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COPY

DRABBLE AND ALLEN LIMITED

ACCOUNTS

to

31st MARCH 1977

COOPERS & LYBRAND
CHARTERED ACCOUNTANTS

16



DRABBLE AND ALLEN LIMITED

REPORT OF THE DIRECTORS IN RESPECT OF THE YEAR ENDED 31ST MARCH 1977

The directors present herewith the audited accounts of the company for the year ended 31st March 1977.

Results

The profit for the year and the appropriation thereof are set out in the profit and loss account on page 4.

Dividend

The directors recommend the payment of a dividend of £31,500 in respect of the year ended 31st March 1977.

Principal Activities of the Company

The company has continued in its activities of wholesaling and retailing of new vehicles and parts, and the selling of used vehicles, petrol, oil and repairing of vehicles.

Ultimate Holding Company

The company is a wholly owned subsidiary of Graham Brothers (Motors) (Holdings) Limited which is incorporated in England.

Exports

The company does not export goods or services.

Changes in Fixed Assets

The movements in fixed assets during the year are set out in note 6 to the accounts.

Directors

The directors of the company at 31st March 1977 all of whom were directors throughout the year, were:-

E.D. Hill	Chairman
R.O. Harper	
F. Drabble	
J.F. Moore	
W. McGeorge	
W.G. McNulty	

In accordance with the articles of association, Mr. W. McGeorge and Mr. W.G. McNulty retire and, being eligible, offer themselves for re-election.



Directors' Interests in Shares

Messrs. R.O. Harper and E.D. Hill are also directors of Graham Brothers (Motors) (Holdings) Limited and accordingly particulars of their interests in that company's shares will be disclosed in the report of the directors of Graham Brothers (Motors) (Holdings) Limited. Messrs. F. Drabble, J.F. Moore, W. McGeorge and W. McNulty have no interests in the shares of the holding company.

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the general meeting.

By Order of the Board,

DOROTHY SMITH

Secretary

28th October 1977

DRABBLE AND ALLEN LIMITEDREPORT OF THE AUDITORS TO THE MEMBERS

We report on the accounts set out on pages 4 to 11. These have been prepared under the historical cost convention, which permits the inclusion of certain assets at a revaluation.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st March 1977 and of its profit and source and application of funds for the year ended on that date, according to the historical cost convention, and comply with the Companies Acts 1948 and 1967.

COOPERS & LYBRAND

Chartered Accountants

MANCHESTER

28th October 1977

DRABBLE AND ALLEN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1977

	<u>Notes</u>	<u>1977</u> £	<u>1976</u> £
TURNOVER	2	£3,583,948	£3,483,389
PROFIT BEFORE TAXATION	3	208,927	245,382
TAXATION	5	108,407	130,610
PROFIT AFTER TAXATION		100,520	114,772
PROPOSED DIVIDEND			
Dividend on the ordinary shares		31,500	26,000
PROFIT RETAINED		£ 69,020	£88,772
MOVEMENTS IN RESERVES	14		
At beginning of year		500,617	411,845
Movement for the year		69,020	88,772
At end of year		£569,637	£500,617

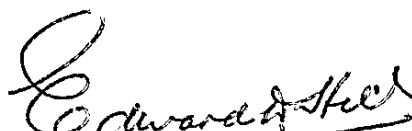
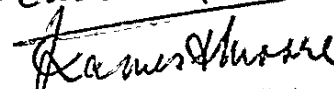
The notes on pages 7 to 11 form
part of these accounts

Report of the Auditors - page 3

DRABBLE AND ALLEN LIMITED

BALANCE SHEET - 31ST MARCH 1977

	<u>Notes</u>	<u>1977</u> £	<u>1976</u> £
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	144,583	132,279
INTEREST IN SUBSIDIARY COMPANY	8	132,680	155,018
LOAN	9	10,000	10,000
GROUP COMPANIES	10	577	119
CURRENT ASSETS			
Stock and work in progress	11	614,239	490,327
Debtors and payments in advance		180,046	183,256
Deposits paid less received on new vehicles		75,309	8,679
Cash and bank balances	12	150,061	269,304
		1,019,655	951,566
CURRENT LIABILITIES			
Loan		-	3,000
Creditors		369,658	446,565
Corporation tax payable 1st January 1978		52,000	46,000
Proposed ordinary dividend		31,500	26,000
		453,158	521,565
NET CURRENT ASSETS		566,497	430,001
		<u>£ 854,337</u>	<u>£727,417</u>
CAPITAL EMPLOYED			
SHARE CAPITAL	13	50,000	50,000
RESERVES	14	569,637	500,617
		619,637	550,617
DEFERRED TAXATION	15	234,700	176,800
		<u>£854,337</u>	<u>£727,417</u>

