



BDO Stoy Hayward
Chartered Accountants

**GEORGE THURLOW & SONS
(HOLDINGS) LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended
31 December 1995

Company Number 77180

BDO Stoy Hayward firms also in the South East, Ayr, Bacup, Belfast, Birmingham, Bristol, Bury St. Edmunds, Cardiff, Edinburgh, Glasgow, Ipswich, Leeds, Manchester, Newcastle-upon-Tyne, Newmarket, Norwich, Nottingham, Peterborough, Poole, Rochdale, Saltcoats, Sheffield, Southampton, Stranraer, Sunderland, Wolverhampton.
BDO Stoy Hayward – South East Firm has Offices in London, Bromley, Chelmsford, Epsom, Reading, Richmond, Ware and Wembley.



DIRECTORS

JG Thurlow (Chairman)
SF Steward CBE
MA Thurlow
SA Tew
NJ Thurlow
JR Thurlow

SECRETARY

SA Tew

REGISTERED OFFICE

Blackbourne Works
Elmswell
Bury St Edmunds
Suffolk
IP30 9HQ

AUDITORS

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

BANKERS

National Westminster Bank plc
7 Market Place
Stowmarket
Suffolk
IP14 1DZ

SOLICITORS

Birketts
20-32 Museum Street
Ipswich
Suffolk
IP1 1HZ

NOTICE OF MEETING
for the year ended 31 December 1995

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of the company will be held at 12.00 pm on 26 June 1996 at Blackbourne Works, Elmswell, for the following purposes:

- 1 To receive and consider the accounts and reports of the directors and auditors for the year ended 31 December 1995.
- 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 reappoint 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 proxy need not be a member of the company.

By order of the Board

Sally-Anne Tew

SA Tew
Secretary

20th May 1996

Blackbourne Works
Elmswell
Bury St Edmunds
Suffolk

CHAIRMAN'S STATEMENT
for the year ended 31 December 1995

Sales almost reached £40 million which is a record for our group and reflects considerable growth in all divisions.

Balsham (Buildings) Limited enjoyed an excellent year with a good increase in turnover and significantly enhanced profitability.

The agricultural division has in its own right achieved record sales and we are now the largest distributor of Massey-Ferguson equipment in the United Kingdom. Our Melton branch purchased in 1994 is just beginning to reap the reward of our influence and is expected to contribute to profitability this year.

New motor vehicle sales are still weak and during the year we have focused on used car sales and the service department which has led to increases in these areas of business. TNS Toyota continues to grow and has this year made a small contribution to our profitability which is ahead of our initial expectations.

During the year the sale of our Stowmarket site was completed and the proceeds will make a useful contribution to our cash resources.

All our areas of operation are highly competitive and the board continues to strive for a better balance between sales and costs. The current year is on target at this stage and we are hopeful of achieving another profitable outcome. Our grateful thanks go to all our staff for their commitment to our group.

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 December 1995.

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 group and of the profit or loss of the group 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; and
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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 agricultural machinery and car distribution (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 3.

RESULTS AND DIVIDENDS

The profit for the year after taxation and minority interests amounted to £310,629. The directors recommend the payment of a final dividend of 70 pence per share, amounting to £51,541, and that the retained profit of £259,088 be transferred to reserves.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in Notes 7 and 8 to the financial statements.

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 £2,170,907 as shown in these financial statements. No recent valuations have been obtained and so the amount of any excess cannot be quantified.

DIRECTORS

The directors during the year were as follows:

JG Thurlow (Chairman)
SF Steward CBE
MA Thurlow
MD Fulcher (resigned 19 July 1995)
SA Tew
NJ Thurlow

In addition JR Thurlow was appointed a director on 19 July 1995.

