5,826	762	99,099	50,361	48,738	50,372
	£335,680	£24,660	£762	£359,598	£51,152	£308,446	£291,492

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

30TH SEPTEMBER, 1973

	<u>Notes</u>	<u>30.9.73</u> <u>£</u>	<u>30.9.72</u> <u>£</u>
Profit on Trading for the year before charging the items shown below	2	228,341	206,155
Deduct: Depreciation	1	36,766	43,180
Directors' Remuneration	2	41,729	31,003
Interest Payable	2	74,238	34,895
Auditors Remuneration		<u>3,980</u>	<u>2,478</u>
		156,713	111,556
Profit for year before Taxation		71,628	94,599
Deduct: Taxation	3	35,542	41,082
Profit after Taxation		36,086	53,517
Deduct: Adjustment re Previous Year's business (net of Tax Relief)		(599)	(1,292)
Add: Taxation adjustments re previous years		<u>556</u>	<u>460</u>
		36,043	52,685
Add: Exceptional items:-			
Add: Profit on sale of Freehold Property of a Subsidiary Company (net of Tax Provision)		28,497	-
Add: Transfer from Capital Reserve in a Subsidiary Company		526	-
Less: Provision for Advance Corporation Tax on proposed dividend of a Subsidiary Company		(4,286)	-
Less: Tax Equalisation Account - adjustments due to increased rate of Corporation Tax		<u>(8,949)</u>	<u>-</u>
		51,831	52,685
Deduct: Proportion of profits less losses for the year of Subsidiary Companies attributable to Minority Interests		<u>15,354</u>	<u>13,975</u>
Profit attributable to Members of Parent Company		36,477	38,710
Deduct: Proposed Appropriations:-			
Dividend on 6% Cum.Pref. Shares net (1972 Gross)	203	273	
Dividends on Ordinary Shares:-			
Interim paid at 49% net (75% Gross)	4,900	7,500	
Proposed Final at 84% net (150% Gross)		<u>8,400</u>	<u>15,000</u>
	12 2 00	<u>13,503</u>	<u>22,773</u>
		22,974	15,937
Add: Brought forward from previous year	11	<u>75,276</u>	<u>61,894</u>
Balance carried forward		<u>£ 98,250</u> =====	<u>£ 77,831</u> =====

CONSOLIDATED BALANCE SHEET 30TH SEPTEMBER, 1973

	Notes	30.9.73 £	30.9.72 £
<b>FIXED ASSETS - Per Schedule</b>	10	707,927	520,833
Deduct: Hire Purchase Commitments		<u>2,564</u>	<u>10,289</u>
<b>INVESTMENTS:- Quoted</b>	4	705,363	510,544
<b>GOODWILL - at Cost less Amounts written off</b>		-	99
<b>CURRENT ASSETS</b>		5,001	5,001
Stocks and Work in Progress	1	375,416	253,294
Deposits on Consignment Stocks		50,039	128,276
Debtors and Prepayments		654,023	321,671
Cash at Bank and in Hand		<u>471</u>	<u>6,352</u>
		<u>1,079,949</u>	<u>709,593</u>
<b>DEDUCT: CURRENT LIABILITIES</b>			
Trade Creditors and Accrued Charges		175,689	151,554
Bank Overdrafts - Secured		811,752	383,461
Corporation Tax	3	41,359	43,544
Preference Dividend		203	273
Proposed Final Dividend on Ordinary Shares		<u>8,400</u>	<u>15,000</u>
		<u>1,037,403</u>	<u>593,832</u>
<b>NET CURRENT ASSETS</b>		<u>42,546</u>	<u>115,761</u>
		752,910	631,405
<b>Deduct: Mortgages - Secured</b>	8	26,667	52,333
Debenture - Secured		-	13,000
Unsecured Loans		90	90
Deferred Taxation Account	1	64,772	32,465
Sum Received in advance of sale of property		<u>-</u>	<u>92,000</u> <i>2/2</i>
		91,529	189,888
		<u>661,381</u>	<u>441,517</u>
<b>Deduct: Minority Interests in Net Assets of Subsidiary Companies</b>			
		<u>149,890</u> /	<u>59,025</u>
<b>GROUP NET ASSETS</b>		<u>£511,491</u>	<u>£382,492</u>
		=====	=====
<b>REPRESENTED BY:-</b>			
Ordinary Share Capital	5	10,000	10,000
Preference Share Capital	5	4,643	4,543
Capital Reserves	6	357,053	245,536
Revenue Reserves	7	41,545	44,582
Profit and Loss Account		<u>98,250</u>	<u>77,831</u>
<b>GROUP CAPITAL AND RESERVES</b>		<u>£511,491</u>	<u>£382,492</u>
		=====	=====

