



BDO Stoy Hayward
Chartered Accountants

**George Thurlow and Sons
(Holdings) Limited**

Report and Financial Statements

Year Ended

31 December 1998



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GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Annual report and financial statements for the year ended 31 December 1998

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Directors

JG Thurlow (Chairman)
SF Steward CBE
MA Thurlow
SA Tew
NJ Thurlow
JR Thurlow
GA Drake-Brockman

Secretary and registered office

SA Tew, Blackbourne Works, Elmswell, Bury St Edmunds, Suffolk, IP30 9HQ

Company number

77180

Auditors

BDO Stoy Hayward, 87 Guildhall Street, Bury St Edmunds, Suffolk, IP33 1PU

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notice of meeting for the year ended 31 December 1998

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of the company will be held at 12.00pm on 7 June 1999 at Blackbourne Works, Elmswell, for the following purposes:

- 1 To receive and consider the financial statements and reports of the directors and auditors for the year ended 31 December 1998.
- 2 To confirm the remuneration of the directors as charged in the accounts.
- 3 To receive and consider the directors' recommendation for the final dividend.
- 4 To re-appoint the auditors and to resolve that their remuneration be fixed by the directors.
- 5 To transact any other ordinary business of the company.

A member entitled to attend and vote may appoint a proxy to attend and vote on his behalf. Such a proxy need not be a member of the company.

By order of the Board

Sally Anne Tew

SA Tew
Secretary

Blackbourne Works
Elmswell
Bury St Edmunds
Suffolk

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Chairman's statement for the year ended 31 December 1998

I am pleased to be able to report a very good year's trading for our Group. Turnover topped £40 million for the first time in our long history. It is interesting to recall from the 1988 accounts that Stanley Steward recorded turnover of £20 million, a record at that time. Turnover has therefore doubled in the last 10 years - a considerable achievement.

Each of our three business areas traded actively throughout the year with both the Motor Vehicle and Steel Framed Building Divisions achieving record sales. The Agricultural Division, as predicted, saw a drop in turnover but, due to our strong parts and service departments, the profitability was not impaired. The integration of our Vauxhall Garage at Holt has now been fully implemented and results are encouraging. Similarly, the addition of Masterfit to our Dereham operation is showing good growth potential.

During the year we disposed of two cottages owned by the group for some time and the resulting proceeds made a useful addition to our cash resources, as well as increasing profit for the year.

We have made a satisfactory start to the current year in which we will be expanding our Motor Vehicles Division by developing a second satellite to Dereham, at Fakenham, Norfolk. This enterprise will finalise our joint plans with Vauxhall Motors to achieve full coverage of the central Norfolk area, and should be fully operational by 1 January 2000.

I should report that Gerry Drake-Brockman, who retired during the year as Thurlow Nunn Standen Group Managing Director, accepted my invitation to join the Board with effect from 1 January 1998, and I am certain his continued involvement will benefit the Group.

Finally, I would like to thank all staff for their commitment to our Group's success.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Report of the directors for the year ended 31 December 1998

The directors present their report together with the audited financial statements for the year ended 31 December 1998.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors recommend a final ordinary dividend amounting to £62,585.

Principal activity, trading review and future developments

The company's principal activity is that of a holding company providing management services to the group. The principal activities of the subsidiary companies are the distribution of agricultural machinery and motor vehicles (including sales, service and parts supply) and the fabrication and erection of agricultural and industrial buildings. The group operates from several branches in East Anglia.

A detailed review of the group's activities, the development of its business and an indication of likely future developments are dealt with in the chairman's statement on page 2.

Directors' interests in shares

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	£1 ordinary shares fully paid	
	1998	1997
JG Thurlow (Chairman)	21,427	21,427
MA Thurlow	11,500	11,500
SA Tew	3,241	3,241
NJ Thurlow	3,241	3,241
JR Thurlow	6,701	6,701
SF Steward CBE	-	-
GA Drake-Brockman (appointed 1 January 1998)	-	-

In addition to the above interests, JG Thurlow, MA Thurlow, SA Tew, NJ Thurlow and JR Thurlow have potential interests in two family settlements which hold 15,600 shares in the company. SA Tew, NJ Thurlow and JR Thurlow also have potential interests in another family settlement which hold 11,920 shares in the company.