DIRECTORS' INTERESTS IN SHARES

The directors who held office at 31 December 1995 had the following interests in the shares of the company at the beginning (or date of appointment, if later) and end of the financial year:

	£1 Ordinary shares fully paid	
	1995	1994
JG Thurlow (Chairman)	21,427	25,427
MA Thurlow	11,500	9,500
SA Tew	3,241	3,241
NJ Thurlow	3,241	3,241
JR Thurlow (appointed 19 July 1995)	5,241	5,241

TRUSTEE INTEREST

MD Fulcher, a partner of BDO Stoy Hayward, the company's auditors, is a trustee of three settlements which on 31 December 1995 held 27,520 (1994: 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 at 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 developments and promotion.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

In the year under review the company and the group maintained an insurance policy for its directors and officers, in respect of liabilities which could arise in the discharge of their duties in the ordinary course of business.

AUDITORS

During the year Touche Ross and Co resigned as auditors and BDO Stoy Hayward were appointed.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that BDO Stoy Hayward be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 20 May 1996

Sally-Anne Tew

SA Tew
Secretary

AUDITORS' REPORT**to the members of George Thurlow & Sons (Holdings) Limited**

We have audited the financial statements on pages 8 to 23 which have been prepared on the basis of the accounting policies set out on page 12 and 13.

Respective responsibilities

As described on page 4 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 circumstances of the company and 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 group as at 31 December 1995 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
Registered Auditors

21 May 1996

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover	2	39,117,374	32,550,764
Cost of sales		(33,584,599)	(27,910,446)
Gross profit		5,532,775	4,640,318
Distribution costs		(1,534,288)	(1,234,294)
Administrative expenses		(3,311,066)	(2,885,490)
Other operating income		33,937	21,404
Operating profit	3	721,358	541,938
Interest receivable		12,271	5,968
Interest payable and similar charges	4	(253,096)	(166,361)
Profit on ordinary activities before taxation		480,533	381,545
Tax on profit on ordinary activities	5	(117,494)	(109,972)
Profit on ordinary activities after taxation		363,039	271,573
Minority interests		(52,410)	(60,108)
Profit for the year		310,629	211,465
Dividend	6	(51,541)	(44,178)
Retained profit for the year	17	259,088	167,287

The group had no recognised gains or losses other than those shown above, all of which derive from continuing activities. There was no material difference between the historical cost profit before taxation and the profit on ordinary activities before taxation in either 1995 or 1994.

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET
as at 31 December 1995

	Notes	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	7		3,157,222		3,070,928
Investment	8		3,363		3,363
			<u>3,160,585</u>		<u>3,074,291</u>
CURRENT ASSETS					
Stocks	9	4,626,239		4,147,650	
Debtors	10	2,619,301		2,798,739	
Cash at bank and in hand		122,628		51,868	
		<u>7,368,168</u>		<u>6,998,257</u>	
CREDITORS: amounts falling due within one year	11	<u>(5,350,013)</u>		<u>(5,297,445)</u>	
Net Current Assets			<u>2,018,155</u>		<u>1,700,812</u>
Total Assets less Current Liabilities			<u>5,178,740</u>		<u>4,775,103</u>
CREDITORS: amounts falling due after more than one year	12		(558,809)		(475,680)
PROVISIONS FOR LIABILITIES AND CHARGES	14		<u>(23,426)</u>		<u>(5,887)</u>
Net Assets			<u><u>4,596,505</u></u>		<u><u>4,293,536</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		73,630		73,630
Capital reserve			1,028,493		1,028,493
Profit and loss account	17		2,474,796		2,215,708
Shareholders' Funds	21		<u>3,576,919</u>		<u>3,317,831</u>
Equity minority interests			<u>1,019,586</u>		<u>975,705</u>
			<u><u>4,596,505</u></u>		<u><u>4,293,536</u></u>

All shareholders' funds are attributable to equity interests.

