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EVANS HALSHAW (MANFIELD) LIMITED

COMPANIES HOUSE

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

14 NOV 1990

M FOR THE YEAR ENDED 31st DECEMBER 1989

EVANS HALSHAW (MANSFIELD) LIMITEDDIRECTORS' REPORT

The directors have pleasure in submitting their report and financial statements for the year ended 31st December 1989.

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 a final dividend of £150,000 (1988: £132,000) be declared and that the retained profit for the year of £231,870 (1988: profit £232,624) be appropriated to reserves.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements.

Directors

The directors during the year are as follows:

Mr. A.G. Dale (chairman)
 Mr. A.B. Archer
 Mr. D.W. Bailey (resigned 31st July 1989)
 Mr. R.J. Reynolds
 Mr. J.H. Whitaker

Mr. A.B. Archer and Mr. A.G. Dale are directors of the ultimate holding company and their interests are disclosed in the accounts of that company. The interests of the other directors holding office at the end of the financial year in the ordinary shares of the ultimate holding company were as follows:

	<u>At end of year</u>	<u>At beginning</u>
	<u>(shares of 25p)</u>	<u>of year</u>
		<u>(shares of 25p)</u>
Mr. R.J. Reynolds	1,454	1,000
Mr. J.H. Whitaker	238,212	238,212

EVANS HALSHAW (MANSFIELD) LIMITEDDIRECTORS' REPORT
(continued)Employees

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

Policy on the employment of disabled persons

Suitable procedures are in operation to support the Evans Halshaw Holdings plc 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

On 1st January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock and accordingly have signed their report in their new name.

In accordance with Section 384(1) of the Companies Act 1985, a resolution concerning the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Secretary

KPMG PEAT MARWICK MCLINTOCK

AUDITORS' REPORT TO THE MEMBERS OF
EVANS HALSHAW (MANSFIELD) LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1989 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to the fact that the financial statements do not include a statement of source and application of funds and thus do not comply with Statement of Standard Accounting Practice No. 10.

KPMG Paul Horwich Roberts

Nottingham
19th March 1990

Chartered Accountants


EVANS HALSHAW (MANSFIELD) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st DECEMBER 1989

	Note	<u>1989</u> <u>£</u>	<u>1988</u> <u>£</u>
TURNOVER	1(f)	15,235,761	12,239,692
Cost of sales		(13,125,048)	(10,478,806)
GROSS PROFIT		<u>2,110,713</u>	<u>1,760,886</u>
Distribution costs		(993,702)	(775,345)
Administrative expenses		(555,162)	(449,508)
TRADING PROFIT	2-4	<u>561,849</u>	<u>536,033</u>
Interest receivable	5	35,828	37,240
Interest payable	6	(7,795)	(4,790)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>589,882</u>	<u>568,483</u>
Tax on profit on ordinary activities	7	(208,012)	(203,859)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>381,870</u>	<u>364,624</u>
Dividends	8	(150,000)	(132,000)
RETAINED PROFIT FOR THE YEAR	17	<u>231,870</u>	<u>232,624</u>

EVANS HALSHAW (MANSFIELD) LIMITEDBALANCE SHEETAS AT 31st DECEMBER 1989

		1989		1988	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		411,059		511,782
CURRENT ASSETS					
Stocks	10	900,871		894,856	
Debtors	11	1,203,697		1,121,771	
Cash at bank and in hand	12	280,810		421,033	
		<u>2,385,378</u>		<u>2,437,660</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(1,213,377)</u>		<u>(1,208,182)</u>	
NET CURRENT ASSETS			<u>1,172,001</u>		<u>1,229,478</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,583,060		1,741,260
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	14		(12,418)		(392,077)
PROVISIONS FOR LIABILITIES AND CHARGES	15		-		(10,411)
			<u>1,570,642</u>		<u>1,338,772</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,917		1,917
Other reserves	17		230,565		230,565
Profit and loss account	17		1,338,160		1,106,290
			<u>1,570,642</u>		<u>1,338,772</u>

These financial statements were approved by the board of directors on 19th March 1990.


