

**THE RETAIL MOTOR INDUSTRY FEDERATION LIMITED
AND GROUP UNDERTAKINGS**

Company No. 133095

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1999



**The Retail Motor Industry Federation Limited
and Group Undertakings**

**Report and Financial Statements
For the year ended 31st December 1999**

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The Retail Motor Industry Federation Limited

Report of the Directors

The directors submit their annual report together with the audited financial statements for the year ended 31st December 1999.

Principal Activities of the Group

The Retail Motor Industry Federation Limited is a trade association representing the interests of the retail motor trade in England, Wales and Northern Ireland. The Federation also represents its members' interests in the European Union and internationally by active involvement in The European Committee for Motor Trades and Repairs (CECRA). The group has a subsidiary (ReMIT Ltd) established to operate as a training provider for government sponsored vocational training schemes and other training services for trainees employed in the retail motor industry by both members and non-members.

Group activities during the year, other than acting as training provider, remained those of representing, supporting, advising and providing other services for retailers and repairers of cars, commercial vehicles and motor cycles, retailers of parts, accessories and fuel, cherished number dealers and motor auctioneers. It administers a national conciliation and arbitration service to assist in resolving consumer problems and inter industry disputes.

Business Review

Revenue increased by 13% over the year to £16.2 million, all the growth coming from the training operation which now accounts for 76% of turnover. RMI membership declined slightly by 7% reflecting, in large part, continuing consolidation in the industry. More effective financial control ensured that in spite of this increase in revenue costs were reduced by 2% producing an operating profit of £244,766.

Whilst subscription income is expected to continue to decline slightly in the current year, the training operation is forecasting growth of 7% which, with an on going commitment to effective operational and financial control, should ensure that the Federation continues in the black.

Results and Dividend

The trading results for the year are set out in the Consolidated Profit and Loss Account on page 5. No dividend is permitted and the whole of the retained profit will be added to reserves.

Share Capital

The company is limited by guarantee.

Fixed Assets

Movements in fixed assets are shown in the notes to the financial statements.

Directors and their Interests

The directors who served during the year are listed below. The re-appointment of directors will be in accordance with the company's memorandum and articles of association and the decision of the National Council.

Board of Directors

A.J. Coward	President and Chairman
Mrs. S.A. Brownson OBE	Immediate Past President
J. Bond-Smith (appointed 19 May 1999)	Deputy president
M.W. Austin	Vice President
C. B. Parlett (appointed 19 May 1999)	Vice President
J.A. Simpkins (appointed 19 May 1999)	Vice President
D. Whittaker	Vice President
D.J. Evans	Chief Executive and Company Secretary
C.J. Macgowan (resigned 19 May 1999)	Chief Executive
S. N. Ramsay (appointed 24 November 1999)	Finance Director
M. G. Anderson (resigned 19 May 1999)	A.J. Locke (appointed 19 May 1999)
D. J. Cannings (resigned 20 January 1999)	D. S. Maxwell (resigned 19 January 2000)
R. M. Eastwood (appointed 19 May 1999)	J. R. McSpadden (appointed 19 May 1999)
R.J. Fisher (resigned 19 May 1999)	G. J. Potts
C. Green	G. E. Tucker
J. R. Hill (appointed 19 May 1999)	M. W. Wilson (resigned 19 May 1999)
C.W. Hutchinson (resigned 19 May 1999)	

There are no material contracts in which the directors have a beneficial interest.

The Retail Motor Industry Federation Limited

Report of the Directors (Continued)

Year 2000 Compliance

As a result of steps taken by the company to achieve year 2000 compliance in its core computer driven management systems, no "millennium bug" problems have been manifested up to the date of this report. The company continues to monitor the situation but remains confident that no significant related risks to its activities will arise. The costs of achieving Year 2000 compliance were not significant and no further costs are anticipated. The directors have therefore concluded that no additional provision is required.

Political and Charitable Donations

Charitable donations for the year were £760 (1998 - £1,145). There were no political contributions.

