

**Evans Halshaw (Northern)
Limited**

Directors' report and financial statements

31 December 1994

Registered number 123595



Evans Halshaw (Northern) Limited

Directors' report and financial statements

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Evans Halshaw (Northern) Limited

Directors' report

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 1994.

Principal activities

The principal activities of the company during the year were the distribution of motor vehicles together with related activities.

Business review

At 31 December 1994 the trade and assets and liabilities of the company were transferred to Evans Halshaw Motors Limited.

The state of the company's affairs and its trading results for the year are as shown in the accompanying financial statements.

Results and dividends

The directors recommend the payment of a final dividend of £1,260,319 making a total for the year of £2,860,319 (1993: £770,000).

The retained loss for the year of £1,125,857 (1993: *profit of £736,015*) is to be appropriated from reserves.

Fixed assets

A summary of the changes in fixed assets is given in notes 7 and 8 to the financial statements.

Directors and directors' interests

The directors who served during the year were as follows:

AG Dale (Chairman)
AB Archer
CDE Cameron
JK Whitaker
LJ Ellison (resigned 19 July 1994)

Evans Halshaw (Northern) Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

Mr AG Dale, Mr AB Archer and Mr CDE Cameron are directors of the ultimate parent undertaking, Evans Halshaw Holdings plc, and their interests in the shares of group undertakings are disclosed in the financial statements of that company.

The interests of the other directors holding office at the end of the financial year in the shares of group undertakings were as follows:

Shares in Evans Halshaw Holdings plc	At end of year (ordinary shares of 25p)		At beginning of year (ordinary shares of 25p)	
	Non beneficial	Beneficial	Non beneficial	Beneficial
JK Whitaker	48,467	161,141	49,197	162,601

Directors' insurance

The company maintains an insurance policy providing an indemnity for directors of the ultimate parent undertaking, to the extent permitted by law, against liabilities arising from negligence, default or breach of trust in relation to the company.

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.

Employee involvement and commitment is augmented by a policy of regular consultation and communication with employees, particularly in the area of operating performance.

Disabled employees

The company gives full and fair consideration to applications for employment made by disabled persons. If an employee becomes disabled whilst in the employment of the company, every effort is made to give continuing employment. Disabled persons share equally in the opportunities for training, career development and promotion.

Evans Halshaw (Northern) Limited

Directors' report *(continued)*

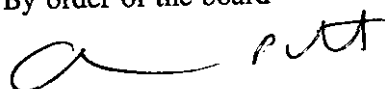
Statement of directors' responsibilities

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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



AJ Pitt
Secretary

4 Highlands Court
Cranmore Avenue
Shirley
Solihull
West Midlands
B90 4LE

1 September 1995



2 Cornwall Street
Birmingham
B3 2DL

Auditors' report to the members of Evans Halshaw (Northern) Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

As described on page 3 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 company's circumstances, 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 the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

1 September 1995

Evans Halshaw (Northern) Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover		129,006,048	105,678,783
Cost of sales		(114,071,661)	(92,495,049)
Gross profit		14,934,387	13,183,734
Distribution costs		(8,147,127)	(7,173,597)
Administrative expenses		(3,875,552)	(3,569,868)
Operating profit	<i>1</i>	2,911,708	2,440,269
Other interest receivable and similar income	<i>4</i>	34,804	9,443
Interest payable and similar charges	<i>5</i>	(399,004)	(302,287)
Profit on ordinary activities before taxation		2,547,508	2,147,425
Tax on profit on ordinary activities	<i>6</i>	(813,046)	(641,410)
Profit on ordinary activities after taxation		1,734,462	1,506,015
Dividends paid and proposed		(2,860,319)	(770,000)
Retained (loss)/profit for the financial year	<i>16</i>	(1,125,857)	736,015

The company has no recognised gains or losses (1993: £Nil) other than those reflected in its profit and loss account.

Historical cost profit is not materially different from the reported profit.

Movements in shareholders' funds are shown in note 20.

The results disclosed above all relate to discontinued operations following the transfer of the company's trade on 31 December 1994.