Signed *[Signature]* Director

Signed *[Signature]* Director

*500' / 496*

## Schedule to Note 10

## DAVENPORT VERNON AND COMPANY LIMITED

## AND SUBSIDIARY COMPANIES

## SCHEDULE OF FIXED ASSETS

30TH SEPTEMBER, 1973

	Cost 1.10.72	Additions at Cost	Subsidiary Acquired in Year - Assets at Valuation at 31.1.73	Deletions at Cost	Cost 30.9.73	Depreciation to date	Net Book Value 30.9.73	Net Book Value 30.9.72
	£	£	£	£	£	£	£	£
Freehold Land and Buildings	371,716	220,817*	27,600	74,463	545,670	232	545,438	371,584
Leasehold Property	2,199	-	-	-	2,199	791	1,408	1,584
Plant and Machinery	65,185	20,921	5,320	3,453	87,973	35,276	52,697	35,819
Fixtures and Fittings, Office Machinery and Office Furniture	46,416	4,711	-	343	50,784	25,779	25,005	24,343
Loose Tools and Equipment	9,696	1,506	-	2,254	8,948	5,638	3,310	3,156
Heating and Lighting Installation	26,936	4,523	-	-	31,459	11,844	19,615	17,136
Leased Vehicles	6,265	6,500	-	-	12,765	3,253	9,512	5,748
Trade and Contract Rental Vehicles	144,640	44,433	680	89,467	100,286	49,344	50,942	61,463
	£673,053	£303,411	£ 33,600	£ 169,980	£ 840,084	£ 132,157	£ 707,927	£ 520,833

\* Additions to Freehold Land and Buildings includes £18,854 surplus arising on revaluation of property on transfer from a Subsidiary Company to the Parent Company - see Note 10.

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DAVENPORT VERNON AND COMPANY LIMITED  
AND SUBSIDIARY COMPANIES

Notes on and forming part of the Accounts for the Year Ended  
30th September, 1973

1. Accounting Policies

(a) Basis of Consolidation

The group profit before taxation includes in respect of a subsidiary company acquired in the year, the profit attributable to the period since date of acquisition.

(b) Depreciation

Leased vehicles are depreciated on a straight line basis over the primary period of the lease. Company vehicles and equipment are depreciated on a straight line basis over the estimated life of the asset.

(c) Stocks and Work-in-Progress

The valuation shown on the Balance Sheet is at the lower of cost or net realisable value.

(d) Tax Equalisation Account

In order that the charge to Taxation on the Accounts of this and succeeding years should relate more directly to the Profits of the year, a Tax Equalisation Account has been set up, the amount required being computed by reference to the relative written down values of the fixed assets for tax and accounts purposes.

2. Profit on Trading

(a) Turnover

The aggregate turnover of the group from all sources is £3,917,326 (1972 £3,491,071). In the case of the company operating in the provision of finance, turnover is the aggregate amount receivable (including interest and charges) under agreements entered into during the year. For other companies turnover is the total amount receivable for goods sold and work done.

(b) Directors' Remuneration

	<u>Company</u>		<u>Group</u>	
	<u>Year ended</u>		<u>Year ended</u>	
	<u>30.9.73</u>	<u>30.9.72</u>	<u>30.9.73</u>	<u>30.9.72</u>
1 Total Emoluments				
Fees	1,850	1,500	2,704	2,550
Management Remuneration	16,012	12,991	36,035	25,469
Retirement Pensions	1,550 *	1,550 *	1,550 *	1,550 *
Pension Scheme Contributions	1,440	1,434	1,440	1,434
	<u>£20,852</u>	<u>£17,475</u>	<u>£41,729</u>	<u>£31,003</u>
	=====	=====	=====	=====

\* includes £1,550 (1972 - £1,550) charged against Reserve for Pensions (see Note 8 below).

