

Appleyard Motor Company Limited
(formerly Appleyard Midlands Limited)
Annual report
for the year ended 31 December 1993

Registered no: 153658



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Appleyard Motor Company Limited **(formerly Appleyard Midlands Limited)**

Directors' report **for the year ended 31 December 1993**

The directors present their report and the audited financial statements for the year ended 31 December 1993.

Change of name

On 1 January 1994 the company changed its name from Appleyard Midlands Limited to Appleyard Motor Company Limited.

Principal activities

The profit and loss account for the year is set out on page 6.

The main activities of the company are unchanged since last year, and are principally the sale and service of motor vehicles. At 31 December 1993 the business and net assets of two fellow subsidiaries were transferred at book value to this company.

Review of business

Both the level of business and the year end financial position were satisfactory and the directors expect that this present level of activity will be sustained for the foreseeable future.

Changes in presentation of the financial statements

Following the introduction of Financial Reporting Standard No 3, 'Reporting Financial Performance', the presentation of the financial statements has been amended to conform with the new requirements.

Dividends and transfers to reserves

The directors have declared the following dividends during the year ended 31 December 1993:

	£'000
Ordinary dividends:	
Interim	2,061
Final	1,751
	<hr/>
	3,812
	<hr/>

After payment of the above dividends the deficit of £2,020,000 will be deducted from reserves.

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Changes in fixed assets

The movements in fixed assets during the year are set out in note 11 to the financial statements.

Directors

The directors who held office during the year were:

M G Williamson	(Chairman)
P J Chambers	
J R Atkin	
W C Ward	(resigned 30 November 1993)
G Robinson	(appointed 1 November 1993)

Mr C A Welch was appointed to the Board on 18 January 1994.

Directors' interests in shares

According to the register required to be kept by Section 325 of the Companies Act 1985, the directors had no interests in the shares of the company and their interests in the shares of Appleyard Group PLC were as set out below:-

	Appleyard Group PLC: Ordinary shares of 10 pence each	
	At 31 December 1993	At 31 December 1992
Ordinary shares		
G Robinson	10,773	*10,773
Options		
G Robinson	109,798	*109,798
* at date of appointment		

As permitted by Statutory Instrument, the register does not include shareholdings of directors who are also directors of Appleyard Group PLC and whose interests are shown in the financial statements of that company.

The share options at 31 December 1993 have been adjusted to reflect the September 1993 rights issue of Appleyard Group PLC.

Charitable and political contributions

The company did not make any contributions for political purposes during the year ended 31 December 1993. Contributions for charitable purposes amounted to £Nil (1992: £456).

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Insurance of directors

During the year Appleyard Group PLC maintained liability insurance for the company's directors and officers.

Employees

The company recognises the benefits of keeping employees informed of the progress of the business and of involving them in the company's performance. Information regarding the financial and economic factors affecting the performance of the company and other business matters are reported twice a year in Appleyard World. Discussions take place with employees regularly so that their views can be taken into account in making decisions which are likely to affect their interests. Employees are represented on the Committee of Management of The Appleyard Pension Fund.

It is the company's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion having regard to their aptitudes and abilities. Wherever possible the company will continue the employment of persons becoming disabled.

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 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 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.

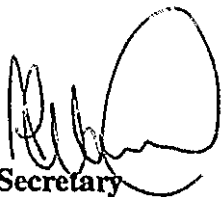
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Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting of the company.

By order of the Board



Secretary

Harrogate

11 March 1994

Report of the auditors to the members of Appleyard Motor Company Limited (formerly Appleyard Midlands Limited)

We have audited the financial statements on pages 6 to 18.

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.

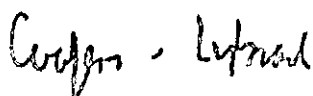
Basis of opinion

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 at 31 December 1993 and of its profit and total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

Leeds

11 March 1994

Appleyard Motor Company Limited
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Profit and loss account
for the year ended 31 December 1993

	Notes	1993 £'000	1992 £'000
Turnover	2	32,434	32,894
Cost of sales		(29,071)	(30,067)
Gross profit		3,363	2,827
Distribution costs		(1,618)	(1,405)
Administrative expenses		(1,525)	(1,493)
Operating profit		220	(71)
Interest receivable		39	3
Interest payable and similar charges	6	(57)	(137)
Income from group undertakings	7	1,699	753
Profit on ordinary activities before taxation	8	1,901	548
Taxation	9	(109)	(107)
Profit for the financial year		1,792	441
Dividends	10	(3,812)	(627)
Deficit for the year		(2,020)	(186)

All items dealt with in arriving at operating profit for 1993 and 1992 relate to continuing operations.