Trustee interest

MD Fulcher, a partner at BDO Stoy Hayward, the company's auditors, is a trustee of three settlements which on 31 December 1998 held 27,520 (1997 - 27,520) ordinary £1 shares.

Employees

The group maintains and develops the involvement of all employees through both formal and informal systems of communication.

The group regularly monitors all aspects of its business with regard to requirements and legislation relating to health and safety work.

The group supports the employment of disabled people wherever possible, by recruitment, by giving special consideration to retaining those who become disabled during their employment and generally through training, career development and promotion.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Report of the directors for the year ended 31 December 1998 *(Continued)*

Charitable contributions

During the year the group made charitable contributions of £588.

Market value of land and buildings

In the opinion of the directors, the market value of the group's freehold land and buildings is likely to exceed their book value of £2,605,419 as shown in the financial statements. No recent valuations have been obtained and so the amount of any excess cannot be readily quantified.

Year 2000

The group is currently assessing the impact of the Year 2000 issue on its business and operations. The costs of addressing these issues have not yet been quantified, but they are not anticipated to be significant.

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 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; and
- 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

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



SA Tew
Secretary

6 May 1999



BDO Stoy Hayward
Chartered Accountants

87 Guildhall Street
Bury St Edmunds Suffolk IP33 1PU

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Report of the auditors

To the shareholders of George Thurlow and Sons (Holdings) Limited

We have audited the financial statements on pages 6 to 23 which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the 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 circumstances of the company and the group, 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 and the group as at 31 December 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

*Chartered Accountants
and Registered Auditors
Bury St Edmunds*

6 May 1999

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Consolidated profit and loss account for the year ended 31 December 1998

	Note	1998 £	1997 £
Turnover	2	40,428,441	39,871,104
Cost of sales		(34,118,231)	(33,920,196)
Gross profit		6,310,210	5,950,908
Distribution costs		(1,922,672)	(1,630,347)
Administrative expenses		(3,658,512)	(3,664,781)
		729,026	655,780
Other operating income		6,323	31,258
Operating profit	5	735,349	687,038
Interest receivable		7,124	2,045
Exceptional gain on disposal of property		49,660	-
Profit on sale of investment		-	805
Interest payable and similar charges	6	(226,572)	(263,814)
Profit on ordinary activities before taxation		565,561	426,074
Taxation on profit on ordinary activities	7	(135,054)	(135,154)
Profit on ordinary activities after taxation		430,507	290,920
Minority interests		(113,634)	(33,633)
Profit for the year		316,873	257,287
Dividends	8	(62,585)	(58,904)
Retained profit for the year	18	254,288	198,383

All amounts relate to continuing activities.

There was no material difference between the historical cost profit before taxation and the profit on ordinary activities before taxation in either 1997 or 1998.

The notes on pages 11 to 23 form part of these financial statements.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Statement of total recognised gains and losses for the year ended 31 December 1998

	1998	1997
	£	£
Profit for the year	316,873	257,287
Negative goodwill written off to reserves on acquisition of subsidiary	-	20,501
Total recognised gains and losses for the year	<u>316,873</u>	<u>277,788</u>

The notes on pages 11 to 23 form part of these financial statements.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Consolidated balance sheet at 31 December 1998