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

BALANCE SHEET
as at 31 December 1995

	Notes	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	7		750,038		753,603
Investments	8		342,771		342,871
			<u>1,092,809</u>		<u>1,096,474</u>
CURRENT ASSETS					
Amounts owed by group companies		13,013		103,535	
Corporation tax		18,965		11,045	
Other debtor		3,600		3,600	
		<u>35,578</u>		<u>118,180</u>	
Corporation tax includes £12,885 falling due after more than one year (1994: £11,045)					
CREDITORS: amounts falling due within one year					
Bank overdraft (secured)		207,759		379,985	
Amounts owed to group companies		165,357		173,317	
Corporation tax		14,890		11,624	
Other taxation and social security		13,502		9,207	
Accruals and deferred income		59,140		30,572	
Proposed dividend		51,541		44,178	
		<u>512,189</u>		<u>648,883</u>	
Net Current Liabilities			<u>(476,611)</u>		<u>(530,703)</u>
Net assets			<u>616,198</u>		<u>565,771</u>
CAPITAL AND RESERVES					
Called up share capital	16		73,630		73,630
Capital reserve			221,392		221,392
Profit and loss account	17		321,176		270,749
Shareholders' Funds	21		<u>616,198</u>		<u>565,771</u>

All shareholders' funds are attributable to equity interests.

The financial statements on pages 8 to 23 were approved by the Board on 20 May 1996


JG Thurlow
Director

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 1995

	Notes	£	1995 £	£	1994 £
Net cash inflow/(outflow) from operating activities	18		594,342		(67,874)
Returns on investments and servicing of finance					
Interest received		12,271		2,116	
Interest paid		(235,593)		(146,145)	
Dividends paid		(52,260)		(40,317)	
Interest element of finance lease and hire purchase payments		(17,503)		(9,433)	
Net cash outflow from returns on investments and servicing of finance			(293,085)		(193,779)
Taxation					
Corporation tax paid (including advance corporation tax)			(40,639)		(18,224)
Investing activities					
Payments to acquire tangible fixed assets		(298,423)		(1,000,500)	
Receipts from sales of tangible fixed assets		364,959		52,901	
Net cash inflow/(outflow) from investing activities			66,536		(947,599)
Net cash inflow/(outflow) before financing			327,154		(1,227,476)
Financing					
New loans		-		500,000	
Repayment of amounts borrowed		(63,986)		(38,252)	
Capital element of finance lease and hire purchase payments		(113,834)		(53,876)	
Net cash (outflow)/inflow from financing	19		(177,820)		407,872
Increase/(decrease) in cash and cash equivalents	20		149,334		(819,604)

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of George Thurlow & 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 amounts receivable for goods and services provided in the United Kingdom net of trade discounts and VAT.

Investment properties

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

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 these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

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

The group follows a programme of regular maintenance to its properties. This programme includes the reinstatement of the fabric of those buildings, where necessary, to maintain them to such a high standard that, in the opinion of the directors, the residual value of those properties would be sufficiently high to make any depreciation charge immaterial. All repairs are charged to the profit and loss account.

1 **ACCOUNTING POLICIES** *continued*

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and leases which result in the transfer to the group of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

Investments

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

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:

Raw materials and 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.

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 schemes is shown as an asset or a liability in the balance sheet.

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

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1995

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Analysis by class of business	Turnover		Profit before taxation	
	1995 £	1994 £	1995 £	1994 £
Agricultural machinery and motor vehicle distribution	35,823,902	29,634,905	315,149	341,498
Agricultural and industrial building fabrication	3,293,472	2,915,859	165,384	40,047
	<u>39,117,374</u>	<u>32,550,764</u>	<u>480,533</u>	<u>381,545</u>

As the group is engaged substantially in the United Kingdom no geographical analysis of turnover or profit have been provided.

3 OPERATING PROFIT is stated after charging or (crediting):	1995 £	1994 £
Rents receivable	(11,793)	(7,412)
Depreciation: owned fixed assets	223,075	212,955
Depreciation: assets under finance leases and hire purchase contracts	76,033	41,314
Profit on disposal of tangible fixed assets	(52,366)	(21,768)
Operating lease rentals	9,494	12,030
Hire of plant and machinery	87,100	78,423
Auditors' remuneration		
- audit services	26,000	34,980
- non audit services	3,750	3,465
	<u>235,593</u>	<u>156,926</u>

4 INTEREST PAYABLE

On loans and overdrafts repayable:		
within 5 years not by instalments	188,041	112,416
wholly or partly in more than 5 years	47,552	44,510
	<u>235,593</u>	<u>156,926</u>
On finance leases and hire purchase contracts terminating within 5 years	17,503	9,435
	<u>253,096</u>	<u>166,361</u>