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Statement of total recognised gains and losses

	1993 £'000	1992 £'000
Profit on ordinary activities after taxation	1,792	441
Deficit on revaluation	-	(303)
	<u>1,792</u>	<u>138</u>

Note of historical cost profits and losses

	1993 £'000	1992 £'000
Reported profit on ordinary activities before taxation	1,901	548
Realisation of property revaluation gains of previous years	1,119	-
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>18</u>	<u>26</u>
Historical cost profit on ordinary activities before taxation	<u>3,038</u>	<u>574</u>
Historical cost deficit for the year retained after taxation and dividends	<u>(883)</u>	<u>(160)</u>

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Balance sheet at 31 December 1993

	Notes	1993 £'000	1992 £'000
Fixed assets			
Tangible assets	11	16,940	6,976
Investments	12	76	76
		<u>17,016</u>	<u>7,052</u>
Current assets			
Stocks	13	13,106	1,327
Debtors: amounts falling due after more than one year	14	-	1,618
Debtors: amounts falling due within one year	14	4,645	539
Cash at bank and in hand		827	-
		<u>18,578</u>	<u>3,484</u>
Creditors: amounts falling due within one year	15	(18,731)	(3,333)
Net current (liabilities)/assets		<u>(153)</u>	<u>151</u>
Total assets less current liabilities		<u>16,863</u>	<u>7,203</u>
Creditors: amounts falling due after more than one year	16	(11,898)	(340)
Provisions for liabilities and charges			
Deferred taxation	17	(122)	-
Net assets		<u>4,843</u>	<u>6,863</u>
Capital and reserves			
Called-up share capital	18	297	297
Share premium accounts	19	8	8
Revaluation reserve	19	2,884	1,886
Profit and loss account	19	1,654	4,672
Shareholders' funds	20	<u>4,843</u>	<u>6,863</u>

The financial statements on pages 6 to 18 were approved by the Board of Directors on 11 March 1994 and were signed on its behalf by:

Director



Notes to the financial statements
for the year ended 31 December 1993

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Consolidated financial statements

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements since it and its subsidiaries are included in the consolidated financial statements of its ultimate parent undertaking, Appleyard Group PLC.

Turnover

Turnover, which excludes discounts and value added tax represents the sales value of goods and services supplied.

Cash flows

The company is a wholly owned subsidiary of Appleyard Group PLC and the cash flows of the company are included in the consolidated cash flow statement of Appleyard Group PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Tangible fixed assets

Interests in freehold and long leasehold property are stated at a periodic professional valuation using an open market value for existing use basis. Surpluses arising on revaluation are credited to the revaluation reserve. Additions to property since the last valuation and other tangible fixed assets are stated at cost. Where appropriate interest on funds used to finance property developments is included in cost.

Depreciation is calculated so as to write off the difference between cost or valuation and estimated residual value of fixed assets by equal annual instalments over their expected useful lives which are considered to be:

- Freehold and long leasehold properties up to a maximum of eighty years;
- Short leasehold properties for the period of the lease;
- Motor vehicles up to a maximum of four years; and
- Plant and equipment up to a maximum of seven years.

Investments

Investments in subsidiary companies are stated at cost less provision for any reduction in the value of net assets. Other investments are stated at cost unless in the opinion of the directors there has been a permanent diminution in the book value of the investments.

Stocks and work in progress

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

Taxation

The charge for taxation is based on the result for the year as adjusted for disallowable items and other permanent differences. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Provision is made at the corporation tax rate which is expected to be applied when the liability or asset is expected to crystallise.

Pension costs

The company participates in group pension arrangements operated by Appleyard Group PLC. Contributions and pension costs are based on pension costs across the group as a whole. Pension costs are accounted for on the basis of charging the expected costs of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular costs are spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals. The company provides no other post retirement benefits to its employees.

Operating leases

Costs in respect of operating leases are charged in arriving at the operating profit.

Operating lease income

Net income from operating leases on properties is spread over the lease on a straight line basis.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Directors' emoluments

The remuneration paid to the directors of the company was:

	1993 £'000	1992 £'000
Emoluments (including pension contributions and benefits in kind)	85	95
Emoluments (excluding pension contributions) include amounts paid to:		
	1993 £'000	1992 £'000
The chairman	Nil	Nil
The highest-paid director	69	76

The number of directors (including the chairman and the highest-paid director) who received emoluments (excluding pension contributions) in the following ranges was:

	1993 Number	1992 Number
£0 to £5,000	3	3
£10,001 to £15,000	1	-
£65,001 to £70,000	1	-
£75,001 to £80,000	-	1

4 Employee information

The average weekly number of persons (including executive directors) employed during the year was 149 (1992 : 153).

