

Coopers
& Lybrand

Appleyard Midlands Limited
Annual report
for the year ended 31 December 1992

Registered no: 153658



**Directors' report
for the year ended 31 December 1992**

The directors present their report and the audited financial statements for the year ended 31 December 1992.

Principal activities

The main activities of the company are the sale and service of motor vehicles.

Review of business

The profit and loss account is set out on page 5.

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

On 29 October 1992 the company acquired the freehold of premises in Hove from a fellow subsidiary for a consideration of £2,361,000. This site opened as a Seat franchise in that month.

Dividends

A dividend has been paid in respect of the year ended 31 December 1992 of £627,000 (1991: £134,000).

Changes in fixed assets

The movements in fixed assets during the year are set out in note 12 to the accounts.

In January 1992 the company completed the purchase of land at West Bromwich, Birmingham for development as a car dealership, paying £1,070,000.

On 20 April 1992 the company acquired the freehold of premises in Leeds from fellow subsidiaries of Appleyard Group PLC for a consideration of £2,648,000. This was subsequently sold on to a third party for the same amount and thus no profit or loss resulted.

Directors

The directors of the company, all of whom have been directors for the whole of the year ended 31 December 1992, are:

M G Williamson (Chairman)
P J Chambers
J R Atkin
W C Ward

Directors' interests in shares of the company

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 are as set out below:

Appleyard Group PLC: Ordinary shares of 10 pence each				
At 31 December 1992			At 31 December 1991	
	Shareholding	Options	Shareholding	Options
W C Ward	4,000	86,500	-	46,500

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.

Charitable and political contributions

The company did not make any contributions for political purposes during the year ended 31 December 1992. Contributions for charitable purposes amounted to £456 (1991: £760).

Insurance of directors

The Appleyard Group maintains insurance for the company's directors in respect of their duties as directors of the company.

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.

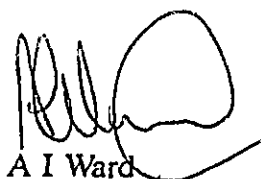
Close company provisions

In the opinion of the directors the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company and there has been no change in this respect since 31 December 1992.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting. Until 1 June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

By order of the Board



A I Ward

Secretary

HARROGATE

Report of the auditors to the members of Appleyard Midlands Limited

We have audited the financial statements on pages 5 to 17 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 31 December 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Reading

16 March 1993

**Profit and loss account
for the year ended 31 December 1992**

	Notes	1992 £'000	1991 £'000
Turnover	1	32,894	47,173
Cost of sales		(30,067)	(42,521)
Gross profit		2,827	4,652
Distribution costs		(1,405)	(2,432)
Administrative expenses		(1,493)	(1,721)
Operating (loss)/profit before exceptional items		(71)	499
Exceptional items	2	-	2,301
Operating (loss)/profit	3	(71)	2,800
Interest receivable and similar income	7	3	-
Interest payable and similar charges	8	(137)	(328)
Income from group undertakings	9	753	-
Profit on ordinary activities before taxation	3	548	2,472
Taxation	10	(107)	(322)
Profit on ordinary activities after taxation		441	2,150
Dividends	11	(627)	(134)
Retained (loss)/profit for the year		(186)	2,016
Statement of retained profits			
Retained profits brought forward		4,858	2,842
Retained (loss)/profit for the year		(186)	2,016
Retained profits carried forward		4,672	4,858

Balance sheet at 31 December 1992

	Notes	1992 £'000	1991 £'000
Fixed assets			
Tangible assets	12	6,976	3,706
Investments	13	76	76
		<u>7,052</u>	<u>3,782</u>
Current assets			
Stocks	14	1,327	1,290
Debtors: due after one year	15	1,618	4,324
due within one year	15	539	1,139
		<u>3,484</u>	<u>6,753</u>
Creditors: due within one year	16	(3,333)	(2,959)
Net current assets		<u>151</u>	<u>3,794</u>
Total assets less current liabilities		<u>7,203</u>	<u>7,576</u>
Creditors: due after one year	16	(340)	(224)
Net assets		<u>6,863</u>	<u>7,352</u>
Capital and reserves			
Called-up share capital	18	297	297
Share premium account		8	8
Revaluation reserve	19	1,886	2,189
Profit and loss account		4,672	4,858
		<u>6,863</u>	<u>7,352</u>

The financial statements on pages 5 to 17 were approved by the Board of Directors on 16 March 1993 and were signed on its behalf by:


W C Ward

Director

**Notes to the financial statements
for the year ended 31 December 1992**

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain properties. Group accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in the United Kingdom. A summary of the more important policies is set out below.

Turnover

Turnover, which excludes discount 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 freehold and appropriate interest on funds used to finance property developments are 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.
- Plant and equipment up to a maximum of seven years.