Evans Halshaw (Northern) Limited

Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	7		-	8,069,439	
Investments	8		1,161,024		-
			<hr/>	<hr/>	
			1,161,024	8,069,439	
Current assets					
Stocks	9	-	7,025,462		
Debtors	10	-	6,085,234		
Cash at bank and in hand		-	4,528		
		<hr/>	<hr/>		
		-	13,115,224		
Creditors: Amounts falling due within one year	11	-	(9,139,642)		
		<hr/>	<hr/>		
Net current assets			-	3,975,582	
			<hr/>	<hr/>	
Total assets less current liabilities			1,161,024	12,045,021	
Creditors: amounts falling due after more than one year	12		-	(9,552,140)	
Provisions for liabilities and charges	13		-	(206,000)	
			<hr/>	<hr/>	
Net assets			1,161,024	2,286,881	
			<hr/>	<hr/>	
Capital and reserves					
Called up share capital	15		1,917	1,917	
Revaluation reserve	16		-	230,565	
Profit and loss account	16		1,159,107	2,054,399	
			<hr/>	<hr/>	
Shareholders' funds			1,161,024	2,286,881	
			<hr/>	<hr/>	

These financial statements were approved by the board of directors on 1 September 1995 and were signed on its behalf by:

AG Dale
Director



KPMG

Evans Halshaw (Northern) Limited

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and have been prepared in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

The requirements of FRS 5 have not been adopted as the only adjustment required would be in respect of the comparative figures.

Depreciation

Depreciation is provided on the cost or valuation less estimated residual value of tangible fixed assets in equal annual instalments over their expected useful lives as follows:

Freehold and long

leasehold buildings - 2% per annum

Short leaseholds - over the term of the lease

Plant and equipment - 12½% to 33 % per annum

Motor vehicles - 25% per annum

Land is not depreciated.

Investments

Investments are stated at cost less provision for diminution in value.

Stocks

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

Deferred taxation

Deferred taxation, arising on differences between the treatment of certain items for accounting and taxation purposes, is accounted for to the extent that a liability or an asset is expected to crystallise within the foreseeable future.

Leased assets

The cost of assets held under finance leases and hire purchase contracts is included within tangible fixed assets and is depreciated in accordance with the company's depreciation policy. The interest element of the rental payments is charged to profit. The capital element of future lease payments is included in creditors.

The cost of operating leases is charged to profit as incurred.

Evans Halshaw (Northern) Limited

Accounting policies

(continued)

Pension costs

The costs of providing pensions are charged against profits on a systematic basis, with the group pension surplus that has arisen being allocated over the expected remaining service lives of current group employees. Differences between the amount charged in the profit and loss account and the payments made to the pension scheme are treated as prepayments or provisions.

Turnover

Turnover comprises amounts invoiced to customers excluding value added tax and relates wholly to the United Kingdom.

Evans Halshaw (Northern) Limited

Notes

(forming part of the financial statements)

1 Operating profit

	1994 £	1993 £
<i>Operating profit is stated after charging/(crediting):</i>		
Profit on disposal of fixed assets	(15,245)	(79,642)
Depreciation of tangible fixed assets	686,943	659,967
Directors emoluments: Management of the company	139,143	141,729
Operating leases:		
Property rental income	(38,914)	(23,486)
Property rental charges	114,760	104,977
Hire of plant and machinery	19,208	24,105
Auditors' remuneration:		
Audit	31,500	31,250
Other services	8,777	9,800

Included in depreciation is a charge of £2,694 (1993: £2,694) relating to revalued assets. The charge based on historical cost would have been £2,500 (1993: £2,500).

2 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 570 (1993: 543).

The aggregate payroll costs of these persons were as follows:

	1994 £	1993 £
Wages and salaries	7,299,619	6,436,692
Social security costs	627,914	580,859
	<u>7,927,533</u>	<u>7,017,551</u>

Evans Halshaw (Northern) Limited

Notes (continued)

3 Directors' emoluments

The emoluments, excluding pension contributions, of the chairman amounted to £Nil (1993: £Nil) and of the highest paid director amounted to £105,822 (1993: £94,041).