) DIRECTORS

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st DECEMBER 19891. Accounting policies

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings.

(a) Depreciation

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

Freehold buildings	2%
Plant and equipment	20%
Motor vehicles	25%

No depreciation is provided on freehold land.

(b) Stocks

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

(c) Deferred taxation

Deferred taxation is provided under the liability method on short term timing differences and all other material timing differences which are not expected to continue in the future.

(d) Pensions

The company is a member of a group operated defined benefit pension scheme, the assets being held in an independently administered fund.

Contributions to the pension scheme, which is fully funded, are based on pension costs across the group as a whole. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the average remaining service of the employees. Pensions costs are charged in accordance with the advice of independent qualified actuaries.

The latest formal actuarial valuation was at 31st March 1989. Particulars of the actuarial valuation of the group scheme are contained in the financial statements of Evans Halshaw Holdings plc.

(e) Repairs and renewals

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

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1989
(continued)

1. Accounting policies (continued)(f) Turnover

Turnover comprises amounts invoiced to customers excluding value added tax and car tax.

(g) Finance leases

Finance leases are capitalized. Depreciation is provided to write off the capital element of the lease over its estimated useful economic life.

(h) Operating leases

The rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

2. Turnover and trading profit

All sales were made in the United Kingdom.

Trading profit is stated after charging:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	101,191	57,324
Property rentals	2,000	2,000
Hire of plant and machinery	7,543	6,697
Auditors' remuneration (including expenses)	6,450	6,000

3. Staff costs

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

	<u>1989</u>	<u>1988</u>
	<u>Number</u>	<u>Number</u>
Average number of employees	94	87

The aggregate payroll costs of these persons were as follows:

	<u>£</u>	<u>£</u>
Wages and salaries	969,992	825,533
Social security costs	74,763	64,871
Pension and life assurance costs	53,429	48,943
	<u>1,098,184</u>	<u>939,347</u>

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st DECEMBER 1989
(continued)4. Directors' emoluments

	<u>1988</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Emoluments (including pension contributions)	37,422	35,441

The emoluments, excluding pension contributions, of the chairman amounted to £Nil (1988: £Nil) and of the highest paid director amounted to £32,186 (1988: £27,505).

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

	<u>1989</u>	<u>1988</u>
	<u>Number</u>	<u>Number</u>
£0 - £5,000	3	4

5. Interest receivable

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Bank interest	35,828	37,240

6. Interest payable

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Finance leases	6,060	2,707
Other	1,735	2,083
	7,795	4,790

7. Tax on profit on ordinary activities

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
UK corporation tax at 35% (1988: 35%)	218,423	197,507
Transfer to deferred tax	(10,411)	6,311
Prior years' adjustments	-	41
	208,012	203,859

8. Dividends

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Ordinary shares - final proposed	150,000	132,000

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st DECEMBER 1989

(continued)

9. Tangible fixed assets

<u>Cost or valuation</u>	<u>Freehold land and buildings £</u>	<u>Plant, equipment and motor vehicles £</u>	<u>Total £</u>
At 1st January 1989	295,158	397,456	692,614
Additions	-	268,813	268,813
Disposals	-	(320,300)	(320,300)
Transfer	3,926	(3,926)	-
At 31st December 1989	299,084	342,043	641,127
<u>Depreciation</u>			
At 1st January 1989	20,770	160,062	180,832
Charge for year	2,497	98,694	101,191
Disposals	-	(51,955)	(51,955)
Transfers	981	(981)	-
At 31st December 1989	24,248	205,820	230,068
<u>Net book value</u>			
At 31st December 1989	274,836	136,223	411,059
At 31st December 1988	274,388	237,394	511,782

Details of revalued assets are given below:

	<u>1989 £</u>	<u>1988 £</u>
<u>Freehold land and buildings</u>		
At 1971 open market value	200,000	200,000
Aggregate depreciation thereon	(16,430)	(13,736)
Net book value	183,570	186,264
Historical cost of revalued assets	135,185	135,185
Aggregate depreciation based on historical cost	(11,684)	(9,284)
Historical cost net book value	123,501	125,901

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st DECEMBER 1989
(continued)10. Stocks

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Vehicles held for resale	497,829	521,434
Parts and other stocks	403,042	373,422
	<u>900,871</u>	<u>894,856</u>

The estimated replacement costs of stocks do not differ materially from the figures shown above.

11. Debtors: amounts falling due within one year

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Trade debtors	458,216	391,371
Amounts owed by group companies	93,134	84,445
Amounts owed by related company	-	1,638
Other debtors	-	-
Prepayments and accrued income	48,006	26,160
Deposits with vehicle manufacturers	604,341	489,312
	<u>1,203,697</u>	<u>992,926</u>

Amounts falling due after more than one year

Amounts owed by group companies	-	128,845
	<u>1,203,697</u>	<u>1,121,771</u>

12. Cash at bank and in hand

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Cash at bank	280,250	420,473
Cash in hand	560	560
	<u>280,810</u>	<u>421,033</u>

During the year the group banking arrangements were reorganised and the company is now party to a group banking facility in the name of the holding company and operates a memorandum bank account. The amount disclosed as cash at bank at 31st December 1989 represents the balance on this memorandum account and is legally an amount due from the holding company.

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st DECEMBER 1989

(continued)

13. Creditors: amounts falling due within one year

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Payments received on account	16,860	79,038
Trade creditors	254,605	300,229
Amounts owed to group companies	94,426	30,581
Corporation tax	240,930	356,048
Other tax and social security	88,971	55,558
Proposed dividend	150,000	132,000
Other creditors	180,417	90,186
Accruals and deferred income	159,559	140,029
Obligations under finance leases	27,609	24,513
	<u>1,213,377</u>	<u>1,208,182</u>

14. Creditors: amounts falling due after one year

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Amounts owed to group companies	-	352,051
Obligations under finance leases	12,418	40,026
	<u>12,418</u>	<u>392,077</u>
<u>Analysis</u>		
Repayable within five years	<u>12,418</u>	<u>392,077</u>

15. Provisions for liabilities and chargesDeferred tax at 35%

	<u>Accelerated capital allowances</u>	<u>Other timing differences</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1st January 1989	9,028	1,383	10,411
Transfer from profit and loss account	<u>(9,028)</u>	<u>(1,383)</u>	<u>(10,411)</u>
At 31st December 1989	<u>-</u>	<u>-</u>	<u>-</u>

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1989
(continued)

16. Called up share capital

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Authorised:		
Ordinary shares of £1 each	2,000	2,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,917	1,917

17. Reserves

	<u>Other reserves</u>	<u>Profit and loss account</u>
	<u>£</u>	<u>£</u>
At 1st January 1989	230,565	1,106,290
Transfer from profit and loss account	-	231,870
At 31st December 1989	230,565	1,338,160

18. Capital commitments

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Contracted for but not provided	23,985	-
Authorised but not yet contracted	-	2,742

19. Commitments under operating leases

The company has commitments in the next year for payments under operating leases expiring:

	<u>1989</u>		<u>1988</u>	
	<u>Property</u>	<u>Other</u>	<u>Property</u>	<u>Other</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Within one year	-	3,010	-	773
2 - 5 years	1,000	3,696	1,000	6,066
Over 5 years	1,000	-	1,000	-

EVANS HALSHAW (MANSFIELD) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st DECEMBER 1989

(continued)

20. Commitments under finance leases

The company has the following commitments under finance leases:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Repayable within one year	27,609	24,513
Repayable between two and five years	12,418	40,026
	<u>40,027</u>	<u>64,539</u>

21. Holding company

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