Auditors

Kingston Smith have indicated their willingness to continue in office, and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

Corporate Governance

The Board of Directors meets at approximately bi-monthly intervals to review the state of the business and to consider future policy matters. The directors, collectively, have understood which matters are reserved for the Board as a whole.

At the current time the Board comprises the President of the Federation as Chairman, an Executive Director as Chief Executive, one other Executive Director and thirteen non-executive Directors. All directors are drawn from different disciplines so as to provide both balanced management and critical assessment of the Federation's activities.

All the directors have access to the advice and services of the company secretary.

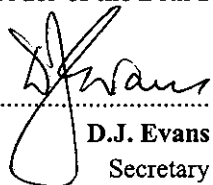
After making enquiries, the directors have a reasonable expectation that the Federation has adequate resources to continue in operational existence for the foreseeable future. For this reason, and based on the following assumptions, they continue to adopt the going concern basis in preparing the financial statements.

- (i) the Federation is the largest trade association in England and Wales supporting members of the retail motor trade from which it receives subscriptions on an annual basis in order to carry out its activities. There is no reason to assume that this situation will alter in the foreseeable future; and
- (ii) the Government will not alter their attitude towards the provision of training.
- (iii) members will continue to support the revenue generating initiatives provided for them.

The Board is responsible for the Federation's system of internal financial control. Its principal features include review of monthly financial information with senior management, monthly monitoring of results, operations, capital expenditure and significant financing matters of the Federation as a whole, and clearly defined levels of authority at all times. However, it must be appreciated that any such system can only provide reasonable rather than absolute assurance against material misstatement of financial information or loss.

The company's auditors, Kingston Smith, have reviewed the above statement, in accordance with Auditing Practices Board guidance.

By Order of the Board


D.J. Evans
Secretary

201 Great Portland Street
London W1N 6AB

Date: 12 April 2000

The Retail Motor Industry Federation Limited and Group Undertakings

Directors' Responsibilities and Report of the Auditors

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 the 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 prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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' Report to the Members of The Retail Motor Industry Federation Limited

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 9 and 10.

Respective Responsibilities of Directors and Auditors

As described above, 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.

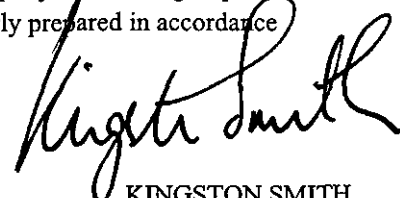
Basis of Opinion

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 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 affairs of the company and of the group as at 31st December 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KINGSTON SMITH
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

14 April 2000

**The Retail Motor Industry Federation Limited
and Group Undertakings
Consolidated Profit and Loss Account
For the year ended 31st December 1999**

	Note	Total 1999 £	Total 1998 £
Turnover	3	16,199,993	14,289,325
Cost of sales		<u>(8,045,877)</u>	<u>(6,685,179)</u>
Gross profit		8,154,116	7,604,146
Operating expenses		<u>(7,909,350)</u>	<u>(8,109,968)</u>
Operating profit / (loss)	4	244,766	(505,822)
Interest receivable and similar income		94,776	171,688
Interest payable and similar charges	5	<u>(97,690)</u>	<u>(42,023)</u>
Profit / (loss) on ordinary activities before taxation		241,852	(376,157)
Tax on profit /(loss) on ordinary activities	8	<u>(75,068)</u>	<u>178,676</u>
Retained profit / (loss) for the financial year	17	<u><u>166,784</u></u>	<u><u>(197,481)</u></u>

Apart from the profit above there are no other recognised gains or losses for the year.

