

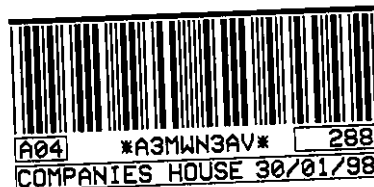
AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

Registrar of Companies

COMPANY NUMBER: 294988

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1997



NEWTON, MAGNUS & COMPANY
ACCOUNTANTS

**Arrowsmith Court
Station Approach
Broadstone
Dorset BH18 8AT**



AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31ST MARCH 1997

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AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

DIRECTORS REPORT

Directors: Mr D J C Bowles
Mrs F W Bowles
Mrs J I Bowles
Miss J V Bowles

Secretary: Mrs J I Bowles

Registered Office: 34 Blake Hill Crescent, Parkstone, Poole, Dorset BH14 8QR

The Directors present their annual report and financial statements for the year ended 31st March 1997.

ACTIVITIES

The Company's principal activity during the year remained that of the sale, repair and servicing of motor vehicles. To this was added the activity of property letting on 27th March 1997 when the investment properties of the subsidiary Selsey Properties Limited were acquired.

DIRECTORS

The Directors who have served during the year under review, together with their interest in the capital of the Company, were as follows

	<u>£1 Ordinary Shares</u>	
	<u>1997</u>	<u>1996</u>
Mr D J C Bowles	6206	6206
Mrs F W Bowles	226	226
Mrs J I Bowles	1695	1695
Miss J V Bowles	1066	1066

DIRECTORS RESPONSIBILITIES

- 1 In compliance with legal requirements, the directors have prepared financial statements for the year ended 31st March 1997 which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the loss for the year ended on that date.
- 2 The financial statements have been prepared in accordance with the applicable accounting standards.
- 3 The directors report that the business is a going concern.
- 4 The directors have adopted suitable accounting policies which have been consistently applied in the preparation of the financial statements for the year ended 31st March 1997 and these have been supported by reasonable and prudent judgements and estimates.
- 5 The directors are responsible for the maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

DIRECTORS REPORT

-continued

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Newton, Magnus and Company as auditors of the Company will be put to the Annual General Meeting.

SMALL COMPANIES

The directors report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD



D. J. C. Bowles
Director

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

AUDITORS REPORT TO THE MEMBERS OF

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1 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 group'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.

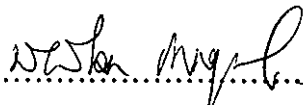
Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome to the agreement by the Inland Revenue to the income tax computation for the year ended 31st March 1996.

The outcome could result in an additional liability. Details of the circumstances relating to this fundamental uncertainty are described in note 18. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the financial affairs of the company and group as at 31st March 1997 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

..........

NEWTON, MAGNUS & COMPANY
REGISTERED AUDITORS

Arrowsmith Court
Station Approach
Broadstone
Dorset BH18 8AT

date *29th January 1998*

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales.
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AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

PROFIT & LOSS ACCOUNT

YEAR ENDED 31ST MARCH 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
<u>TURNOVER</u>	1e	152,196	255,390
Cost of sales		142,454	244,487
		<hr/>	<hr/>
<u>GROSS PROFIT</u>		9,742	10,903
Administrative expenses		25,394	29,477
		<hr/>	<hr/>
		(15,652)	(18,574)
Other operating income		1,482	123,336
Income from other fixed assets investments		4,840	7,270
Interest received		-	242
		<hr/>	<hr/>
		(9,330)	112,274
Interest payable	3	17,469	18,622
		<hr/>	<hr/>
Loss (1996 profit) on ordinary activities before taxation	2	(26,799)	93,652
Taxation	4	318	(8,914)
		<hr/>	<hr/>
Loss (1996 profit) on ordinary activities after taxation		(27,117)	102,566
Retained losses brought forward		(303,267)	(566,263)
Realisation of gain on property		21,479	160,430
		<hr/>	<hr/>
<u>RETAINED LOSSES carried forward</u>		<u>£ (308,905)</u>	<u>£ (303,267)</u>

On 27th March 1997 the investment properties of the subsidiary company were acquired and property letting commenced.