Disposal of properties

Surpluses and deficits arising on disposal of properties are dealt with in the profit and loss account. The surplus or deficit arising on disposal is the difference between gross sale proceeds and historic costs including selling fees.

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 profit 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 accounts. 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 cost 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.

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 Exceptional items

	1992 £'000	1991 £'000
Profit on exercise of option	-	687
Profit on sale of reversionary interests	-	172
Realisation of revaluation surpluses	-	1,442
	<hr/>	<hr/>
	-	2,301
	<hr/>	<hr/>

3 Profit on ordinary activities before taxation

	1992 £'000	1991 £'000
Profit on ordinary activities before taxation is stated after (crediting)/charging:		
Net operating lease income on land and buildings	(19)	(6)
Depreciation charge for the year:		
Tangible fixed assets	161	200
Auditors' remuneration	14	10
Operating lease rentals:		
Land and buildings	-	96
Other assets	10	34
	<u>10</u>	<u>34</u>

4 Directors' emoluments

The remuneration paid to the directors of the company was:

	1992 £'000	1991 £'000
Emoluments (including pension contributions and benefits in kind)	95	56
Compensation paid by company for loss of office	-	5
Compensation paid by parent company for loss of office	-	100
	<u>95</u>	<u>161</u>

Emoluments (excluding pension contributions and compensation for loss of office) include amounts paid to:

	1992 £'000	1991 £'000
The chairman	<u>Nil</u>	<u>Nil</u>
The highest-paid director	<u>76</u>	<u>43</u>

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

	1992 Number	1991 Number
£0 to £5,000	3	5
£5,001 to £10,000	-	1
£10,001 to £45,000	-	1
£45,001 to £80,000	1	-

5 Employee information

The average weekly number of persons (including executive directors) employed during the year was 153 (1991: 224).

	1992 £'000	1991 £'000
Staff costs (for the above persons):		
Wages and salaries	2,124	3,061
Social security costs	228	298
Other pension costs (see note 6)	17	31
	<u>2,369</u>	<u>3,390</u>

6 Pension scheme arrangements

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 SSAP 24 using the projected unit method and is determined by the scheme's actuaries on the assumptions that annual investment returns will be 3% higher than pay growth, 3.5% higher than future dividend growth and 7% higher than increases to pensions in payment.

The last actuarial valuation of the scheme was carried out as at 5 April 1992. At this date, using the assumptions adopted for SSAP 24, the market value of the assets of the scheme amounted to £23.2 million and this represented 118% of the value of the accrued benefits.

There is a charge to the profit and loss account for the year of £17,000 (1991: £31,000) and there is a pension prepayment in the balance sheet of £96,000 (1991: £45,000).

7 Interest receivable and similar income

	1992 £'000	1991 £'000
Interest on rate refunds	<u>3</u>	<u>-</u>

8 Interest payable and similar charges

	1992 £'000	1991 £'000
On bank loans and overdrafts:		
Repayable within 5 years, not by instalments	188	254
Stock finance charges	59	74
	<u>247</u>	<u>328</u>
Interest capitalised (note 12)	(110)	-
	<u>137</u>	<u>328</u>

9 Income from group undertakings

Dividends received from the following group companies:

	1992 £'000	1991 £'000
City Motors (Oxford) Limited	171	-
Oxford Motors Limited	45	-
Chiltern Forecourts Limited	28	-
Home Counties Finance Corporation Limited	509	-
	<u>753</u>	<u>-</u>

10 Taxation

	1992 £'000	1991 £'000
In respect of the current year:		
Corporation tax at 33% (1991 - 33.25%)	(100)	485
Tax attributable to franked investment income	188	-
Deferred taxation	-	(211)
In respect of prior years:		
Corporation tax	19	17
Deferred taxation	-	31
	<u>107</u>	<u>322</u>

11 Dividends

	1992 £'000	1991 £'000
Paid 52.283 pence per share (1991: 11.291 pence per share)	<u>627</u>	<u>134</u>

12 Tangible fixed assets

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 1 January 1992	3,481	1,128	4,609
Additions	1,196	50	1,246
Transfers from other group companies	5,119	52	5,171
Interest capitalised	110	-	110
Disposals	(2,693)	(65)	(2,758)
Deficit on revaluation	(303)	-	(303)
At 31 December 1992	<u>6,910</u>	<u>1,165</u>	<u>8,075</u>
Depreciation			
At 1 January 1992	84	819	903
Charge for year	49	112	161
Transfers from other group companies	110	28	138
Eliminated in respect of disposals	(45)	(58)	(103)
At 31 December 1992	<u>198</u>	<u>901</u>	<u>1,099</u>
Net book value			
At 31 December 1992	<u>6,712</u>	<u>264</u>	<u>6,976</u>
Net book value			
At 31 December 1991	<u>3,397</u>	<u>309</u>	<u>3,706</u>
Cost or valuation at 31 December 1992 is represented by			
Valuation: 31 December 1989	1,056	-	1,056
31 December 1992	2,150	-	2,150
Cost	3,704	1,165	4,869
	<u>6,910</u>	<u>1,165</u>	<u>8,075</u>

A property has been revalued as at 31 December 1992 by the Directors on an open market basis, with a consequent adjustment to the revaluation reserve.