**The Retail Motor Industry Federation Limited
and Group Undertakings
Balance Sheets as at 31st December 1999**

	Note	Company		Group	
		1999 £	1998 £	1999 £	1998 £
Fixed Assets					
Tangible assets	10	2,901,779	3,068,469	3,213,040	3,335,146
Investments	11	<u>5,010</u>	<u>5,010</u>	<u>10</u>	<u>8</u>
		<u>2,906,789</u>	<u>3,073,479</u>	<u>3,213,050</u>	<u>3,335,154</u>
Current Assets					
Stocks	12	58,424	65,603	58,424	65,603
Debtors	13	1,671,445	2,105,230	3,447,504	3,887,267
Cash at bank and in hand		<u>894,834</u>	<u>792,165</u>	<u>2,623,765</u>	<u>1,407,573</u>
		2,624,703	2,962,998	6,129,693	5,360,443
Creditors: Amounts falling due within one year	14	<u>(1,774,197)</u>	<u>(2,114,694)</u>	<u>(4,983,357)</u>	<u>(4,472,188)</u>
Net Current Assets		<u>850,506</u>	<u>848,304</u>	<u>1,146,336</u>	<u>888,255</u>
Total Assets less Current Liabilities		3,757,295	3,921,783	4,359,386	4,223,409
Creditors: Amounts falling due after more than one year	15	(164,985)	(242,911)	(318,481)	(344,368)
Provision for Liabilities and Charges	16	<u>(190,609)</u>	<u>(194,151)</u>	<u>(207,141)</u>	<u>(212,061)</u>
Net Assets		<u><u>3,401,701</u></u>	<u><u>3,484,721</u></u>	<u><u>3,833,764</u></u>	<u><u>3,666,980</u></u>
Capital and Reserves					
Revaluation reserve	17	2,235,982	2,235,982	2,235,982	2,235,982
Accumulated profit	17	<u>1,165,719</u>	<u>1,248,739</u>	<u>1,597,782</u>	<u>1,430,998</u>
		<u><u>3,401,701</u></u>	<u><u>3,484,721</u></u>	<u><u>3,833,764</u></u>	<u><u>3,666,980</u></u>

Approved by the board on 12 April 2000

J. Coward..... President

D. Evans..... Chief Executive

**The Retail Motor Industry Federation Limited
and Group Undertakings
Group Cash Flow Statement
For the year ended 31st December 1999**

	1999 £	1999 £	1998 £	1998 £
Net Cash Inflow / (Outflow) from Operating Activities (note 1)		1,612,020		(1,117,515)
Returns on Investments and Servicing of Finance				
Interest paid	(97,690)		(42,023)	
Interest received	<u>94,776</u>		<u>171,688</u>	
Net Cash (Outflow) / Inflow from Returns on Investments and Servicing of Finance		(2,914)		129,665
Taxation				
UK Corporation tax paid		(25,926)		(295,395)
Capital Expenditure and Financial Investment				
Purchase of tangible fixed assets	(139,082)		(166,477)	
Sale of tangible fixed assets	<u>92,809</u>		<u>153,060</u>	
Net Cash (Outflow) for Capital Expenditure and Financial Investment		<u>(46,273)</u>		<u>(13,417)</u>
Cash Inflow / (Outflow) before use of Liquid Resources and Financing		1,536,907		(1,296,662)
Management of Liquid Resources				
Redemption of corporate debt		-		496,742
Financing				
New loan		-		164,500
Loan repayments		(41,125)		(27,417)
Capital element of finance lease rental payments		<u>(279,590)</u>		<u>(316,527)</u>
Increase / (Decrease) in Cash for the Year		<u><u>1,216,192</u></u>		<u><u>(979,364)</u></u>