	Note	1998	1997
		£	£
Fixed assets			
Tangible assets	9	3,519,613	3,559,611
Current assets			
Stocks	11	4,176,712	4,964,721
Debtors	12	2,321,497	2,610,904
Cash at bank and in hand		266,743	128,308
		<u>6,764,952</u>	<u>7,703,933</u>
Creditors: amounts falling due within one year	13	<u>(4,288,830)</u>	<u>(5,430,330)</u>
Net current assets		<u>2,476,122</u>	<u>2,273,603</u>
Total assets less current liabilities		<u>5,995,735</u>	<u>5,833,214</u>
Creditors: amounts falling due after more than one year	14	(497,663)	(692,266)
Provisions for liabilities and charges	16	(17,100)	(18,022)
		<u>5,480,972</u>	<u>5,122,926</u>
Capital and reserves			
Called up share capital	17	73,630	73,630
Capital reserve		1,028,493	1,028,493
Profit and loss account	18	3,183,610	2,929,322
Shareholders' funds	19	4,285,733	4,031,445
Equity minority interests		1,195,239	1,091,481
		<u>5,480,972</u>	<u>5,122,926</u>

All shareholders' funds relate to equity interests.

The notes on pages 11 to 23 form part of these financial statements.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Balance sheet at 31 December 1998

	Note	1998	1997
		£	£
Fixed assets			
Tangible assets	9	583,400	791,872
Investments	10	339,408	339,408
		<u>922,808</u>	<u>1,131,280</u>
Current assets			
Cash at bank and in hand		28,476	-
Amounts owed by group companies		149,566	15,713
Corporation tax (due after more than one year)		-	14,726
Other debtors		3,600	5,683
		<u>181,642</u>	<u>36,122</u>
Creditors: amounts falling due within one year			
Bank overdraft (secured)		-	239,576
Amounts owed to group companies		73,000	43,000
Corporation tax		8,367	20,676
Other taxes and social security		6,559	6,597
Accruals and deferred income		40,876	25,133
Proposed dividend		62,585	58,904
		<u>191,387</u>	<u>393,886</u>
		(9,745)	(357,764)
Net assets		<u>913,063</u>	<u>773,516</u>
Capital and reserves			
Called up share capital	17	73,630	73,630
Capital reserve		221,392	221,392
Profit and loss account	- 18	618,041	478,494
Shareholders' funds	19	<u>913,063</u>	<u>773,516</u>

All shareholders' funds are attributable to equity interests

The financial statements were approved by the Board on

6 May 1999

JG Thurlow
Director

The notes on pages 11 to 23 form part of these financial statements.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Cash flow statement for the year ended 31 December 1998

	Note	1998	1997
		£	£
Net cash inflow from operating activities	22	1,453,067	1,134,285
Returns on investments and servicing of finance			
Interest received		6,393	2,045
Interest paid		(204,959)	(231,313)
Dividends paid to minority shareholders in subsidiary undertaking		(9,427)	(8,978)
Interest element of finance lease rentals		(25,767)	(34,168)
		(233,760)	(272,414)
Taxation			
Corporation tax paid		(135,666)	(144,320)
Capital expenditure			
Payments to acquire tangible fixed assets and fixed asset investments		(359,224)	(319,217)
Receipts from sale of tangible fixed assets		186,859	91,225
		(172,365)	(227,992)
Acquisitions and disposals			
Purchase of subsidiary undertaking	26	-	(14,854)
Net overdrafts acquired with subsidiary	26	-	(157,885)
		-	(172,739)
		911,276	316,820
Equity dividends paid		(58,904)	(55,223)
Cash inflow before use of liquid resources and financing		852,372	261,597
Financing	24		
New loans		-	300,000
Loans repaid		(107,980)	(219,723)
Capital element of finance lease rentals		(177,982)	(170,316)
		(285,962)	(90,039)
Increase in cash	24	566,410	171,558

The notes on pages 11 to 23 form part of these financial statements.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The group financial statements consolidate the financial statements of George Thurlow and Sons (Holdings) Limited and all its subsidiary undertakings, all of which have accounting year ends co-terminus with that of the holding company.

A separate profit and loss account dealing with the results of the company has not been presented as permitted under Section 230 of the Companies Act 1985.

