

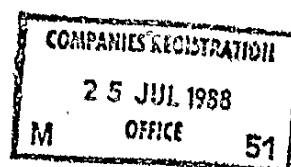
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H. WOODWARD AND SON P.L.C.

REPORT AND
FINANCIAL STATEMENTS

for the year ended 31 DECEMBER 1986

BINDER HAMLYN
Chartered Accountants



H. WOODWARD AND SON P.L.C.

DIRECTORS' REPORT

The directors' present their report and the audited financial statements of the company for the year ended 31 December 1986.

PRINCIPAL ACTIVITIES

The principal activities of the company continue to be that of main agents for the sales, service and repair, and parts distribution in respect of, British Leyland motor cars and commercial vehicles.

RESULTS

The loss on ordinary activities before taxation for the year ended 31 December 1986 was £497,809 (1985 - £84,017 profit).

DIVIDEND

The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company is developing in a positive manner and the directors are optimistic about the future.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year under review were as follows:-

N.P. List (Chairman)
D.G. Kleenan
A. Sutton
C.W.B. Walker
D. Harris
G. Milton-Jones (Resigned 29 May 1987)
W.A. Wellinghoff (Appointed 1 November 1986)
J.J. Ryan (Appointed 1 November 1986)

Messrs. N.P. List, D.G. Kleenan and G. Milton-Jones are directors of the holding company and their interests are disclosed in the accounts of that company. None of the other directors had any interest in the share capital of the company.

FIXED ASSETS

The movements in fixed assets are set out in notes 8 and 9 to the financial statements.

TAXATION STATUS

In the opinion of the directors the company is not a close company within the meaning of S282 Income and Corporation Taxes Act, 1970.

THE EMPLOYMENT OF DISABLED PEOPLE

It is the policy of the company that disabled people should be considered for employment, training and promotion on the basis of their aspirations and abilities in common with all employees.

EMPLOYEE INVOLVEMENT

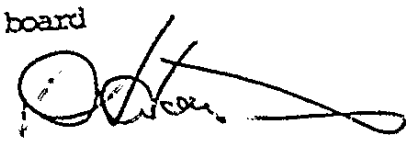
The company informs and consults regularly with employees and their representatives on matters affecting employees interests. The views expressed have, where appropriate, been taken into account when making decisions.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Binder Hamlyn as auditors to the company will be put to the annual general meeting.

By order of the board

D. HARRIS



Director

14 July 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF
H. WOODWARD AND SON P.L.C.

We have audited the financial statements on pages 4 to 15 in accordance with approved auditing standards.

In our opinion the financial statements which have been prepared on the basis of the accounting policies set out on page 7, give a true and fair view of the state of the company's affairs at 31 December 1986 and of the loss and source and application of funds for the year then ended, and comply with the Companies Act 1985.

BINDER HAMLYN

Chartered Accountants

Scottish Provident House
52 Brown Street
Manchester M2 2AU

14 July 1987

H. WOODWARD AND SON P.L.C.

PROFIT AND LOSS ACCOUNT
for the year ended 31 DECEMBER 1986

	<u>Note</u>	£	£	<u>1985</u> £
TURNOVER	1		20,207,204	20,433,127
COST OF SALES			18,783,017	18,657,174
GROSS PROFIT			<u>1,424,187</u>	<u>1,775,953</u>
ADMINISTRATIVE EXPENSES ...		1,604,286		1,428,605
OTHER OPERATING INCOME		(6,566)		(11,209)
INTEREST PAYABLE	4	<u>324,276</u>		<u>274,540</u>
			<u>1,921,996</u>	<u>1,691,936</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2		(497,809)	84,017
RESERVES BROUGHT FORWARD ..			<u>1,639,278</u>	<u>1,555,261</u>
RESERVES CARRIED FORWARD			<u><u>£1,141,459</u></u>	<u><u>£1,639,278</u></u>