	1993 £'000	1992 £'000
Staff costs (for the above persons):		
Wages and salaries	2,106	2,124
Social security costs	235	228
Other pension costs (see note 5)	19	17
	2,360	2,369

5 Pension and similar obligations

The Group operates a defined benefit final salary scheme which is funded at rates advised by independent actuaries on the assumption that investment returns will be 2% per annum higher than pay growth.

The pension cost is arrived at in accordance with SSAP24 using the projected unit method and is determined by the scheme's actuaries on the assumptions that annual investment returns will be 2.5% higher than pay growth, 4.5% higher than future dividend growth and 6.5% higher than increases to pensions in payment.

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The last actuarial valuation of the scheme was carried out as at 5 April 1992 and has been adjusted to take account of the changes to advance corporation tax introduced in the March 1993 Budget. At this date, using the assumptions adopted for SSAP24, the market value of the assets of the scheme amounted to £23.2 million and this represented 110% of the value of the accrued benefits, allowing for the effect of the changes to advance corporation tax.

There is a charge to the profit and loss account for the year of £19,000 (1992: £17,000). The pension prepayment has been included in the balance sheet of Appleyard Group PLC.

6 Interest payable and similar charges

	1993 £'000	1992 £'000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	95	188
Stock finance charges	57	59
	<u>152</u>	<u>247</u>
Interest capitalised (note 11)	(95)	(110)
	<u>57</u>	<u>137</u>

7 Income from group undertakings

	1993 £'000	1992 £'000
Dividends received from the following group companies:		
City Motors (Oxford) Limited	1,261	171
Oxford Motors Limited	47	45
Chiltern Forecourts Limited	122	28
Home Counties Finance Corporation Limited	269	509
	<u>1,699</u>	<u>753</u>

8 Profit on ordinary activities before taxation

	1993 £'000	1992 £'000
Profit on ordinary activities before taxation is stated after (crediting)/charging:		
Net operating lease income on land and buildings	(11)	(19)
Depreciation charge for the year:		
Tangible fixed assets	134	161
Auditors' remuneration for:		
audit services	16	14
Operating lease rentals:		
Land and buildings	147	-
Other assets	3	10
	<u>147</u>	<u>10</u>

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9 Taxation

	1993 £'000	1992 £'000
In respect of the current year:		
Corporation tax at 33% (1992: 33%)	126	(100)
Tax attributable to franked investment income	-	188
In respect of prior years:		
Corporation tax	(17)	19
	<u>109</u>	<u>107</u>

10 Dividends

	1993 £'000	1992 £'000
Ordinary:	2,061	-
Interim paid of £1.74 per share (1992: £Nil per share)	1,751	627
Final paid of £1.48 per share (1992: £0.53 per share)	<u>3,812</u>	<u>627</u>

11 Tangible fixed assets

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation	6,910	1,165	8,075
At 1 January 1993	619	160	779
Additions	10,717	2,784	13,501
Transfers from fellow subsidiaries	95	-	95
Interest capitalised	(2,204)	(251)	(2,455)
Disposals	<u>16,137</u>	<u>3,858</u>	<u>19,995</u>
At 31 December 1993			
Depreciation	198	901	1,099
At 1 January 1993	46	88	134
Charge for year	387	1,733	2,120
Transfers from fellow subsidiaries	(63)	(235)	(298)
Disposals	<u>568</u>	<u>2,487</u>	<u>3,055</u>
At 31 December 1993			
Net book value	15,569	1,371	16,940
At 31 December 1993	<u>15,569</u>	<u>1,371</u>	<u>16,940</u>
Net book value	6,712	264	6,976
At 31 December 1992	<u>6,712</u>	<u>264</u>	<u>6,976</u>
Cost or valuation at			
31 December 1993 is represented by:	3,163	-	3,163
At valuation on 31 December 1989	12,974	3,858	16,832
At cost	<u>16,137</u>	<u>3,858</u>	<u>19,995</u>

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Included in land and buildings is property valued at £265,000 (1992: £265,000), before depreciation of £31,000 (1992: £20,000), for use in operating leases.

If land and buildings had not been revalued they would have been included at the following amounts:

	1993 £'000	1992 £'000
Cost	13,253	5,020
Aggregate depreciation based on cost	493	154
	<u>12,760</u>	<u>4,866</u>

Land and buildings at net book value comprise:

	1993 £'000	1992 £'000
Freeholds	14,006	6,461
Long leaseholds	1,102	245
Short leaseholds	461	6
	<u>15,569</u>	<u>6,712</u>

12 Fixed asset investments

	Shares in subsidiary undertakings £'000	Other investments £'000
Cost		
At 1 January and 31 December 1993	<u>76</u>	<u>112</u>
Provisions for diminution in value		
At 1 January and 31 December 1993	<u>-</u>	<u>112</u>
Net book value		
At 31 December 1993	<u>76</u>	<u>-</u>
Net book value		
At 31 December 1992	<u>76</u>	<u>-</u>

The subsidiary undertakings are all incorporated in the United Kingdom.