 E.D. HILL
 J.F. MOORE

Directors

The notes on pages 7 to 11 form part of these accounts

Report of the Auditors - page 3

DRABBLE AND ALLEN LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST MARCH 1977

	<u>1977</u> £	<u>1976</u> £
SOURCE OF FUNDS		
Profit before taxation	208,927	245,382
Depreciation	6,673	4,915
	<hr/> 215,600	<hr/> 250,297
From other sources:-		
Taxation repayment	932	-
	<hr/> 216,532	<hr/> 250,297
APPLICATION OF FUNDS		
Purchases of fixed assets	18,977	130
Dividends paid	26,000	19,000
Loan repaid	3,000	3,000
Taxation paid	45,439	78,446
	<hr/> 93,416	<hr/> 100,576
	<hr/> <u>£123,116</u>	<hr/> <u>£149,721</u>
INCREASE/(DECREASE) IN WORKING CAPITAL:		
Stocks	123,912	201,659
Debtors	(3,210)	19,299
Vehicle Deposits	66,630	(2,202)
Creditors	76,907	(276,336)
Amounts due from group and subsidiary companies	(21,880)	50,287
Bank balance	(119,243)	157,014
	<hr/> <u>£123,116</u>	<hr/> <u>£149,721</u>

NOTES ON THE ACCOUNTS - 31ST MARCH 1977

1. Accounting Policies

(a) Depreciation of Fixed Assets

Depreciation is calculated to write off the book value, mainly on a straight line basis, over the expected useful lives of the assets concerned. Principal annual rates used for this purpose which are consistent with those of the previous year are:-

Freehold land and buildings	2%
Plant and other equipment	10%

In the case of the revalued properties, depreciation is calculated by reference to the enhanced values of the properties concerned.

(b) Stock and Work in Progress

Stock and work in progress have been valued at the lower of cost and estimated net realisable value. Cost in the case of parts and vehicles means invoice price. Cost in the case of work in progress excludes overheads. Provision is made to reduce the cost of slow moving parts to estimated realisable value.

(c) Repairs and Renewals

All repairs and renewals are written off as incurred.

(d) Deferred Taxation

Deferred taxation is provided on the liability method to take account of the excess of the book value of certain fixed assets over the written down value of those assets for taxation purposes and stock appreciation relief.

2. Turnover

Turnover comprises sales of vehicles, labour, parts, oil and petrol at invoiced value, excluding value added tax and car tax.

3. Profit before Taxation

Profit before taxation is stated after charging and crediting the following:-

	<u>1977</u> £	<u>1976</u> £
Charges:		
(a) Depreciation	6,673	4,915
(b) Directors' emoluments (note 4)		
Fees	2,025	1,175
Other emoluments	28,931	29,664
	<u>30,956</u>	<u>30,839</u>
(c) Loan interest (gross)	56	266
(d) Management charge by holding company	6,000	6,000
(e) Auditors' remuneration	1,555	1,340

DRABBLE AND ALLEN LIMITED

NOTES ON THE ACCOUNTS -31ST MARCH 1977 (CONTINUED)

3. Profit before Taxation (continued)

	<u>1977</u> £	<u>1976</u> £
Credits:		
(f) Loan interest (gross)	300	300
(g) Rents from property	6,747	9,586
(h) Management charge receivable	1,200	1,200
(i) Dividend receivable from subsidiary	1,500	-
4. <u>Directors' Emoluments</u>		

Particulars of directors' emoluments in accordance with Section 6 of the Companies Act 1967, are as follows:-

	<u>1977</u> £	<u>1976</u> £
Emoluments of the Chairman who is also the highest paid director	9,393	10,600
Number of directors whose total emoluments were within the range of:-		
£NIL to £ 2,500	2	2
£ 5,001 to £ 7,500	2	2
£ 7,501 to £10,000	2	1
£10,001 to £12,500	-	1