There were no other acquired or discontinued operations during the year or previous year. The notes on pages 8 to 16 form part of these accounts

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31ST MARCH 1997

	<u>1997</u>	<u>1996</u>
	£	£
Loss (1996 profit) for the year	(27,117)	102,566
Realisation of gain on property	21,479	160,430
Transfer from revaluation reserve on sale of property	(21,479)	(160,430)
Unrealised surplus on:		
revaluation of property	-	21,479
reduction in deferred tax provision	-	-
	<hr/>	<hr/>
Total recognised gains and losses for the year	(27,117)	124,045
	<hr/>	<hr/>

The notes on pages 8 to 16 form part of these accounts

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

BALANCE SHEET AS AT 31ST MARCH 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
<u>FIXED ASSETS</u>			
Tangible assets	5	287,915	22,254
Investments	11	4,118	4,118
		<hr/>	<hr/>
		292,033	26,372
		<hr/>	<hr/>
<u>CURRENT ASSETS</u>			
Stocks	1c & 6	14,950	34,790
Debtors		370	-
Cash in hand		200	200
		<hr/>	<hr/>
		15,520	34,990
		<hr/>	<hr/>
<u>CREDITORS - amounts falling due within 1 year</u>	7	516,339	242,953
		<hr/>	<hr/>
<u>NET CURRENT LIABILITIES</u>		(500,819)	(207,963)
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		(208,786)	(181,591)
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	8	108	186
		<hr/>	<hr/>
<u>NET LIABILITIES</u>		£(208,894)	£(181,777)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 16 form part of these accounts

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

BALANCE SHEET AS AT 31ST MARCH 1997

continued

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
<u>REPRESENTED BY</u>			
<u>CAPITAL AND RESERVES</u>			
Called up share capital	9	9,193	9,193
Revaluation reserve	12	-	21,479
Other reserves		90,818	90,818
Profit and loss account		(308,905)	(303,267)
<u>DEFICIENCY TO MEMBERS</u>			
	16	£(208,894)	£(181,777)

The accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These accounts have been approved by the board of directors on the *28th January 1998* and signed on its behalf.

Approved by:

D J C Bowles

The notes on pages 8 to 16 form part of these accounts

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST MARCH 1997

1 STATEMENT OF ACCOUNTING POLICIES

- a) The accounts have been prepared in accordance with the accounting concepts set out in the Statement of Standard Accounting Practice No 2 issued by the Institute of Chartered Accountants in England and Wales. The accounting policies adopted by the Company are set out as part of these notes and unless otherwise specifically stated have been consistently applied for the current and preceding years.

The Company has relied upon the exemption, available under Financial Reporting Standard No 1, not to prepare a cash flow statement on the grounds that it qualifies as a small company.

b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	nil
Fixtures and fittings	over ten years

In accordance with SSAP 19:

- i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- ii) no depreciation or amortisation is provided in respect of freehold properties and leasehold investment properties with over twenty years to run.

The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

c) Stocks

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

d) Debtors

Known bad debts are written off and specific provision made for any considered to be doubtful.

e) Turnover

Turnover represents the invoiced amount of goods sold and services provided by the Company, stated net of value added tax.

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 31ST MARCH 1997

1 STATEMENT OF ACCOUNTING POLICIES continued

f) Deferred taxation

Tax deferred or accelerated by the effect of timing differences is accounted for under the liability method to the extent that it is probable that a liability will crystallise within the foreseeable future.

g) Pension costs

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account when they are paid.

h) Consolidation

The company and its subsidiary comprise a small group. The company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts. These accounts present information about the company as an individual undertaking and not about its group.