Interests in subsidiary undertakings

Name of company	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
City Motors (Oxford) Limited	Ordinary £1	100%	Non-trading
Oxford Motors Limited	Ordinary £1	100%	Non-trading
Chiltern Forecourts Limited	Ordinary £1	100%	Non-trading
Home Counties Finance Corporation Limited	Ordinary £1	100%	Non-trading

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13 Stocks

	1993 £'000	1992 £'000
New vehicles	4,100	248
Used and depot vehicles	6,899	737
Parts and other stocks	2,107	342
	<u>13,106</u>	<u>1,327</u>

14 Debtors

	1993 £'000	1992 £'000
Amounts falling due after more than one year:		
Amounts owed by parent company and subsidiary undertakings	-	1,522
Prepayments and accrued income	-	96
	<u>-</u>	<u>1,618</u>
Amounts falling due within one year:		
Trade debtors	3,781	445
Amounts owed by parent company and subsidiary undertakings	127	7
Amounts owed by associated undertakings	9	-
Corporation tax recoverable	74	13
Other debtors	240	11
Prepayments and accrued income	414	63
	<u>4,645</u>	<u>539</u>

15 Creditors: amounts falling due within one year

	1993 £'000	1992 £'000
Bank loans and overdrafts	-	1,442
Payments received on account	704	82
Trade creditors	14,570	963
Amounts owed to parent company and subsidiary undertakings	211	10
Amounts owed to associated undertaking	813	290
Other creditors	13	-
Corporation tax	623	-
Other taxation and social security	335	207
Accruals and deferred income	1,462	339
	<u>18,731</u>	<u>3,333</u>

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16 Creditors: amounts falling due after more than one year

	1993 £'000	1992 £'000
Other loans	-	40
Deferred income	200	300
Amounts owed to parent company and subsidiary undertakings	11,698	-
	<u>11,898</u>	<u>340</u>

17 Deferred tax

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Tax effect of timing differences because of:				
Accelerated capital allowances	120	69	120	69
Other	2	(69)	2	(69)
	<u>122</u>	<u>-</u>	<u>122</u>	<u>-</u>
Tax effect of timing differences on revaluation of:				
Land and buildings	-	-	236	230
Realised gains deferred	-	-	427	85
	<u>122</u>	<u>-</u>	<u>663</u>	<u>315</u>

18 Called-up share capital

	1993 £'000	1992 £'000
Authorised		
1,640,000 ordinary shares of 25p each (1992: 1,640,000)	410	410
	<u>410</u>	<u>410</u>
Allotted, called-up and fully paid		
1,186,762 ordinary shares of 25p each (1992: 1,186,762)	297	297
	<u>297</u>	<u>297</u>

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19 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 1993	8	1,886	4,672
Transfer from revaluation reserves to profit and loss account on disposal of properties	-	(1,118)	1,118
Transfer to revaluation reserve from profit and loss account (see note below)	-	2,116	(2,116)
Retained loss for the year	-	-	(2,020)
At 31 December 1993	<u>8</u>	<u>2,884</u>	<u>1,654</u>

The transfer to the revaluation reserve from the profit and loss account represents the revaluation reserve attaching to properties transferred from fellow subsidiary undertakings on 31 December 1993. The amount represents an unrealised profit to the Appleyard Group.

20 Reconciliation of movements in shareholders' funds

	1993 £'000	1992 £'000
Profit for the financial year	1,792	441
Dividends	(3,812)	(627)
	<u>(2,020)</u>	<u>(186)</u>
Deficit on revaluation	-	(303)
Opening shareholders' funds	6,863	7,352
Closing shareholders' funds	<u>4,843</u>	<u>6,863</u>

21 Capital commitments

	1993 £'000	1992 £'000
Capital expenditure that has been authorised by the directors but has not yet been contracted for	239	Nil

22 Contingent liabilities

	1993 £'000	1992 £'000
Amount of guarantees in respect of bank borrowings of fellow subsidiary undertakings	8,587	24,169

23 Financial commitments

At 31 December 1993 the company had annual commitments under non-cancellable operating leases as follows:

	1993		1992	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	42	46	-	1
Expiring between two and five years inclusive	55	26	30	9
Expiring in over five years	729	-	-	-
	<u>826</u>	<u>72</u>	<u>30</u>	<u>10</u>

24 Ultimate parent company

The directors regard Appleyard Group PLC, a company registered in England as the ultimate parent company. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Appleyard Group PLC, Windsor House, Cornwall Road, Harrogate HG1 2PW.