12 Tangible fixed assets

(a) Included in land and buildings is property valued at £265,000 (1991: £265,000), before depreciation of £20,000 (1991: £9,000), for use in operating leases.

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

	Land and buildings	
	1992 £'000	1991 £'000
Cost	5,020	1,292
Aggregate depreciation based on cost	154	51
	<u>4,866</u>	<u>1,241</u>
Land and buildings at net book value comprise:		
Freeholds	6,461	3,128
Long leaseholds	245	256
Short leaseholds	6	13
	<u>6,712</u>	<u>3,397</u>

13 Fixed asset investments

	Shares in subsidiary undertakings £'000	Other investments £'000
Cost		
At 1 January and 31 December 1992	76	112
	<u>76</u>	<u>112</u>
Provisions for diminution in value		
At 1 January and 31 December 1992	-	112
	<u>-</u>	<u>112</u>
Net book value		
at 31 December 1992	76	-
	<u>76</u>	<u>-</u>
at 31 December 1991	76	-
	<u>76</u>	<u>-</u>

The subsidiary undertakings are all incorporated in the United Kingdom.

Interests in subsidiary undertakings

Details of the subsidiary undertakings, which are all registered in England and Wales, are as follows:

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

14 Stocks

	1992 £'000	1991 £'000
New vehicles	248	-
Used and depot vehicles	737	835
Parts and other stocks	342	455
	<u>1,327</u>	<u>1,290</u>

15 Debtors

	1992 £'000	1991 £'000
Amounts falling due after one year		
Amounts owed by group undertakings	1,522	4,279
Prepayments and accrued income	96	45
	<u>1,618</u>	<u>4,324</u>
Amounts falling due within one year		
Trade debtors	445	352
Amounts owed by group undertakings	7	8
Corporation tax recoverable	13	-
Deposits with manufacturers	-	595
Other debtors	11	146
Prepayments and accrued income	63	38
	<u>539</u>	<u>1,139</u>

16 Creditors

	1992 £'000	1991 £'000
Due within one year		
Bank loans and overdrafts	1,442	705
Payments received on account	82	72
Trade creditors	963	860
Amounts owed to group undertakings	10	100
Amounts owed to associated undertaking	290	299
Corporation tax	-	288
Other taxation and social security payable	207	130
Accruals and deferred income	339	505
	<u>3,333</u>	<u>2,959</u>
Due after one year		
Other loans	40	-
Deferred income	300	224
	<u>340</u>	<u>224</u>

17 Deferred taxation

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	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Tax effect of timing differences because of:				
Accelerated capital allowances	69	18	69	18
Other	(69)	(18)	(69)	(18)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax effect of timing differences on revaluation of:				
Land and buildings	-	-	230	570
Realised gains deferred	-	-	85	300
	<u>-</u>	<u>-</u>	<u>315</u>	<u>870</u>

18 Called-up share capital

	1992 £'000	1991 £'000
Authorised:		
1,640,000 Ordinary shares of 25p (1991: 1,640,000)	410	410
Allotted, called up and fully paid:		
1,186,762 Ordinary shares of 25p (1991: 1,186,762)	297	297

19 Revaluation reserve

The revaluation reserve arises as a consequence of carrying interests in land and buildings in the balance sheet at a valuation. The movements on the reserve are analysed below:

	£'000
At 1 January 1992	2,189
Deficit on revaluation	(303)
At 31 December 1992	1,886

The transfer from the profit and loss account represents the revaluation reserve attaching to properties transferred from fellow subsidiary undertakings during the year.

20 Capital commitments

	1992 £'000	1991 £'000
Capital expenditure that has been authorised by the directors but has not yet been contracted for	Nil	1,565

21 Financial commitments

At 31 December 1992 the company had annual commitments under non-cancellable operating leases as follows:

	1992		1991	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	-	1	-	9
Expiring between two and five years inclusive	30	9	30	1
	<u>30</u>	<u>10</u>	<u>30</u>	<u>10</u>

22 Contingent liabilities

	1992 £'000	1991 £'000
Amount of guarantees in respect of bank borrowings of fellow subsidiary undertakings	<u>11,085</u>	<u>10,788</u>

23 Ultimate and immediate parent company

The directors regard Appleyard Group PLC, a company registered in England, as the ultimate parent company. According to the register kept by the company, Appleyard Group PLC has a 100% interest in the equity capital of Appleyard Midlands Limited at 31 December 1992. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Appleyard Group PLC, Windsor House, Cornwall Road, Harrogate, HG1 2PW.