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C P EVINSON LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

31 DECEMBER 1984



DIRECTORS' REPORT

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 1984.

Activities

The principal activities of the company are the distribution of motor vehicles and ancillary sales.

The directors do not envisage initiating any material departure from these activities in the foreseeable future.

Financial

The directors recommend that no final dividend be declared. After deducting the interim dividend of £150,000 the loss for the year is £153,903.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 7 to the financial statements.

Directors

The directors during the year are as follows:

Mr P F Green	- Chairman	
Mr A B Archer		- appointed 29 October 1984
Mr A G Dale		- appointed 29 October 1984
Mr D W Bailey		
Mr R J Reynolds		
Mr D H Preston		- appointed 1 June 1984
Mr R T Blackshaw		- resigned 30 September 1984

The directors who held office at the end of the financial year had the following interests in the £1 Ordinary shares of the ultimate holding company:

	<u>At end of year</u>
Mr P F Green	20,000
Mr A B Archer	102,500
Mr A G Dale	102,500
Mr D W Bailey	32,500

Employees

It is the policy of the group to develop the potential of employees for advancement, and most senior vacancies are filled by internal promotion.

DIRECTORS' REPORT

Policy of the employment of disabled persons

Suitable procedures are in operation to support the Evans Halshaw Holdings Limited policy that disabled persons (whether registered or not) shall be considered for employment, subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Auditors

Thomson McLintock & Co changed their name on 1 April 1985 to KMG Thomson McLintock and accordingly have signed their audit report in their new name. They have also merged their separate practices in the UK. A resolution concerning the appointment of KMG Thomson McLintock as auditors will be submitted at the annual general meeting.

By order of the Board

D W BAILEY

Secretary

19 April 1985

We have audited the financial statements on pages 4 to 12 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings, give a true and fair view of the state of the company's affairs at 31 December 1984 and of its result for the year then ended and comply with the Companies Acts 1948 to 1981.

The financial statements do not specify the manner in which the operations of the company have been financed or in which its financial resources have been used during the year as required by Statement of Standard Accounting Practice No 10.

KMG THOMSON McLINTOCK

Chartered Accountants

Manchester

19 April 1985

ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings, and in accordance with s149 of, and Schedule 8 to, the Companies Act 1948.

The effects of events relating to the year ended 31 December 1984 which occurred before 19 April 1985, the date of approval of the financial statements by the board of directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 1984 and of the results for the year ended on that date.

Depreciation

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

Freehold buildings	-	50 years
Plant, machinery and equipment	-	12.5%
Vehicles	-	33.3%

No depreciation is provided on freehold land.

Stocks

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

Deferred taxation

Provision for deferred taxation is only made when there is a reasonable probability that a liability will arise in the foreseeable future.

Pension Costs

The amounts charged against profits are based on independent actuarial advice sufficient to cover the accruing liabilities on a continuing basis.

Repairs and renewals

Repairs and renewals are charged to revenue in the year in which expenditure is incurred.

PROFIT AND LOSS ACCOUNTFor the year ended 31 December 1984

	Notes	1984		Nine months ended 31 December 1983	
		£	£	£	£
Turnover	1		7,704,430		5,969,625
Cost of sales			(6,724,305)		(5,324,432)
Gross profit			980,125		645,193
Distribution costs		(490,858)		(323,331)	
Administrative expenses		(342,117)		(252,006)	
			(832,975)		(575,337)
Trading profit	1 - 3		147,150		69,856
Bank interest receivable			2,796		8,255
			149,946		78,111
Interest payable	4		(10,605)		-
Profit on ordinary activities before taxation			139,341		78,111
Tax on profit on ordinary activities	5		(143,244)		66,673
Loss on ordinary activities after taxation			(3,903)		144,784
Appropriations:					
Dividends paid and proposed	6		(150,000)		(88,055)
Transfer from reserves	13		(153,903)		56,729