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land and buildings and investment property, evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	3 to 5 years
Plant, equipment, fixtures and fittings	-	3 to 8½ years

It is the group's practice to maintain freehold buildings in a continual state of sound repair. Accordingly, the directors consider that the lives of these assets and their residual values, based on prices prevailing at the time of their acquisition or subsequent revaluation, are such that their depreciation would not be material. Provision will be made should any permanent diminution in value of these properties occur.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value less payments on account. Cost is arrived at as follows:-

Goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (*Continued*)

1 Accounting policies (*Continued*)

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability will crystallise.

Hire purchase and leased assets

Where assets are financed by hire purchase or leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised in the case of finance leases is the present value of the minimum lease payments payable during the lease term. The corresponding hire purchase and leasing commitments are shown as amounts payable in creditors. Depreciation on the relevant assets is charged to the profit and loss account.

Monthly payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable in creditors.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

The regular cost of providing retirement pensions and related benefits through the defined benefit scheme is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or a liability in the balance sheet.

The pension cost for the defined contribution scheme represents the contributions payable for the year.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Investment property

In accordance with SSAP19, investment property is revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment property.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that as this property is not held for consumption, but for its investment potential, to depreciate it would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to do so.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. In the opinion of the directors, any depreciation so charged would not be material to these financial statements

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (Continued)

2 Turnover

As turnover arises substantially within the United Kingdom, no geographical analysis of turnover has been provided.

	1998 £	1997 £
Analysis by class of business		
Agricultural machinery and motor vehicle distribution	36,960,364	36,871,111
Agricultural and industrial building fabrication	3,468,077	2,999,993
	<u>40,428,441</u>	<u>39,871,104</u>

3 Employees

Staff costs (including directors) consist of:

	1998 £	1997 £
Wages and salaries	3,996,012	3,725,363
Social security costs	347,984	324,709
Other pension costs	232,479	234,403
	<u>4,576,475</u>	<u>4,284,475</u>

The average monthly number of employees of the company during the year, including directors, were as follows:

	1998 Number	1997 Number
Sales and service	82	81
Office and management	197	193
	<u>279</u>	<u>274</u>

4 Directors

Directors' emoluments consist of:

	1998 £	1997 £
Emoluments (including benefits in kind)	221,520	173,357
Highest paid director – total emoluments	<u>119,404</u>	<u>123,587</u>

During the year 6 directors were members of the company's defined benefit scheme.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 *(Continued)*

5 Operating profit	1998	1997
	£	£
This has been arrived at after charging/(crediting):		
Depreciation	407,560	317,916
Hire of plant and machinery - operating leases	163,097	146,803
Auditors' remuneration - audit services	33,375	28,776
- non audit services	13,860	6,499
Profit on sale of fixed assets	(25,145)	(19,441)
6 Interest payable and similar charges	1998	1997
	£	£
Loans and overdrafts	200,808	229,646
Finance leases and hire purchase contracts	25,764	34,168
	226,572	263,814
7 Taxation	1998	1997
	£	£
UK corporation tax	135,526	139,895
Transfer from deferred taxation	(472)	(4,741)
	135,054	135,154
Subject to agreement, the group has tax losses of approximately £30,000 available to carry forward against future trading profits of the former trade of Elsdon & Co (Holt) Limited.		
8 Dividends	1998	1997
	£	£
Final ordinary – proposed at 85p (1997 - 80p) per share	62,585	58,904

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (*Continued*)

9 Tangible assets

(1) Group	Investment property £	Freehold land and buildings £	Plant equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost or valuation</i>					
At 1 January 1998	142,736	2,489,559	1,483,365	1,087,371	5,203,031
Additions	4,670	105,995	183,289	185,662	479,616
Disposals	-	(54,500)	(7,249)	(248,487)	(310,236)
At 31 December 1998	147,406	2,541,054	1,659,405	1,024,546	5,372,411
<i>Depreciation</i>					
At 1 January 1998	-	83,041	924,602	635,777	1,643,420
Provided for the year	-	-	187,729	219,831	407,560
Disposals	-	-	(5,751)	(192,431)	(198,182)
At 31 December 1998	-	83,041	1,106,580	663,177	1,852,798
<i>Net book value</i>					
At 31 December 1998	147,406	2,458,013	552,825	361,369	3,519,613
At 31 December 1997	142,736	2,406,518	558,763	451,594	3,559,611

The net book value of tangible fixed assets includes an amount of £321,729 (1997 - £350,898) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge for the period was £166,613 (1997 - £144,920).