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

	1994 Number	1993 Number
£0 - £ 5,000	3	3
£30,001 - £35,000	1	-
£45,001 - £50,000	-	1
£90,001 - £95,000	-	1
£105,001 - £110,000	1	-
	<u>1</u>	<u>-</u>

Directors' emoluments includes £Nil (1993: £600) in respect of pensions to past directors.

4 Other interest receivable and similar income

	1994 £	1993 £
Bank interest	26,360	-
Other	8,444	9,443
	<u>34,804</u>	<u>9,443</u>

5 Interest payable and similar charges

	1994 £	1993 £
Interest on bank overdraft	337,791	216,103
Stock financing charges	61,213	77,766
Finance leases	-	168
Other interest	-	8,250
	<u>399,004</u>	<u>302,287</u>

Evans Halshaw (Northern) Limited

Notes (continued)

6 Tax on profit on ordinary activities

	1994 £	1993 £
Corporation tax at 33% (1992: 33%)	875,246	732,999
Adjustment in respect of prior years	(134,868)	(31,477)
Deferred taxation	72,668	(60,112)
	<u>813,046</u>	<u>641,410</u>

7 Tangible fixed assets

	Land and buildings £	Plant and equipment and motor vehicles £	Total £
<i>Cost or valuation</i>			
At beginning of year	6,959,357	4,183,891	11,143,248
Additions	44,924	2,660,422	2,705,346
Disposals	-	(3,065,849)	(3,065,849)
On transfer of trade	(7,004,281)	(3,778,464)	(10,782,745)
	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	-	-
<i>Depreciation</i>			
At beginning of year	672,863	2,400,946	3,073,809
Charge for year	123,542	563,401	686,943
Disposals	-	(592,100)	(592,100)
On transfer of trade	(796,405)	(2,372,247)	(3,168,652)
	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	-	-
<i>Net book value</i>			
At 31 December 1994	-	-	-
At 31 December 1993	6,286,494	1,782,945	8,069,439

The gross book value of land and buildings includes £Nil (1993: £5,890,436) of depreciable assets.

Evans Halshaw (Northern) Limited

Notes (continued)

7 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	1994 £	1993 £
Freehold	-	4,883,819
Long leasehold	-	1,352,893
Short leasehold	-	49,782
	<hr/>	<hr/>
	-	6,286,494
	<hr/>	<hr/>

Details of revalued assets are given below:

	1994 £	1993 £
Freehold land and buildings		
At 1971 open market value	-	200,000
Aggregate depreciation thereon	-	(27,206)
	<hr/>	<hr/>
Net book value	-	172,794
	<hr/>	<hr/>
Historical cost of revalued assets	-	135,185
Aggregate depreciation based on historical cost	-	(21,684)
	<hr/>	<hr/>
Historical cost net book value	-	113,501
	<hr/>	<hr/>

Included in fixed assets are assets acquired under finance leases with a net book value of £Nil (1993: £Nil). The depreciation charged on the fixed assets held under finance lease agreements was £Nil (1993: £Nil).

Evans Halshaw (Northern) Limited

Notes (continued)

8 Investments

	1994 £	1993 £
Loans to parent and fellow subsidiary undertaking	<u>1,161,024</u>	<u>-</u>

The loans are interest free and would not in the ordinary course of business be repayable.

9 Stocks

	1994 £	1993 £
Vehicles held for resale	-	5,406,516
Parts and other stocks	-	1,618,946
	<u>-</u>	<u>7,025,462</u>

10 Debtors

	1994 £	1993 £
Deposits with vehicle manufacturers	-	2,541,336
Trade debtors	-	2,484,824
Amounts owed by parent and fellow subsidiary undertakings	-	355,212
Deferred taxation (note 14)	-	40,584
Other debtors	-	1,300
Prepayments and accrued income	-	661,978
	<u>-</u>	<u>6,085,234</u>

Deferred taxation shown above is recoverable after more than one year.