BALANCE SHEETAs at 31 December 1984

	Notes	1984		1983	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		292,891		296,954
CURRENT ASSETS					
Stocks	8	588,032		797,481	
Debtors	9	762,726		706,331	
Cash in hand		650		800	
		1,351,408		1,504,612	
CREDITORS: Amounts falling due within one year	10	(695,141)		(926,169)	
NET CURRENT ASSETS			656,267		578,443
TOTAL ASSETS LESS CURRENT LIABILITIES			949,158		875,397
CREDITORS: Amounts falling due after more than one year	10		(246,952)		(15,401)
PROVISIONS FOR LIABILITIES AND CHARGES	11		(11,554)		(15,441)
			690,652		844,555
CAPITAL AND RESERVES					
Called up share capital	12		1,917		1,917
Other reserves	13		230,565		230,565
Profit and loss account	13		458,170		612,073
			690,652		844,555


 P F GREEN Director


 A G DALE Director

NOTES(forming part of the financial statements)

1 TURNOVER AND TRADING PROFIT

All sales were made in the United Kingdom

Trading profit is stated after charging:

	<u>1984</u> £	<u>1983</u> £
Depreciation of fixed tangible assets	18,254	12,716
Hire of plant and machinery	-	385
Auditors' remuneration (including expenses)	5,500	6,050
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2 STAFF COSTS (including directors)

	<u>1984</u> No.	<u>1983</u> No.
Average number of employees:	89	93
	<hr/>	<hr/>

Employee costs:

	<u>1984</u> £	<u>1983</u> £
Wages and salaries	572,343	405,877
Social security costs	47,810	35,274
Pension and life assurance costs	78,889	38,090
	<hr/>	<hr/>
	699,042	479,241

3 DIRECTORS' EMOLUMENTS

	<u>1984</u> £	<u>1983</u> £
Emoluments (including pension contributions)	69,830	51,209
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The emoluments, excluding pension contributions, of the chairman amounted to £Nil (1983 - £22,924) and of the highest paid director, amounted to £23,119 (1983 - £22,924).

The number of other directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	<u>1984</u>	<u>1983</u>
£ 0 - £ 5,000	4	2
£10,001 - £15,000	-	1
£15,001 - £20,000	1	-

NOTES (continued)

4 INTEREST PAYABLE

	<u>1984</u> £	<u>1983</u> £
Interest on bank overdraft	<u>10,605</u>	<u>Nil</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Group relief on the profits for the year	127,000	15,400
Transfer from deferred tax	(3,102)	7,085
Losses surrendered by group companies	-	(88,053)
Prior year's adjustment	<u>19,346</u>	<u>(1,105)</u>
	<u>143,244</u>	<u>(66,673)</u>

The taxation charge includes full provision for deferred taxation.

The prior year deferred tax credit has been included in the prior years' adjustments above.

6 DIVIDENDS

	<u>1984</u> £	<u>1983</u> £
Ordinary shares - final proposed	-	88,055
- interim paid	<u>150,000</u>	<u>-</u>

NOTES (continued)

7 FIXED TANGIBLE ASSETS

	Freehold land and buildings £	Plant, machinery, vehicles and equipment £	Total £
<u>Cost or valuation</u>			
At beginning of year	264,628	175,916	440,544
Additions	-	17,098	17,098
Disposals	-	(8,114)	(8,114)
At end of year	264,628	184,900	449,528
<u>Depreciation</u>			
At beginning of year	4,825	138,765	143,590
Charge for year	3,075	15,179	18,254
Disposals	-	(5,207)	(5,207)
At end of year	7,900	148,737	156,637
<u>Net book value</u>			
At 31 December 1984	<u>256,728</u>	<u>36,163</u>	<u>292,891</u>
At 31 December 1983	<u>259,803</u>	<u>37,151</u>	<u>296,954</u>

Details of revalued assets are given below:

	1984 £	1983 £
<u>Freehold land and buildings</u>		
At 1971 open market value	200,000	200,000
Aggregate depreciation thereon	<u>(5,971)</u>	<u>(3,647)</u>
Net book value	194,029	196,353
Historical cost of revalued assets	135,185	135,185
Aggregate depreciation based on historical cost	<u>(4,036)</u>	<u>(2,465)</u>
Historical cost net book value	131,149	132,720
Potential tax liability if sold at book values	<u>26,000</u>	<u>26,000</u>