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

5

TAXATION		1995 £	1994 £
UK current year taxation			
UK Corporation Tax at 30% (1994: 31.7%)		119,970	84,664
Deferred taxation		17,989	13,987
		<u>137,959</u>	<u>98,651</u>
Prior years			
UK Corporation Tax		(20,465)	11,321
		<u>117,494</u>	<u>109,972</u>
Tax on profit on ordinary activities			
		<u>117,494</u>	<u>109,972</u>

6

DIVIDEND			
Final dividend proposed at 70p per share (1994: 60p per share)		<u>51,541</u>	<u>44,178</u>

7

TANGIBLE FIXED ASSETS						
(1)	Group summary	Investment property £	Freehold land and buildings £	Plant, equipment, fixtures & fittings £	Motor vehicles £	Total £
Cost						
	1 January 1995	112,000	2,287,767	992,726	894,084	4,286,577
	Additions	-	140,656	152,181	405,158	697,995
	Disposals	-	(282,419)	(22,058)	(204,363)	(508,840)
		<u>112,000</u>	<u>2,146,004</u>	<u>1,122,849</u>	<u>1,094,879</u>	<u>4,475,732</u>
31 December 1995						
Depreciation						
	1 January 1995	-	98,909	626,964	489,776	1,215,649
	Charge for the year	-	-	107,632	191,476	299,108
	Disposals	-	(11,812)	(1,118)	(183,317)	(196,247)
		<u>-</u>	<u>87,097</u>	<u>733,478</u>	<u>497,935</u>	<u>1,318,510</u>
31 December 1995						
Net book value						
	Owned assets	112,000	2,058,907	337,767	244,899	2,753,573
	Hire purchase and leased assets	-	-	51,604	352,045	403,649
		<u>112,000</u>	<u>2,058,907</u>	<u>389,371</u>	<u>596,944</u>	<u>3,157,222</u>
31 December 1995						
	Owned assets	112,000	2,188,858	322,331	346,502	2,969,691
	Hire purchase and leased assets	-	-	43,431	57,806	101,237
		<u>112,000</u>	<u>2,188,858</u>	<u>365,762</u>	<u>404,308</u>	<u>3,070,928</u>
31 December 1994						

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

7 TANGIBLE FIXED ASSETS *continued*

(2) Commitments

At 31 December 1995, the group had the following commitments to acquire fixed assets:

	1995	1994
	£	£
Authorised but not contracted	-	11,492
Authorised and contracted for	15,082	-
	<u>15,082</u>	<u>11,492</u>

(3) Company summary

	Investment property	Freehold land and buildings	Motor vehicles	Total
	£	£	£	£
Cost				
1 January 1995	112,000	631,498	27,732	771,230
Disposals	-	-	(8,260)	(8,260)
31 December 1995	<u>112,000</u>	<u>631,498</u>	<u>19,472</u>	<u>762,970</u>
Depreciation				
1 January 1995	-	-	17,627	17,627
Charge for the year	-	-	3,233	3,233
Disposals	-	-	(7,928)	(7,928)
31 December 1995	<u>-</u>	<u>-</u>	<u>12,932</u>	<u>12,932</u>
Net book value				
31 December 1995 - all owned	<u>112,000</u>	<u>631,498</u>	<u>6,540</u>	<u>750,038</u>
31 December 1994 - all owned	<u>112,000</u>	<u>631,498</u>	<u>10,105</u>	<u>753,603</u>

8 FIXED ASSET INVESTMENTS

	1995	Group 1994	1995	Company 1994
	£	£	£	£
Shares in subsidiary undertakings				
Cost				
At 1 January	-	-	414,783	443,445
Disposal	-	-	(75,375)	(28,662)
At 31 December	<u>-</u>	<u>-</u>	<u>339,408</u>	<u>414,783</u>
Provision				
At 1 January	-	-	75,275	103,837
Disposal	-	-	(75,275)	(28,562)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,275</u>
Net book value				
Other investments	-	-	339,408	339,508
Share in vintage car at cost	3,363	3,363	3,363	3,363
	<u>3,363</u>	<u>3,363</u>	<u>342,771</u>	<u>342,871</u>