The Retail Motor Industry Federation Limited and Group Undertakings

Notes to the Group Cash Flow Statement For the year ended 31st December 1999

1	Reconciliation of Operating Profit / (Loss) to Net Cash Inflow / (Outflow) from Operating Activities	1999 £	1998 £		
	Operating profit / (loss)	244,766	(505,822)		
	Depreciation charges	365,315	362,095		
	Profit on sale of tangible fixed assets	(22,583)	(30,955)		
	Decrease / (increase) in stocks	7,179	(274)		
	Decrease / (increase) in debtors	439,762	(1,622,375)		
	Increase in creditors	582,501	688,639		
	(Decrease) in provisions	(4,920)	(8,823)		
	Net cash inflow / (outflow) from operating activities	1,612,020	(1,117,515)		
2	Analysis of changes in Cash and Cash Equivalents during the Year	1999 £	1998 £		
	Balance at 1st January 1999	1,407,573	2,386,937		
	Increase / (decrease) in cash and cash equivalents	1,216,192	(979,364)		
	Balance at 31st December 1999	2,623,765	1,407,573		
3	Reconciliation of Net Cashflow to Movement in Net Funds	1999 £	1998 £		
	Increase / (decrease) in cash	1,216,192	(979,364)		
	Cash inflow from new loan	-	(164,500)		
	Cash outflow from repayment of loan	41,125	27,417		
	Cash outflow from capital element of finance lease payments	279,590	316,527		
	Cash (inflow) from (decrease) in liquid resources	-	(496,742)		
	Change in net funds resulting from cash flows	1,536,907	(1,296,662)		
	Cash inflow from new finance leases	(174,353)	(364,680)		
	Movement in net funds in the year	1,362,554	(1,661,342)		
	Net funds at 1st January 1999	757,282	2,418,624		
	Net funds at 31st December 1999	2,119,836	757,282		
4	Analysis of Net Funds	At 1st Jan-99 £	Cash Flow £	Non Cash Changes £	At 31st Dec-99 £
	Cash at bank and in hand	1,407,573	1,216,192	-	2,623,765
	Loan	(137,083)	41,125	-	(95,958)
	Finance leases	(513,208)	279,590	(174,353)	(407,971)
		757,282	1,536,907	(174,353)	2,119,836

5 Major Non-Cash Transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of £174,353 (1998 - £364,680).

The Retail Motor Industry Federation Limited
and Group Undertakings
Notes to the Financial Statements
For the year ended 31st December 1999

1 Status

The Federation is a company limited by guarantee and not having a share capital. The liability of the members who constitute the Federation is limited to £1 per member.

2 Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the long leasehold property and in accordance with applicable accounting standards.

Depreciation

Depreciation on tangible fixed assets is calculated to write off the cost less estimated residual value of each asset over its expected useful life on a straight line basis, as follows:

Computer hardware and software	3 years
Furniture and equipment	7 years
Motor vehicles	4 years
Leasehold improvements	term of lease

It is the group's practice to maintain its long leasehold building in a continual state of sound repair and to make improvements thereto from time to time. The directors consider the useful economic life of the building to be in excess of 50 years, and that it did not diminish during the year under review.

Consequently no charge for depreciation is made. The directors' review the valuation of the building annually for impairment in its value.

Income

Income represents member subscriptions, training grants receivable and the value of services provided in the course of the Federation's activities within the UK net of value added tax and sales between group companies.

Stocks

Stocks represent publications held for resale, and are stated at the lower of cost and net realisable value.

Basis of Consolidation

The group profit and loss account and balance sheet consist of the financial statements of the parent company and its subsidiary undertakings which have been made up to the 31st December. Intra group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions.

Deferred Taxation

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pensions Funding

The group operates two pension schemes for its employees. One scheme provides defined benefits based on service in the scheme and final pensionable salary. This scheme is closed to new entrants. The other scheme provides benefits based on defined contributions.

Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over employee's working lives with the group, adjusted for periodic actuarial reviews. The contributions made by the group to the defined contribution scheme are charged against profits on an accruals basis.

The Retail Motor Industry Federation Limited
and Group Undertakings
Notes to the Financial Statements
For the year ended 31st December 1999(Continued)

2 Accounting Policies - continued

Leasing

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid under operating leases have been charged to the profit and loss account on a straight line basis.