2 NET PROFIT BEFORE TAXATION

	<u>1997</u>	<u>1996</u>
	£	£
This is stated after charging		
Depreciation of fixed assets	260	260
Auditors remuneration - audit work	1,400	2,250
Auditors remuneration - non audit work	200	225
Directors emoluments	5,962	8,316
	<hr/>	<hr/>

3 INTEREST PAYABLE

	<u>1997</u>	<u>1996</u>
	£	£
On bank overdraft	17,469	18,622
	<hr/>	<hr/>

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge (credit) in the accounts is made up as follows

	<u>1997</u>	<u>1996</u>
	£	£
Decrease in deferred tax provision	(78)	(9,552)
Tax component of franked investment income	396	638
	<hr/>	<hr/>
	318	(8,914)
	<hr/>	<hr/>

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 31ST MARCH 1997

5 TANGIBLE ASSETS

	Freehold Land and Buildings £	Fixtures Fittings and Office Equipment £	Total £
<u>COST/VALUATION</u>			
Opening balance	-	15,974	15,974
Additions	287,400	-	287,400
	_____	_____	_____
Closing balance	287,400	15,974	303,374
	_____	_____	_____
<u>DEPRECIATION</u>			
Opening balance	-	15,199	15,199
Charge for the year	-	260	260
	_____	_____	_____
Closing balance	-	15,459	15,459
	_____	_____	_____
<u>NET BOOK VALUE</u>			
31st March 1997	£ 287,400	£ 515	£ 287,915
	_____	_____	_____
31st March 1996	£ -	£ 775	£ 775
Revaluation surplus	£ 21,479	£ -	£ 21,479
	_____	_____	_____
Net balance sheet value 31st March 1996	£ 21,479	£ 775	£ 22,254
	_____	_____	_____

6 STOCKS

	<u>1997</u> £	<u>1996</u> £
Goods for resale (motor vehicles & spares)	14,950	34,790
	_____	_____

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 31ST MARCH 1997

7 CREDITORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts falling due within one year		
Bank overdraft	182,177	190,640
Directors loan accounts	17,052	18,733
Other creditors	4,017	8,389
Amounts owed to group companies	295,385	1,683
Amounts owed to related companies	17,708	23,508
	<hr/>	<hr/>
	516,339	242,953
	<hr/>	<hr/>

8 DEFERRED TAXATION

There is a potential liability to deferred taxation on the results shown by these accounts. This has been fully provided and relates to chargeable gains on property and timing differences on capital allowances.

The chargeable gains arising on revaluation of freehold investment properties are estimated to be nil.

	<u>Total</u>	<u>Property</u>	<u>Capital Allowances</u>
Provision brought forward	186	-	186
Decrease in provision during the year	(78)	-	(78)
	<hr/>	<hr/>	<hr/>
Provision carried forward	108	-	108
	<hr/>	<hr/>	<hr/>

9 SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
<u>Authorised</u>		
Ordinary shares of £1 each	9,500	9,500
Preference shares of £1 each	500	500
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>
<u>Issued and fully paid</u>		
Ordinary shares of £1 each	9,193	9,193
	<hr/>	<hr/>

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED AND SUBSIDIARY COMPANIES

**NOTES TO THE ACCOUNTS - continued
YEAR ENDED 31ST MARCH 1997**

10 CAPITAL AND RESERVES OF GROUP AND RELATED COMPANIES

Companies incorporated in <u>England</u>	Nominal value and <u>Class of Shares Held</u>	Percentage of <u>Equity Held</u>	Profit (loss)	
			for the year y/e 31.3.1997	as at 31.3.1997
			£	£
Related Company				
ASG Finance Limited	250 ordinary £1 shares	33 1/3 per cent	2,604	(268)
				2,336
Group company				
Selsey Properties Limited	99 ordinary £1 shares	99 per cent	262,957	26,694
				288,651