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

8 **FIXED ASSET INVESTMENTS** *continued*

Subsidiary	Activity	Percentage of ordinary shares held
Thurlow Nunn Standen Limited	Agricultural machinery and motor vehicle distribution	75.06%
Balsham (Buildings) Limited	Industrial and agricultural building fabrication and erection	100%
Thurlow Nunn Motor Vehicles Limited	Dormant	75.06%
George Thurlow & Sons Limited	Dormant	75.06%
Waterside Agricultural Finance Limited	Dormant (struck off the company register on 26 September 1995)	100%

With the exception of Thurlow Nunn Vehicles Limited and George Thurlow and Sons Limited, all shareholdings are in the name of George Thurlow and Sons (Holdings) Limited. All of the above companies are registered in England and Wales.

9 **STOCKS**

	1995 £	1994 £
Work in progress	519,897	381,927
Payments on account	(137,394)	(210,625)
	<u>382,503</u>	<u>171,302</u>
Finished goods and goods for resale	4,243,736	3,976,348
	<u>4,626,239</u>	<u>4,147,650</u>

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 agreements are such that the related motor trade stock is not an asset of the group and therefore stock and the corresponding creditor of £366,847 (1994: £497,712) at the year end have not been included in the group's assets and liabilities.

GEORGE THURLOW & SONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

10	DEBTORS	1995 £	1994 £
	Trade debtors	2,392,693	2,608,349
	Corporation tax	24,105	29,233
	Other debtors	4,858	5,269
	Prepayments and accrued income	197,645	155,888
		<u>2,619,301</u>	<u>2,798,739</u>

Amounts falling due after more than one year and included in debtors above are:

Corporation tax	<u>12,885</u>	<u>11,045</u>
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11 CREDITORS: amounts falling due within one year

Loan (note 13)	59,725	63,985
Bank overdrafts	968,350	1,046,924
Payments on account	441,227	841,753
Obligations under finance leases and hire purchase contracts	185,309	42,426
Trade creditors	2,658,593	2,385,180
Corporation tax	128,340	74,152
Other taxes and social security costs	448,922	413,334
Other creditors	15,779	84,715
Accruals and deferred income	383,698	292,716
Proposed dividend	60,070	52,260
	<u>5,350,013</u>	<u>5,297,445</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.

12	CREDITORS: amounts falling due after more than one year	1995 £	1994 £
	Loan (note 13)	361,637	421,363
	Obligations under finance leases and hire purchase contracts	197,172	54,317
		<u>558,809</u>	<u>475,680</u>

Amounts repayable in more than five years are shown in note 13.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

13 LOAN

(1) Analysis	1995 £	1994 £
Secured loan repayable by instalments over 7 years bearing interest at 11% per annum	<u>421,362</u>	<u>485,348</u>

(2) Maturity

The loan is repayable by instalments as follows:

Due within one year	59,725	63,985
Due between two to five years	312,542	281,463
Due in more than five years	<u>49,095</u>	<u>139,900</u>
	<u>421,362</u>	<u>485,348</u>

(3) Security

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

14 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax provided in the financial statements and the total potential tax liability is as follows:

(1) Group

	Provided		Potential	
	1995 £	1994 £	1995 £	1994 £
Accelerated industrial buildings and capital allowances	32,658	13,987	76,815	55,303
Capital gains rolled over	-	-	6,345	6,345
Short term timing differences	<u>(682)</u>	<u>-</u>	<u>(682)</u>	<u>-</u>
	31,976	13,987	82,478	61,648
Advance corporation tax	<u>(8,550)</u>	<u>(8,100)</u>	<u>(8,550)</u>	<u>(8,100)</u>
	<u>23,426</u>	<u>5,887</u>	<u>73,928</u>	<u>53,548</u>

(2) Company

Accelerated industrial buildings and capital allowances	-	-	30,698	28,920
Capital gains rolled over	-	-	6,345	6,345
	<u>-</u>	<u>-</u>	<u>37,043</u>	<u>35,265</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

15 PENSION COSTS

The group operates both a defined contribution and defined benefit pension scheme. 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 professionally qualified actuary and the most recent actuarial valuation was carried out as at 6 April 1993. Details of the valuation are as follows:

Method used:	Attained age
Main assumptions:	
Rate of price inflation	4½ % per annum
Return on investments	9½ % per annum
Increase in earnings	8½ % per annum
Market value of scheme assets at last valuation date:	£2,091,600
Level of funding:	97%

As a result of the actuarial valuation, group funding of the scheme has been increased.