3 Turnover

	1999	1998
	£	£
Subscriptions	3,178,962	3,202,289
Membership activities	189,996	153,696
Business stationery	136,906	60,839
Commission	311,646	304,087
Other income	3,738	91,137
Management fees and services	50,320	63,913
Training receipts	12,328,425	10,413,364
	<u>16,199,993</u>	<u>14,289,325</u>

4 Operating Profit / (Loss)

	1999	1998
	£	£
The operating profit / (loss) is stated after charging/(crediting):		
Auditors' remuneration in respect of audit services	36,216	35,000
Auditors' remuneration in respect of non-audit services	20,304	158,634
Depreciation of owned tangible fixed assets	158,042	166,237
Depreciation of assets held under finance leases	207,273	195,858
Profit on disposal of tangible fixed assets	(22,583)	(30,955)
Operating lease rentals - equipment	80,971	91,722
Operating lease rentals - land and buildings	131,255	122,294
	<u> </u>	<u> </u>

5 Interest Payable and Similar Charges

	1999	1998
	£	£
Bank loan interest	8,373	5,756
Finance lease interest	49,607	34,316
Other loan interest	9,710	1,951
Interest on prior years' Corporation Tax	30,000	-
	<u>97,690</u>	<u>42,023</u>

**The Retail Motor Industry Federation Limited
and Group Undertakings**
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

6 Staff Costs including Executive Directors	1999	1998
	£	£
Wages and salaries	3,609,912	3,754,055
Social security costs	337,942	340,769
Pension costs (note 19c)	128,357	145,902
	<u>4,076,211</u>	<u>4,240,726</u>

The average number of persons employed by the group during the year was :

	1999	1998
Members services	54	55
Training	92	90
Administration	36	38
	<u>182</u>	<u>183</u>

7 Directors' Emoluments	1999	1998
	£	£
Emoluments	<u>133,538</u>	<u>211,806</u>
Highest paid director		
Emoluments	83,461	105,571
Aggregate contributions to defined benefit pension scheme	2,692	-
Aggregate contributions to money purchase pension scheme	<u>-</u>	<u>6,545</u>

Two directors were members of the Motor Industry Pension Plan, a defined benefit pension scheme, another was a member of the defined contribution scheme.

8 Taxation on Profit / (Loss) on Ordinary Activities	1999	1998
	£	£
Corporation tax (charged) / reclaimed based on the results for the year at 26.1% (1998 - 31.5%)	(75,246)	178,028
Adjustment in respect of prior years	<u>178</u>	<u>648</u>
	<u>(75,068)</u>	<u>178,676</u>

9 Company Results

The profit and loss account represents the results of the group as a whole. The retained loss of the company is £83,020 (1998 - loss of £70,922). No profit and loss account is presented for the company under the provisions of s230 of the Companies Act 1985.

The Retail Motor Industry Federation Limited and Group Undertakings

Notes to the Financial Statements

For the year ended 31st December 1999(Continued)

10a) Fixed Assets - Tangible

Group	Long Leasehold Property £	Leasehold Improvements £	Motor Vehicles £	Furniture and Equipment £	Computer Hardware & Software £	Total £
Cost or Valuation						
At 1st January 1999	2,500,000	28,414	954,404	565,677	929,319	4,977,814
Additions	-	-	186,030	7,823	119,582	313,435
Disposals	-	-	(286,005)	(2,694)	-	(288,699)
At 31st December 1999	2,500,000	28,414	854,429	570,806	1,048,901	5,002,550
Depreciation						
At 1st January 1999	-	17,757	388,600	462,198	774,113	1,642,668
Charge for the year	-	1,776	216,020	27,955	119,564	365,315
Disposals	-	-	(217,960)	(513)	-	(218,473)
At 31st December 1999	-	19,533	386,660	489,640	893,677	1,789,510
Net Book Value						
At 31st December 1999	2,500,000	8,881	467,769	81,166	155,224	3,213,040
At 31st December 1998	2,500,000	10,657	565,804	103,479	155,206	3,335,146

Long Leasehold Property (Group and Company)

The long leasehold property was professionally valued as at 25th November 1997 on the basis of open market value for existing use by Henry Burcher, Chartered Surveyors. The historical cost was £250,500. In line with the transitional arrangements of Financial reporting Standard No. 15 the valuation has not been updated during the year and the directors are not aware of any material change in the property's value.