As required by SSAP 19 the directors have reviewed the amount at which the investment property has been included in the accounts and they consider that the valuation of £147,406, which is also the historical cost, is appropriate at 31 December 1998.

(2) Company	Investment property £	Freehold land and buildings £	Motor vehicles £	Total £
<i>Cost or valuation</i>				
At 1 January 1998	142,736	634,776	17,440	794,952
Additions	4,670	-	-	4,670
Disposals	-	(209,002)	-	(209,002)
At 31 December 1998	147,406	425,774	17,440	590,620
<i>Depreciation</i>				
At 1 January 1998	-	-	3,080	3,080
Provided for the year	-	-	4,140	4,140
At 31 December 1998	-	-	7,220	7,220
<i>Net book value</i>				
At 31 December 1998	147,406	425,774	10,220	583,400
At 31 December 1997	142,736	634,776	14,360	791,872

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (Continued)

10 Fixed asset investments

	Company	
	1998	1997
	£	£
<i>Cost and net book value</i>		
Shares in subsidiary undertakings	339,408	339,408
At 31 December 1998	339,408	339,408

Subsidiary	Activity	Proportion of voting rights and ordinary share capital held
Thurlow Nunn Standen Limited	Agricultural machinery and motor vehicle distribution	75.06%
Balsham (Buildings) Limited	Industrial and agricultural building fabrication and erection	100.00%
NMV Commercials (Fakenham) Limited	Dormant	75.06%
George Thurlow & Sons Limited	Dormant	75.06%
Elsden & Co (Holt) Limited	Dormant	75.06%
NMV Commercials (Fakenham) Limited (formerly Thurlow Nunn Motor Vehicles Limited), George Thurlow & Sons Limited and Elsden & Co (Holt) Limited were all subsidiaries of Thurlow Nunn Standen Limited.		

NMV Commercials (Fakenham) Limited was struck off during the year and an application was made on 30 March 1999 for Elsden & Co (Holt) Limited to similarly be struck off.

11 Stocks

	1998	1997
	£	£
Work in progress	1,109,308	757,511
Payments on account	(829,324)	(566,602)
	279,984	190,909
Finished goods and goods for resale	3,107,010	3,698,781
Goods held under stocking plan (note 13)	789,718	1,075,031
	4,176,712	4,964,721

There is no material difference between the replacement cost of stocks and the amounts stated above.

In accordance with normal terms of business in the motor trade, the group has benefited from consignment stocking arrangements operated by the motor manufacturers with which it deals.

In the opinion of the directors these arrangements are such that the related motor trade stock is not an asset of the group and therefore stock and the corresponding creditor of £599,028 (1997 - £641,578) have not been included in the group's assets and liabilities at the year end.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 *(Continued)*

12 Debtors

	1998 £	1997 £
Trade debtors	2,138,019	2,376,878
Corporation tax	-	14,726
Other debtors	4,651	5,972
Prepayments and accrued income	178,827	213,328
	<u>2,321,497</u>	<u>2,610,904</u>
Amounts falling due after more than one year and included in debtors above are:		
Corporation tax	-	14,726
	<u>-</u>	<u>14,726</u>

13 Creditors: amounts falling due within one year

	1998 £	1997 £
Loan (note 15)	81,775	73,643
Bank loan (secured - see note 14)	32,862	31,478
Bank overdrafts	293,678	721,653
Obligations under finance leases and hire purchase contracts	149,099	158,332
Payments on account	160,456	229,267
Trade creditors	1,822,768	2,063,043
Stocking plan creditors	789,718	1,075,031
Corporation tax	131,817	146,233
Other taxes and social security costs	374,137	503,076
Other creditors	23,590	44,842
Accruals	356,469	315,401
Proposed dividends	72,461	68,331
	<u>4,288,830</u>	<u>5,430,330</u>

The bank overdrafts are secured by a fixed charge on two properties and a fixed and floating charge under a debenture over all assets of the trading subsidiaries.