Notes on and forming part of the Accounts for the year ended  
30th September, 1973

2. (b) Directors' Remuneration (Continued)

	<u>Company</u> <u>Year Ended</u>		<u>Group</u> <u>Year Ended</u>	
	30.9.73	30.9.72	30.9.73	30.9.72
ii The Emoluments of all Directors fell into the following categories				
£0 - £ 2,500	3	2	1	1
£2,501 - £ 5,000	4	1	2	1
£5,001 - £ 7,500	-	2	1	1
£7,501 - £10,000	-	-	2	1
£10,001 - £12,500	-	-	1	1
iii The Emoluments of the Chairman amounted to:-	£1,850 =====	£1,850 =====	£2,554 =====	£2,525 =====
iv The Emoluments of the Highest Paid Director (excluding Pension Scheme Contributions) amounted to:-	£4,842 =====	£5,071 =====	£11,364 =====	£11,148 =====

(c) Interest Payable

	30.9.73	30.9.72
	£	£
On Bank Loans and Overdrafts	70,194	27,445
On Mortgages, Debenture and Unsecured Loans, not repayable within 5 years.	3,590	4,523
Other Interest Payable	205	724
On Loans repayable by instalments within 5 years	249	2,203
Per Consolidated Profit and Loss Account	£ 74,238 =====	£ 34,895 =====

3. Corporation Tax

(a) Company Balance Sheet

	30.9.73	30.9.72
	£	£
Corporation Tax Payable on Accounts to 30.9.72	10,998	-
Provision for Tax on Adjustment re Previous Year's Business	-	(202)
Provision for Tax on Current Year's Profits	5,200	11,200
Payment in lieu of Tax on Current Year's Profits, payable to Subsidiary Company under Group Relief Provisions of the Income and Corporation Taxes Act, 1970	-	5,500
	£16,198	£16,498
Less Advance Corporation Tax	1,500	-
Per Company Balance Sheet	£14,698 =====	£16,498 =====

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DAVENPORT VERNON AND COMPANY LIMITED

AND SUBSIDIARY COMPANIES

Notes (Continued)

3. Corporation Tax (Continued)

(b) Group Balance Sheet

	<u>30.9.73</u>	<u>30.9.72</u>
	<u>£</u>	<u>£</u>
Corporation Tax on Accounts on 30.9.72 and earlier years	10,998	5,494
Corporation Tax on Accounts to 30.9.73	<del>22,190</del> 29960	38,050
Provision for Advance Corporation Tax on the proposed Capital Dividend of a Subsidiary Company	<u>4,286</u>	<u>-</u>
	37,474 48248	43,544
Less Advance Corporation Tax	<u>3,885</u>	<u>-</u>
Per Consolidated Balance Sheet	£41,359 =====	£43,544 =====

4. Investments are at Cost less amounts written off.

Subsidiary Companies:-

The following Companies are Subsidiary Companies. All are incorporated in England.

	<u>Ordinary Shares</u> <u>held by</u> <u>Davenport Vernon &amp;</u> <u>Co. Ltd.</u>	<u>Proportion of</u> <u>Issued Capital</u>
Davenport Vernon (Milton Keynes) Ltd.	1,100	55%
Davenport Securities Ltd.	3,300	52.7%
Risboro' Garage Ltd.	21,500	67.2%
Trokhos Ltd.	16,050	80.2%
Air Drive Ltd.	3,550	50.7%
H. Flack & Son Ltd.	5,999	99.9%

5. Share Capital

	<u>Authorised</u>	<u>Issued and</u> <u>Fully Paid</u>
Ordinary Shares of £1 each	10,000	10,000
6% Cumulative Preference Shares of £1 each	<u>5,000</u>	<u>4,643</u>
	£15,000 =====	£14,643 =====

100 Cumulative Preference Shares were issued in the year.

## 6. Capital Reserves

	<u>Company</u>		<u>Group</u>	
	<u>30.9.73</u>	<u>30.9.72</u>	<u>30.9.73</u>	<u>30.9.72</u>
Share Premium Account	25	25	865	865
Surplus on Sales of Fixed Assets	212,781	212,781	320,028	213,202
Surplus arising on revaluation of Freehold Properties in Subsidiary Companies	-	-	25,412	19,389
Surplus arising on Consolidation	-	-	10,748	12,080
	<u>£212,806</u>	<u>£212,806</u>	<u>£357,053</u>	<u>£245,536</u>
	=====	=====	=====	=====

### Movements in Reserves:

- a) Surplus on Sales of Fixed Assets. The increase arose on sale of property in a Subsidiary Company, after deduction of minority interests. No provision has been made for Taxation, as the gain will be "rolled over" against capital expenditure on property.
- b) Surplus on Revaluation of Properties. Consequent upon the above mentioned sale, the revaluation surplus in the subsidiary concerned has now been realised, and transferred. An additional surplus arose in the year on the transfer of Land from a Subsidiary Company to the Parent Company (see note 10(c) below).
- c) Surplus arising on Consolidation. There have been slight adjustments following the acquisition on 31st January, 1973 of a new Subsidiary Company.