Included in fixed assets are motor vehicles held under finance leases with a net book value of £426,038 (1998 - £543,061).

Capital commitments

At the balance sheet date capital expenditure authorised by the board and contracted for but not yet incurred amounted to £29,252 (1998 - £17,725)

**The Retail Motor Industry Federation Limited
and Group Undertakings
Notes to the Financial Statements
For the year ended 31st December 1999(Continued)**

10b) Fixed Assets - Tangible

Company	Long Leasehold Property £	Leasehold Improvements £	Motor Vehicles £	Furniture and Equipment £	Computer Hardware & Software £	Total £
Cost or Valuation						
At 1st January 1999	2,500,000	28,414	518,164	470,591	929,320	4,446,489
Additions	-	-	32,560	2,187	119,581	154,328
Disposals	-	-	(131,936)	(2,694)	-	(134,630)
Group transfers	-	-	(27,289)	-	-	(27,289)
At 31st December 1999	2,500,000	28,414	391,499	470,084	1,048,901	4,438,898
Depreciation						
At 1st January 1999	-	17,757	178,028	408,121	774,114	1,378,020
Charge for the year	-	1,776	110,850	21,186	119,563	253,375
Disposals	-	-	(78,441)	(513)	-	(78,954)
Group transfers	-	-	(15,322)	-	-	(15,322)
At 31st December 1999	-	19,533	195,115	428,794	893,677	1,537,119
Net Book Value						
At 31st December 1999	2,500,000	8,881	196,384	41,290	155,224	2,901,779
At 31st December 1998	2,500,000	10,657	340,136	62,470	155,206	3,068,469

Included in fixed assets are motor vehicles held under finance leases with a net book value of £182,095 (1998 - £329,326).

11 Fixed Assets - Investments

	Parent Company		Group	
	1999	1998	1999	1998
	£	£	£	£
Shares in group undertakings at cost:				
At 1st January 1999 and 31 December 1999	5,010	5,010	10	8

The parent company, The Retail Motor Industry Federation Limited, is incorporated in England. The following details relate to the company's subsidiary undertakings. All the subsidiary undertakings are 100% owned, incorporated in England and operate in the United Kingdom:

Trading Company:

Retail Motor Industry Training Limited

Activity

Training Provider

Non Trading Companies:

The Petrol Retailers Association Limited

Motor Industry Pension Plan (Plan C) Trustees Limited

Motor Industry Pension Plan Trustees Limited

Motor Industry Self Employed Pension Trustees Limited

RMI Group Computer Services Limited

The financial statements of the trading subsidiary for the year to 31st December 1999 have been consolidated with those of the parent company. The non-trading subsidiaries have no reserves.

The Retail Motor Industry Federation Limited
and Group Undertakings
Notes to the Financial Statements
For the year ended 31st December 1999(Continued)

12 Stocks	1999	1998
	£	£
Group and Parent Company:		
Finished goods and goods for resale	58,424	65,603
	<u>58,424</u>	<u>65,603</u>
13 Debtors	1999	1998
	£	£
Group		
Trade debtors	2,726,090	3,013,536
Other debtors	294,213	248,420
Prepayments and accrued income	427,201	625,311
	<u>3,447,504</u>	<u>3,887,267</u>
Parent Company		
Trade debtors	54,340	146,191
Other debtors	267,560	242,238
Amounts due from group undertakings	1,051,976	1,372,420
Prepayments and accrued income	297,569	344,381
	<u>1,671,445</u>	<u>2,105,230</u>
14 Creditors: Amounts falling due within one year	1999	1998
	£	£
Group		
Bank loan (note 15)	41,125	41,125
Trade creditors	2,954,126	2,534,116
Corporation tax	75,424	26,282
Social security and other taxes	249,612	218,489
Other creditors	399,452	363,490
Obligations under finance leases (note 19)	144,323	264,798
Accruals and deferred income	1,119,295	1,023,888
	<u>4,983,357</u>	<u>4,472,188</u>
Parent Company		
Bank loan (note 15)	41,125	41,125
Trade creditors	319,080	566,935
Corporation tax	-	21,000
Social security and other taxes	249,612	218,489
Other creditors	194,580	186,301
Obligations under finance leases	60,275	219,388
Accruals and deferred income	909,525	861,456
	<u>1,774,197</u>	<u>2,114,694</u>