Evans Halshaw (Northern) Limited

Notes (continued)

11 Creditors: Amounts falling due within one year

	1994	1993
	£	£
Bank overdraft	-	1,524,905
Payments received on account	-	215,787
Trade creditors	-	3,811,658
Amounts owed to parent and fellow subsidiary undertakings	-	334,344
Corporation tax	-	357,115
Other taxes and social security	-	314,242
Proposed dividend	-	770,000
Other creditors	-	507,455
Accruals and deferred income	-	1,304,136
	<u>-</u>	<u>9,139,642</u>

The company is party to a group banking facility in the name of the parent undertaking and operates a memorandum bank account. The amount disclosed as bank overdraft represents the balance on this memorandum account and is legally an amount owed to the ultimate parent undertaking.

12 Creditors: Amounts falling due after more than one year

	1994	1993
	£	£
Loans from parent and fellow subsidiary undertakings	<u>-</u>	<u>9,552,140</u>

The loans are interest free and would not in the ordinary course of business be repayable.

13 Provisions for liabilities and charges

	Pension costs
	£
At beginning of year	206,000
On transfer of trade	<u>(206,000)</u>
At end of year	<u>-</u>

Evans Halshaw (Northern) Limited

Notes (continued)

14 Deferred taxation

	£
At beginning of year	(40,584)
Charge to profit and loss account	72,668
On transfer of trade	(32,084)
	<hr/>
At end of year	-
	<hr/>

Deferred taxation, which is provided and unprovided at 33% (1993: 33%), comprises:

	Amount provided		Amount unprovided	
	1994	1993	1994	1993
	£	£	£	£
Accelerated capital allowances	-	40,030	-	92,000
Other timing differences	-	(80,614)	-	-
Capital gains rolled over	-	-	-	53,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(40,584)	-	145,000
	<hr/>	<hr/>	<hr/>	<hr/>

15 Share capital

	1994	1993
	£	£
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>1,917</u>	<u>1,917</u>

16 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At beginning of year	230,565	2,054,399
Retained loss for year	-	(1,125,857)
Transfers	(230,565)	230,565
	<hr/>	<hr/>
At end of year	-	1,159,107
	<hr/>	<hr/>

Evans Halshaw (Northern) Limited

Notes (continued)

17 Guarantees

The company, together with its parent and certain fellow subsidiary undertakings, have given cross-guarantees in favour of their bankers to secure all monies owing to the bank by these undertakings from time to time.

The company has given an unlimited guarantee in favour of their bankers to secure all monies owed to the bank by the ultimate parent undertaking.

18 Commitments

(a) Capital expenditure

	1994 £	1993 £
Contracted for but not provided for	-	29,328

(b) Operating leases

The payments under operating leases which are due to be made in the next year, analysed over the periods when the leases expire, are as follows:

	Land and buildings		Other	
	1994 £	1993 £	1994 £	1993 £
Within one year	-	1,550	-	4,481
In the second to fifth years	-	-	-	16,295
Over five years	-	114,760	-	1,573
	-	116,310	-	22,349

19 Pension costs

The company is a member of a group operated pension scheme providing benefits based on final pensionable pay. The assets are managed independently and are invested in funds administered by a merchant bank.

Contributions to the pension scheme, which is fully funded, are based on pension costs across the group as a whole. No cost was charged in the profit and loss account during the year (1993: £Nil) for this scheme.

The latest formal actuarial valuation was at 31 March 1992. Particulars of the actuarial valuation of the group scheme are contained in the financial statements of Evans Halshaw Holdings plc.

Evans Halshaw (Northern) Limited

Notes (continued)

20 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Shareholders' funds at beginning of year	2,286,881	1,550,866
Profit for the year	1,734,462	1,506,015
Dividends paid and proposed	(2,860,319)	(770,000)
Shareholders' funds at end of year	<u>1,161,024</u>	<u>2,286,881</u>

21 Ultimate parent undertaking

The company's ultimate parent undertaking is Evans Halshaw Holdings plc, a company registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Evans Halshaw Holdings plc. The consolidated financial statements of Evans Halshaw Holdings plc are available to the public and may be obtained from:

4 Highlands Court
Cranmore Avenue
Shirley
Solihull
West Midlands
B90 4LE

No other group financial statements include the results of the company.