H. WOODWARD AND SON P.L.C.

BALANCE SHEET as at 31 DECEMBER 1986

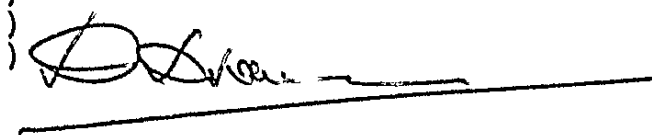
	<u>Note</u>	£	£	<u>1985</u> £
FIXED ASSETS				
Tangible assets	7		1,552,522	1,511,124
Investments	8		1,472	1,472
			<hr/>	<hr/>
			1,553,994	1,512,596
CURRENT ASSETS				
Stocks	9	3,081,995		3,312,784
Debtors	10	2,384,708		2,846,222
Cash at bank and in hand		2,207		1,607
		<hr/>		<hr/>
		5,468,910		6,160,613
CREDITORS				
Amounts falling due within one year	11	4,843,047		5,035,914
		<hr/>		<hr/>
NET CURRENT ASSETS			625,863	1,124,699
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,179,857	2,637,295
CREDITORS				
Amounts falling due after more than one year	11		229,439	189,068
			<hr/>	<hr/>
			<u>£1,950,418</u>	<u>£2,448,227</u>
CAPITAL AND RESERVES				
Called up share capital	13		341,500	341,500
Revaluation reserve			467,449	467,449
Profit and loss account	16		1,141,469	1,639,278
			<hr/>	<hr/>
			<u>£1,950,418</u>	<u>£2,448,227</u>

Signed on behalf of the Board

N.P. LIST

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Directors

D. HARRIS

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H. WOODWARD AND SON P.L.C.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 DECEMBER 1986

		<u>1985</u>
	£	£
<u>SOURCE/(DEFICIENCY) OF FUNDS</u>		
(Loss)/profit on ordinary activities before taxation	(497,809)	84,017
Adjustment for items not involving the movement of funds		
Depreciation	158,048	123,498
Loss on disposal of tangible fixed assets	6,707	18,148
	<hr/>	<hr/>
TOTAL (ABSORBED)/GENERATED FROM OPERATIONS ...	(333,054)	225,663
FUNDS FROM OTHER SOURCES		
Proceeds from sale of tangible fixed assets ..	128,477	59,822
Transfer of tangible assets to group company .	-	25,900
	<hr/>	<hr/>
	(204,577)	311,385
<u>APPLICATION OF FUNDS</u>		
Purchase of shares in subsidiary	-	100
Purchase of tangible fixed assets	334,629	220,045
Dividends paid	-	420,000
	<hr/>	<hr/>
	334,629	640,145
	<hr/>	<hr/>
	£(539,206)	£(328,760)
<u>MOVEMENTS IN WORKING CAPITAL</u>		
(Decrease)/increase in stocks	(230,789)	778,929
(Decrease)/increase in debtors	(461,514)	550,845
Decrease/(increase) in creditors	32,427	(1,495,579)
	<hr/>	<hr/>
	(659,876)	(165,805)
<u>MOVEMENTS IN NET LIQUID FUNDS</u>		
Increase in cash at bank and in hand	600	601
Decrease/(Increase) in bank overdraft	120,070	(163,556)
	<hr/>	<hr/>
	120,670	(162,955)
	<hr/>	<hr/>
	£(539,206)	£(328,760)

H. WOODWARD AND SON P.L.C.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 1986

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of the freehold and long-leasehold properties which are included at a valuation.

Consolidation

Consolidated accounts have not been prepared because the company is itself a wholly owned subsidiary of Bridgend Group PLC.

Turnover

Turnover represents the invoiced value of goods sold, excluding inter-company transactions and value added tax.

Depreciation

Tangible fixed assets other than land are depreciated at rates calculated to write down the cost, or valuation in the case of freehold and long leasehold properties, to their residual value over their estimated useful lives as follows:-

Freehold buildings	1% per annum straight line
Long leasehold buildings	1% per annum straight line
Computer equipment	20% per annum straight line
Plant and machinery	15% per annum reducing balance
Fixtures and fittings	15% per annum reducing balance
Motor vehicles	22.5% to 30% per annum straight line
Leased vehicles	22.5% to 30% per annum straight line

Stocks and Work in Progress

These comprise stocks of vehicles, parts, raw materials and work in progress on customers vehicles.