The Retail Motor Industry Federation Limited
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Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

15 Creditors: Amounts falling due after more than one year	1999 £	1998 £
Group		
Bank loan (see below)	54,833	95,958
Obligations under finance leases (note 19)	263,648	248,410
	<u>318,481</u>	<u>344,368</u>
Parent Company		
Bank loan (see below)	54,833	95,958
Obligations under finance leases	110,152	146,953
	<u>164,985</u>	<u>242,911</u>
Bank loan - group and company		
The bank loan is repayable by instalments falling due as set out below:-		
within one year	41,125	41,125
in one to two years	41,125	41,125
in two to five years	13,708	54,833
	<u>95,958</u>	<u>137,083</u>

16 Provision for Liabilities and Charges

(i) Group	Claims Under Sale Warranties Agreement £	Pensions and Similar Obligations £	Total £
At 1st January 1999	148,100	63,961	212,061
Utilised during the year	<u>-</u>	<u>(4,920)</u>	<u>(4,920)</u>
At 31st December 1999	<u>148,100</u>	<u>59,041</u>	<u>207,141</u>
Parent Company			
At 1st January 1999	148,100	46,051	194,151
Utilised during the year	<u>-</u>	<u>(3,542)</u>	<u>(3,542)</u>
At 31st December 1999	<u>148,100</u>	<u>42,509</u>	<u>190,609</u>

**The Retail Motor Industry Federation Limited
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Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

16 Provision for Liabilities and Charges (Continued)

Provisions have been made as follows:

1) Pensions and Similar Obligations

The last actuarial valuation of the pension scheme was prepared as at 5th April 1998. This revealed a surplus to be spread over the average expected future service lives of employees, which reduced the required employer's contribution rate to 1.9%. In accordance with SSAP24, no provision has been made for any contributions payable.

The previous actuarial valuation gave rise to the SSAP 24 provision referred to above. It is amortised over the average remaining service lives as at 6th April 1996.

2) Claims under Sales Warranties Agreement

The company sold its interest in Motor Industry Pensions Limited in June 1996. The sale agreement provided warranties to cover any claim relating to the company's liability to provide redress arising from advice given prior to the disposal.

Full provision has been made for the potential liability of all claims notified to the company as set out in note 18(ii)

(ii) Deferred Taxation

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy note described in note 2. The amounts provided and the full potential liability or asset are as follows:

Group	1999		1998	
	Amount Provided £	Potential Liability/ (Asset) £	Amount Provided £	Potential Liability/ (Asset) £
Other short term timing differences	-	(62,142)	-	(63,618)
Accelerated capital allowances	-	(73,587)	-	(76,717)
	-	(135,729)	-	(140,335)
Parent Company				
	Amount Provided £	Potential Liability/ (Asset) £	Amount Provided £	Potential Liability/ (Asset) £
Other short term timing differences	-	(57,183)	-	(58,245)
Accelerated capital allowances	-	(73,587)	-	(75,208)
	-	(130,770)	-	(133,453)

17 Reserves

1999 - Group	Revaluation Reserve £	Accumulated Profit £	Refurbishment Reserve £	Total £
At 1st January	2,235,982	1,430,998	-	3,666,980
Profit for the year	-	166,784	-	166,784
At 31st December	2,235,982	1,597,782	-	3,833,764

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Notes to the Financial Statements
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17 Reserves (Continued)