16 CALLED UP SHARE CAPITAL

	1995 Number	Authorised 1994 Number	1995 £	Allotted and fully paid 1994 £
£1 Ordinary	<u>75,000</u>	<u>75,000</u>	<u>73,630</u>	<u>73,630</u>

17 PROFIT AND LOSS ACCOUNT

	£
(1) Group	
1 January 1995	2,215,708
Retained profit for year	<u>259,088</u>
31 December 1995	<u>2,474,796</u>
(2) Company	
1 January 1995	270,749
Retained profit for year	<u>50,427</u>
31 December 1995	<u>321,176</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

18

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		1995 £	1994 £
Operating profit		721,358	541,938
Depreciation		299,108	254,269
Profit on disposal of tangible fixed assets		(52,366)	(21,768)
Increase in stocks		(478,589)	(1,398,598)
Decrease/(increase) in debtors		174,310	(1,269,146)
(Decrease)/increase in creditors		(69,479)	1,825,431
		<u>594,342</u>	<u>(67,874)</u>

19

ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR		Loans £	Finance lease and hire purchase obligations £	1995 £	1994 £
Balance at 1 January 1995		485,348	96,743	582,091	72,919
Cash (outflow)/inflow from financing		(63,986)	(113,834)	(177,820)	407,872
Capital advanced from finance leases and hire purchase contracts		-	399,572	399,572	101,300
Balance at 31 December 1995		<u>421,362</u>	<u>382,481</u>	<u>803,843</u>	<u>582,091</u>

20

CASH AND CASH EQUIVALENTS		1995 £	1994 £	Change in year £
Cash at bank and in hand		122,628	51,868	70,760
Bank overdrafts		(968,350)	(1,046,924)	78,574
		<u>(845,722)</u>	<u>(995,056)</u>	<u>149,334</u>

21

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		1995 £	1994 £
(1) Group			
Profit for the financial year		310,629	211,465
Dividends		(51,541)	(44,178)
Net addition to shareholders' funds		<u>259,088</u>	<u>167,287</u>
Opening shareholders' funds		3,317,831	3,150,544
Closing shareholders' funds		<u>3,576,919</u>	<u>3,317,831</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1995

21 RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS *continued*

	1995 £	1994 £
(2) Company		
Profit for the financial year	101,968	53,347
Dividends	(51,541)	(44,178)
Net addition to shareholders' funds	50,427	9,169
Opening shareholders' funds	565,771	556,602
Closing shareholders' funds	616,198	565,771

22 DIRECTORS

(1) Emoluments

The emoluments of directors of the company (including pension contributions and benefits-in-kind) were:

205,380	178,415
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(2) Bandings

Fees and remuneration disclosed above (excluding pension contributions) include amounts paid to:

The chairmen -

SF Steward (1 January 1994 - 23 July 1994)
JG Thurlow (also the highest paid director in 1995)

-	671
128,632	48,583

The highest-paid director

128,632	110,142
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Other directors' emoluments (excluding pension contributions) were in the following ranges

	Number	Number
£0 - £ 5,000	2	1
£ 5,001 - £10,000	2	1
£15,001 - £20,000	1	1
£25,001 - £30,000	1	1

23 EMPLOYEES

(1) Number of employees

The average weekly number of persons (including directors) employed by the group during the year was:

	1995 Number	1994 Number
Office and management	85	82
Sales and service	182	153
	<u>267</u>	<u>235</u>

(2) Employment costs

	£	£
Wages and salaries	3,645,719	2,871,714
Social security costs	317,871	265,224
Other pension costs	233,996	220,927
	<u>4,197,586</u>	<u>3,357,865</u>