Obligations under finance leases and hire purchase contracts are secured on the underlying assets.

Stocking plan creditors represent amounts owed to suppliers for goods held under agreements whereby settlement is not due until the goods are sold.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (*Continued*)

14 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Loan	139,900	221,675
Bank loan	224,183	259,904
Other creditors	18,916	47,666
Obligations under finance leases and hire purchase contracts	114,664	163,021
	<u>497,663</u>	<u>692,266</u>

The obligations under finance leases and hire purchase contracts are secured on the underlying assets and the above amounts are due as follows:

	1998 £	1997 £
One to two years	91,093	111,059
Two to five years	23,571	51,962
	<u>114,664</u>	<u>163,021</u>

The bank loan is secured on the group's freehold premises at Holt, Norfolk. The bank loan is repayable over 7 years bearing interest at 8.7% per annum. An amount of £38,974 (1997 - £35,722), is due in one to two years and a total of £211,363 (1997 - £245,699) is repayable within five years.

15 Loan

	1998 £	1997 £
<i>Analysis</i>		
Secured loan repayable over 7 years bearing interest at 11% per annum	<u>221,675</u>	<u>295,318</u>
<i>Maturity</i>		
The loan is repayable by instalments as follows:		
Due within one year	81,775	73,643
Due between one and two years	90,805	81,775
Due between two and five years	49,095	139,900
	<u>221,675</u>	<u>295,318</u>

Security

The loan is secured on the group's freehold premises at Melton, Suffolk and St Ives, Cambridgeshire.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (*Continued*)

16 Provisions for liabilities and charges

<i>Deferred taxation</i>	1998		1997	
	Unprovided £	Provided in accounts £	Unprovided £	Provided in accounts £
Accelerated capital allowances	57,526	32,605	72,961	27,472
Capital gains rolled over	5,960	-	5,960	-
Short term timing differences	-	3,827	-	-
Losses available to carry forward	-	(9,432)	-	-
	<u>63,486</u>	<u>27,000</u>	<u>78,921</u>	<u>27,472</u>
Less ACT on proposed dividend	-	(9,900)	-	(9,450)
	<u>63,486</u>	<u>17,100</u>	<u>78,921</u>	<u>18,022</u>

17 Called up share capital

	Authorised		Allotted, called up and fully paid	
	1998 £	1997 £	1998 £	1997 £
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>	<u>73,630</u>	<u>73,630</u>

18 Reserves

	Profit and loss account £
<i>(1) Group</i>	
At 1 January 1998	2,929,322
Retained profit for the year	254,288
At 31 December 1998	<u>3,183,610</u>
<i>(2) Company</i>	
At 1 January 1998	478,494
Retained profit for the year	139,547
At 31 December 1998	<u>618,041</u>

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 *(Continued)*

19 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
<i>(1) Group</i>		
Profit for the year	316,873	257,287
Dividends	(62,585)	(58,904)
	<u>254,288</u>	<u>198,383</u>
Negative goodwill on acquisition of fixed asset investment	-	20,501
	<u>254,288</u>	<u>218,884</u>
Net addition to shareholders' funds	4,031,445	3,812,561
Opening shareholders' funds		
Closing shareholders' funds	4,285,733	4,031,445
<i>(2) Company</i>		
Profit for the year	202,132	165,950
Dividends	(62,585)	(58,904)
	<u>139,547</u>	<u>107,046</u>
Net addition to shareholders' funds	773,516	666,470
Opening shareholders' funds		
Closing shareholders' funds	913,063	773,516