5. Taxation

	<u>1977</u> £	<u>1976</u> £
United Kingdom corporation tax at the rate of 52% on the profit of the year	52,000	46,000
Deferred Taxation	57,900	84,610
Adjustments in respect of previous year	(1,493)	-
	<u>£108,407</u>	<u>£130,610</u>

DRABBLE AND ALLEN LIMITED

NOTES ON THE ACCOUNTS - 31ST MARCH 1977 (CONTINUED)

6. Fixed Assets

	<u>Freehold land and buildings</u>	<u>Plant and other equipment</u>	<u>Total</u>
	£	£	£
<u>Cost or Valuation</u>			
At 31st March 1976 - Cost	29,223	12,299	41,522
Valuations 1970	-	6,530	6,530
1969	90,000	-	90,000
1959	31,000	-	31,000
Additions at cost	-	18,977	18,977
At 31st March 1977 - Cost	29,223	31,276	60,499
Valuations 1970	-	6,530	6,530
1969	90,000	-	90,000
1959	31,000	-	31,000
<u>Depreciation</u>			
At 31st March 1976	26,881	9,892	36,773
Profit and loss account	2,951	3,722	6,673
At 31st March 1977	29,832	13,614	43,446
<u>Net Book Value</u>			
At 31st March 1977	£120,391	24,192	144,583

Depreciation on certain assets having a book value of £115,958 (1976 - £118,660) will have to be provided out of future profits without taxation relief.

7. Capital Expenditure

There were no commitments nor expenditure approved by the directors in respect of capital expenditure at 31st March 1977 (1976 £NIL).

8. Interest in Subsidiary Company

	<u>1977</u>	<u>1976</u>
	£	£
Cost of shares, less amount written off	49,214	49,214
Amount due by subsidiary	83,466	105,804
	£132,680	£155,018

The company owns the whole of the issued share capital of 1,575 deferred shares of £1 each and 315 ordinary shares of £1 each in Drabble and Allen (Knutsford) Limited, which is incorporated in England.

In the opinion of the directors, the aggregate value of the interest in the subsidiary is not less than the amount stated above.

DRABBLE AND ALLEN LIMITED

NOTES ON THE ACCOUNTS - 31ST MARCH 1977 (CONTINUED)

9. Loan

The loan represents an advance made to an officer of the company.

10. Group Companies

	<u>1977</u> £	<u>1976</u> £
Amounts due by group companies:		
Current account	766	135
Amounts due to group companies:		
Current account	(189)	(16)
	<u>£577</u>	<u>£119</u>

11. Stock and Work in Progress

	<u>1977</u> £	<u>1976</u> £
Vehicles	309,675	241,753
Parts and other stocks	289,506	232,510
Work in Progress	15,058	16,064
	<u>£614,239</u>	<u>£490,327</u>

12. Bank Account

The company's bank account is operated as part of a joint account covering all group companies. The amount shown in the balance sheet represents the amount recorded as applicable to the company but there is a joint and several liability on all group companies in respect of the total group overdraft which at 31st March 1977 amounted to £709,620 and is secured by the issue of a first mortgage debenture on the freehold land and buildings, plant and machinery and any uncalled capital of the company with a floating charge on the remainder of the company's assets.

13. Share Capital

	<u>Authorised</u> <u>1976 and 1977</u> £	<u>Issued and</u> <u>fully paid</u> <u>1976 and 1977</u> £
Ordinary shares of £1 each	£60,000	£50,000

DRABBLE AND ALLEN LIMITED

NOTES ON THE ACCOUNTS - 31ST MARCH 1977 (CONTINUED)

14. Reserves

	<u>Capital reserve</u> £	<u>Profit retained</u> £	<u>Total</u> £
At 31st March 1976	63,044	437,573	500,617
Profit retained	-	69,020	69,020
	<hr/>		
At 31st March 1977	£63,044	506,593	569,637
	<hr/> <hr/>		

No provision has been made out of the property valuation surplus of £62,919 included in capital reserve, for taxation on the potential capital gains as, at present, there is no intention to sell the property.

15. Deferred Taxation

	<u>1977</u> £	<u>1976</u> £
Stock appreciation relief	223,800	174,450
Other timing differences	10,900	2,350
	<hr/>	
	£234,700	£176,800
	<hr/> <hr/>	

The period of deferment of stock appreciation relief is uncertain and will depend on future legislation and on future stock levels.

16. Close Company

The company is a close company under the provisions of the Income and Corporation Taxes Act 1970.