1999 - Parent Company	Revaluation Reserve £	Accumulated Profit £	Refurbishment Reserve £	Total £
At 1st January	2,235,982	1,248,739	-	3,484,721
Loss for the year	-	(83,020)	-	(83,020)
At 31st December	<u>2,235,982</u>	<u>1,165,719</u>	<u>-</u>	<u>3,401,701</u>
1998 - Group	Revaluation Reserve £	Accumulated Profit £	Refurbishment Reserve £	Total £
At 1st January	2,235,982	1,412,479	216,000	3,864,461
Loss for the year	-	(197,481)	-	(197,481)
Transfer to profit and loss account	-	216,000	(216,000)	-
At 31st December	<u>2,235,982</u>	<u>1,430,998</u>	<u>-</u>	<u>3,666,980</u>
1998 - Parent Company	Revaluation Reserve £	Accumulated Profit £	Refurbishment Reserve £	Total £
At 1st January	2,235,982	1,103,661	216,000	3,555,643
Loss for the year	-	(70,922)	-	(70,922)
Transfer to profit and loss account	-	216,000	(216,000)	-
At 31st December	<u>2,235,982</u>	<u>1,248,739</u>	<u>-</u>	<u>3,484,721</u>

The revaluation reserve represents the surplus which arose on the revaluation of the long leasehold property at 25th November 1997.

The refurbishment reserve represented a reserve to cover the cost of the total refurbishment of the long leasehold property. This was transferred to the profit and loss account as there is no formal refurbishment planned.

18 Contingent Liabilities

- (i) The parent undertaking has agreed to fund any deficiency of assets in its group undertakings. At 31st December 1999 there were no contingent liabilities in respect of this undertaking.
- (ii) In December 1998, the company received a writ for £1,160,000 plus interest and costs in relation to warranties made under the sale agreement for the sale of Motor Industry Pensions Limited in June 1996.

Full provision has already been made for the estimated liability under claims previously notified as set out in note 16. The amount claimed in the writ was not accepted by the directors and has been strongly resisted. It is likely to be agreed at £475,000. The directors expect that any liabilities in excess of the amount provided in the Financial Statements will be covered by insurance.

**The Retail Motor Industry Federation Limited
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19 Future Financial Commitments

(a) Operating Leases

At 31st December 1999 the group had annual commitments under operating leases as set out below:

	1999		1998	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
within one year	16,282	-	6,455	1,596
between one and two years	7,000	44,950	9,500	-
between two and five years	5,500	48,337	7,200	97,459
after five years	102,315	15,008	106,040	-
	<u>131,097</u>	<u>108,295</u>	<u>129,195</u>	<u>99,055</u>

The majority of leases of land and buildings are subject to rent reviews.

(b) Finance Leases

At 31st December 1999 the group had obligations under finance leases included in the financial statements as set out below:

	1999 £	1998 £
Amount payable net of finance charges allocated to future periods:		
within one year	144,323	264,798
between one and two years	139,603	115,165
between two and five years	124,045	133,245
	<u>407,971</u>	<u>513,208</u>

(c) Pension Costs

The group operates three pension schemes for its employees: two as participating employers in the Motor Industry Pension Plan (MIPP), and a Group Personal Pension Plan for new entrants.

The majority of MIPP scheme members belong to a defined benefit scheme which provides defined benefits based on service in the scheme and final pensionable salary. A minority belong to a scheme which provides benefits based on defined contributions. Both MIPP schemes are now closed to new members.

The Group Personal Pension Plan provides benefits based on defined contributions.

MIPP schemes' assets are held in separate trustee administered funds. Contributions to the main scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

The most recent actuarial valuation of the main scheme was carried out by AON Consulting as at 5th April 1998. The valuation of the scheme used the attained age method of funding. The main actuarial assumptions used were the rate of return on the investments of 8% per annum, salary increases of 6% per annum, increases to pensions in payment of 3.75% per annum and increases to net dividends of 5% per annum.

At this valuation date, the market value of the assets was £11,471,113 and the actuarial value of the assets represented 135% of the benefits that had accrued to members at the valuation date, after allowing for expected future increases in pensionable salary.

The pension charge for the year was £128,357 (1998 - £145,902). No contributions were outstanding at the year end.