20 Pensions

The company is a participating employer of both the defined contribution and defined benefit schemes operated by the group. The assets of the schemes are held in separate trustee administered funds. The pension cost of the defined contribution scheme represents the contributions payable for the year. The pension cost of the defined benefit scheme is assessed in accordance with the advice of a professional qualified actuary and the most recent actuarial valuation was carried out on 6 April 1996. Details of the valuation are as follows:

Method used	Attained age
Main assumptions:	
Return on investments	8% per annum
Increase in earnings	7% per annum
Market value of scheme assets at last valuation date	£4,009,726
Level of funding	95%

The trustees consider the scheme to be adequately funded and as a result of the actuarial valuation, group funding of the scheme has been maintained at the same contribution rate.

The group pension charge for the year was £232,479 (1997 - £234,403) with £15,830 (1997 - £1,452) accrued as outstanding at the year end.

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 *(Continued)*

21 Related party transactions

The group is exempt from disclosing related party transactions and balances with group undertakings as they are eliminated on consolidation. The company is also exempt from such disclosures as its own financial statements are presented together with the consolidated financial statements.

The company and the group were under the control of Mr JG Thurlow, a director, and members of his close family throughout the year and the previous year.

22 Reconciliation of operating profit to net cash inflow from operating activities

	1998 £	1997 £
Operating profit	735,349	687,038
Depreciation of tangible fixed assets	407,560	371,916
Profit on sale of tangible fixed assets	(25,145)	(19,441)
Decrease in stocks	788,009	132,268
Decrease in debtors	275,412	280,513
Decrease in creditors	(728,118)	(318,009)
Net cash inflow from operating activities	1,453,067	1,134,285

23 Analysis of changes in financing during the year

	Loans		Hire purchase and finance lease obligations	
	1998 £	1997 £	1998 £	1997 £
Balance at 1 January 1998	586,700	361,638	321,353	336,567
Cashflow from financing	(107,980)	80,277	(177,982)	(170,316)
Inception of hire purchase and finance leases	-	-	120,392	130,553
Loans and finance leases acquired with subsidiary	-	144,785	-	24,549
Balance at 31 December 1998	478,720	586,700	263,763	321,353

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 *(Continued)*

24 Reconciliation of net cashflow to movement in net debt

	1998 £	1997 £
Increase in cash in the year	566,410	171,558
Cashflow from change in debt	107,980	(80,277)
Cashflow from hire purchase and finance leases	177,982	170,316
New finance leases	(120,392)	(130,553)
Change in net debt	731,980	131,044
Loans, hire purchase and finance contracts acquired with subsidiary	-	(169,334)
Net debt at 31 December 1997	(1,501,398)	(1,463,108)
Net debt at 31 December 1998	(769,418)	(1,501,398)

25 Analysis of changes in cash and net debt

	At 1.1.1998 £	Cash flows £	Other changes £	At 31.12.1998 £
Cash in hand, at bank	128,308	138,435	-	266,743
Overdrafts	(721,653)	427,975	-	(293,678)
		566,410		
Debt due within one year	(105,121)	(9,516)	-	(114,637)
Debt due after one year	(481,579)	117,496	-	(364,083)
Hire purchase and finance leases	(321,353)	177,982	(120,392)	(263,763)
		285,962		
Total	(1,501,398)	852,372	(120,392)	(769,418)

GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (*Continued*)

26 Purchase of subsidiary undertaking

Details of the acquisition of Elsdon & Co (Holt) Limited in 1997 are as follows:

	1997 £
Net assets acquired	
Tangible fixed assets	378,356
Stocks	269,317
Debtors	95,238
Cash at bank and in hand	344
Creditors	(380,337)
Bank overdrafts	(158,229)
Loans, hire purchase and finance leases	(169,334)
	<hr/>
	35,355
Negative goodwill	(20,501)
	<hr/>
	14,854
	<hr/>
Satisfied by cash	14,854
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