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 31ST MARCH 1997

11 INVESTMENTS

Companies incorporated in <u>England</u>	Nominal value and <u>Class of Shares Held</u>	Percentage of <u>Equity Held</u>	<u>Activity</u>	<u>1997</u> £	<u>1996</u> £	<u>COST</u>
Group Companies						
Selsey Properties Limited	99 ordinary £1 shares	99 per cent	property investment	99	99	
Related Company						
ASG Finance Limited	250 ordinary £1 shares	33 1/3 per cent	HP financing	250	250	
Other Companies						
I T E Holdings Limited	35200 ordinary £1 shares	small		3,769	3,769	
				£ 4,118	£ 4,118	

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 31ST MARCH 1997

12 RESERVES

Revaluation reserve

Opening balance	21,479
Transfer on disposal	(21,479)
	<hr/>
Closing balance	-
	<hr/>

13 CHARGES OVER ASSETS

There are legal charges over the freehold properties and over book debts in favour of National Westminster Bank P L C.

14 INVESTMENT PROPERTIES

	<u>1997</u> £	<u>1996</u> £
Valued by a director, Mr D J C Bowles as at 31st March 1997		
a) 40,42 Glenville Road, Bournemouth valued at subsequent sale price	108,000	-
b) 29 St Clements Road, Bournemouth subject to lease at a factor of 7 times annual rent	63,000	-
c) 12 Roumelia Lane, Boscombe Part subject to leases at a factor of 7 times annual rents and part with vacant possession.	116,400	-
d) Unit 10 Semley Industrial Estate valued by a director, Mr D J C Bowles as at 31st March 1996	-	21,479
	<hr/>	<hr/>
	287,400	21,479
	<hr/>	<hr/>
15 <u>DIRECTORS</u>	<u>1997</u> £	<u>1996</u> £
Emoluments	5,962	8,316
	<hr/>	<hr/>

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 31ST MARCH 1997

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Loss (1996 profit) for the year	(27,117)	102,566
Other recognised gains and losses for the year	-	21,479
	<hr/>	<hr/>
Opening shareholders deficit	(27,117) (181,777)	124,045 (305,822)
	<hr/>	<hr/>
Closing shareholders deficit	(208,894)	(181,777)
	<hr/>	<hr/>

17 RELATED PARTY TRANSACTIONS

- a) Transfer of Unit 10 Semley Industrial Estate 10th March 1997 at the professionally valued figure of £18500 to Mr D J C and Mrs J I Bowles.

- b) D J C Bowles and family loan accounts
(funds loaned to the company)

	<u>D J C Bowles</u>	<u>F W Bowles</u>	<u>J I Bowles</u>	<u>J V Bowles</u>
Opening balance	9,869	752	5,100	3,012
Repayments	1,680	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	8,189	752	5,100	3,012
	<hr/>	<hr/>	<hr/>	<hr/>

- c) Current accounts with subsidiary company Selsey Properties Limited

Opening creditor	1,683
Transfer of all investment properties at market value	287,400
Receipts in year	6,363
Payments in year	(61)
	<hr/>
Closing creditor	295,385
	<hr/>

AUTO SERVICE GARAGE (BOURNEMOUTH) LIMITED

NOTES TO THE ACCOUNTS - continued

YEAR ENDED 31ST MARCH 1997

17 RELATED PARTY TRANSACTIONS continued

d) ASG Finance Limited is owned

1/3 Auto Service Garage (Bournemouth) Limited
1/3 D J C Bowles
1/3 Mrs J I Bowles

The company sold four motor vehicles for £16445 to ASG Finance Limited.

The current account with ASG Finance Limited was as follows:

Opening creditor	23,508
Receipts in year	59,356
Payments in year	(65,156)
	<hr/>
Closing creditor	17,708
	<hr/>

18 CONTINGENT LIABILITY

The Inland Revenue has not yet agreed the year ended 31st March 1996 tax computation in respect of income £90721 relating to the former trade being set off against losses of the old trade brought forward.

If the set off is not allowed there will be a tax liability of £22680.

No provision has been made because expert advice is that the set off is allowable under the provisions of the Income and Corporation Taxes Act.