NOTES (continued)

8 STOCKS

	<u>1984</u> £	<u>1983</u> £
Vehicles	375,317	616,087
Parts and other stocks	<u>212,715</u>	<u>181,394</u>
	<u>588,032</u>	<u>797,481</u>

The estimated replacement costs exceed the above values by the following amounts:

	<u>1984</u> £	<u>1983</u> £
Parts and other stocks	<u>9,953</u>	<u>8,212</u>

9 DEBTORS

	<u>1984</u>			<u>1983</u>		
	<u>Due within one year</u> £	<u>Due after one year</u> £	<u>Total</u> £	<u>Due within one year</u> £	<u>Due after one year</u> £	<u>Total</u> £
Trade debtors	229,278	-	229,278	184,413	-	184,413
Amounts owed by group companies	77,998	128,845	206,843	42,939	128,845	171,784
VAT	-	-	-	14,468	-	14,468
Prepayments and accrued income	26,472	-	26,472	18,121	-	18,121
Other debtors	1,688	-	1,688	-	-	-
Deposits with vehicle manufacturers	<u>298,445</u>	<u>-</u>	<u>298,445</u>	<u>317,545</u>	<u>-</u>	<u>317,545</u>
	<u>633,881</u>	<u>128,845</u>	<u>762,726</u>	<u>577,486</u>	<u>128,845</u>	<u>706,331</u>

NOTES (continued)

10 CREDITORS

	1984		1983	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Bank overdraft	22,122	-	44,739	-
Payments received on account	55,054	-	163,262	-
Trade creditors	365,530	-	358,842	-
Amounts owed to group companies	15,424	119,952	34,306	-
Corporation tax	19,000	127,000	103,571	15,401
Other tax and social security	39,833	-	27,502	-
Proposed dividend	-	-	88,055	-
Other creditors	50,834	-	6,840	-
Accruals and deferred income	127,344	-	99,052	-
	<u>695,141</u>	<u>246,952</u>	<u>926,169</u>	<u>15,401</u>
<u>Analysis</u>				
Repayable within five years		127,000		15,401

Amounts due after one year owed to group companies represent permanent loans which would not in the ordinary course of business be repayable.

11 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax at 40%

	Accelerated capital allowances £	Other timing differences £	Total £
At beginning of year	12,346	3,095	15,441
Transfer to profit and loss account	(72)	(3,815)	(3,887)
At end of year	<u>12,274</u>	<u>(720)</u>	<u>11,554</u>

12 CALLED UP SHARE CAPITAL

	Authorised		Allotted, called up and fully paid			
	1984 £	1983 £	1984		1983	
			No	£	No	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>1,917</u>	<u>1,917</u>	<u>1,917</u>	<u>1,917</u>

NOTES (continued)

13 RESERVES

	<u>Other reserves</u> £	<u>Profit and loss account</u> £
At beginning of year	230,565	612,073
Transfer from profit and loss account	-	(153,903)
At end of year	<u>230,565</u>	<u>458,170</u>

The distributable profits of the company are £458,170 (1983 £612,073).

14 POST BALANCE SHEET EVENT

On 4 January 1985 the share capital of the company's intermediate holding company, Evans Halshaw Group Limited, was acquired from LCP Holdings plc by Evans Halshaw Holdings Limited.

On that date all guarantees to the LCP Holdings plc group of companies were released. In these financial statements references to group companies are to Evans Halshaw Holdings Limited and its subsidiaries.

From 4 January 1985 the company has given an unlimited guarantee in respect of bank borrowings and stocking loans by all other members of the Evans Halshaw Holdings Limited group of companies. Bank loans and overdrafts are secured by charges over the group's assets and undertakings. Stocking loans are secured by charges over group stocks and deposits with Ford Motor Company Limited.

15 HOLDING COMPANY

The ultimate holding company is Evans Halshaw Holdings Limited, a company incorporated in the United Kingdom and registered in England.