## 7. Revenue Reserves

	<u>Company</u>		<u>Group</u>	
	<u>30.9.73</u>	<u>30.9.72</u>	<u>30.9.73</u>	<u>30.9.72</u>
Asset Replacement Reserve	9,384	9,384	9,384	9,384
Dividend Equalisation Reserve	10,000	10,000	10,000	10,000
General Reserve	10,000	10,000	15,265	15,265
Pensions	1,896	4,285	1,896	4,285 (b)
Purchase Tax and Stock Losses	5,000	5,000	5,000	5,000
General Bad Debt Reserve	-	-	-	648 (a)
	<u>£36,280</u>	<u>£38,669</u>	<u>£41,545</u>	<u>£44,582</u>
	=====	=====	=====	=====

### Movements in Reserves in Year:-

#### (a) General Bad Debt Reserve:-

The reduction in this Reserve in a Subsidiary Company (after adjustment for Minority Interest) arose on transfer to Specific Bad Debt Provision.

#### (b) Pension Reserve:-

Balance at 1st October, 1972		4,285
Less: Pensions Paid in Year to:-		
Director (see Note 1(b) above)	1,550	
Former Employees	<u>839</u>	<u>2,389</u>
Balance at 30th September, 1973		<u>£ 1,896</u>
		=====



DAVENPORT VERNON AND COMPANY LIMITED  
AND SUBSIDIARY COMPANIES  
Notes (Continued)

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8. Mortgages - in Subsidiary Company

The Mortgage of £26,667 is secured on the Freehold Property of a Subsidiary Company, and is repayable by instalments over 15 years; interest is payable at the rate of 4½% per annum.

9. Contingent Liabilities

The Company has given unlimited guarantees on the Bank Overdrafts and Loans of two Subsidiary Companies and specific guarantees up to £95,750 on the remaining Subsidiary Companies. The Overdrafts and Loans of the Companies at 30th September, 1973, totalled £470,057 (1972 £236,578). The overdraft of Davenport Vernon and Co. Ltd., has been guaranteed by two Subsidiary Companies to the extent of £50,000.

10. Fixed Assets

(a) Per Schedule attached.

(b) Contracts for Capital expenditure at 30th September, 1973 not provided in these Accounts amounted to £147,296 (30.9.72 £11,000) of which £119,500 was in respect of subsidiary companies.

(c) Freehold Land and Buildings

Cost to 30.9.73, as above	£545,670
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Representing:-

Additions since 31.3.65 at Cost	444,566
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At Valuation:-

The property of a subsidiary company valued at 31.3.65 after deducting proceeds of sales since that date	39,650
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Property transferred from a subsidiary company to the parent company at directors valuation (see note 6b above)	33,854
Property acquired upon acquisition of a subsidiary company in the year	27,600

	101,104
	£545,670

11. Profit and Loss Account

Balance or unappropriated profits brought forward from previous year	77,831
----------------------------------------------------------------------	--------

Less adjustment relating to previous year:-

Under-provision for Tax Equalisation in a Subsidiary Company, net of Minority Interests	(2,555)
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Balance brought forward as per Profit and Loss Account.	£ 75,276
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REPORT OF THE AUDITORS TO THE MEMBERS  
OF DAVENPORT VERNON AND COMPANY LIMITED

We have examined the foregoing Accounts and Notes. In our opinion they have been properly prepared in accordance with the provisions of the Companies Acts, 1948 and 1967, and give, so far as concerns the members of the Company, a true and fair view of the state of affairs of the Company and of the Group at 30th September, 1973, and of the Profit for the year ended on that date.

The Accounts of two Subsidiary Companies have not been audited by us.

FRASER THRELFORD CROOKES & CO.  
Chartered Accountants

31, Copthall Avenue,  
LONDON, EC2R 7EP  
25th January, 1974.

DAVENPORT VERNON AND COMPANY LIMITED

STATEMENT OF ACCOUNTS

30TH SEPTEMBER, 1973