The basis of valuation is the lower of actual cost and net realisable value. Cost includes materials, direct labour and workshop overheads where appropriate.

Deferred Taxation

Deferred taxation is provided under the liability method to the extent that the directors are of the opinion that a liability will arise in the foreseeable future.

Leasing transactions

Assets purchased under a finance lease are included as tangible fixed assets. The related creditor net of future leasing charges is included in creditors. Leasing charges are written off to the profit and loss account on a straight line basis over the period of each agreement.

2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES

1985

After charging:-

	£	£
Depreciation	158,048	123,498
Directors' remuneration (note 3)	80,522	109,475
Auditors' remuneration	25,000	20,000
Hire of equipment	-	8,099
Loss on disposal of tangible assets	6,707	18,149
	<u> </u>	<u> </u>

After crediting:-

	£	£
Investment income	66	54
Interest received	-	3,086
Rent receivable	6,500	8,069
	<u> </u>	<u> </u>

3. DIRECTORS' REMUNERATION

Chairman - N.P. List	£Nil	£Nil
	<u> </u>	<u> </u>
Highest paid director	£20,201	£17,426
	<u> </u>	<u> </u>

The emoluments of the remaining directors fell within the following ranges:-

	<u>Number</u>	<u>Number</u>
£Nil - £5,000	4	2
£10,001 - £15,000	-	1
£15,001 - £20,000	2	3
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	£	£
Bank interest	138,969	108,336
Hire purchase interest	22,653	26,325
Lease interest	36,654	13,879
Group interest charge	126,000	126,000
	<u> </u>	<u> </u>
	£324,276	£274,540
	<u> </u>	<u> </u>

5. STAFF COSTS

The average number of employees, including directors, during the year was:-

		<u>1985</u>
	<u>Number</u>	<u>Number</u>
Selling, distribution and workshop	196	230
Administration	84	47
	<u> </u>	<u> </u>
	280	277
	<u> </u>	<u> </u>
	£	£

Their total remuneration was:-

Wages and salaries	2,118,036	1,762,216
Social security costs	164,174	159,000
Other pension costs	71,211	101,875
	<u> </u>	<u> </u>
	£2,353,421	£2,023,091
	<u> </u>	<u> </u>

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	£	£
Corporation tax based on the results for the year	-	(3,500)
Advance corporation tax	-	3,500
	<u> </u>	<u> </u>
	£-	£-
	<u> </u>	<u> </u>

7. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Long Leasehold Land and Buildings	Plant and Machinery	Fixtures Fittings and Equipment	Motor Vehicles	Leased Vehicles	Total
	£	£	£	£	£	£	£
(a) Cost or Valuation							
At 28							
December 1985	206,394	781,596	303,440	358,822	171,861	157,977	1,980,090
Additions	18,918	2,175	19,632	136,710	2,449	154,745	334,629
Disposals	-	-	(1,800)	(11,000)	(113,561)	(45,103)	(171,464)
At 31							
December 1986	225,312	783,771	321,272	484,532	60,749	267,619	2,143,255
Depreciation							
At 28							
December 1985	2,542	16,983	185,876	161,833	64,897	36,835	468,966
Charge for the year	1,219	7,569	21,440	64,865	1,481	61,474	158,048
Disposals	-	-	(1,380)	(6,150)	(17,478)	(11,273)	(36,281)
At 31							
December 1986	3,761	24,552	205,936	220,548	48,900	87,036	590,733
Net Book Value							
At 31							
December 1986	<u>£221,551</u>	<u>£759,219</u>	<u>£115,336</u>	<u>£263,984</u>	<u>£11,849</u>	<u>£180,583</u>	<u>£1,552,522</u>
At 27							
December 1985	<u>£203,852</u>	<u>£764,613</u>	<u>£117,564</u>	<u>£196,989</u>	<u>£106,964</u>	<u>£121,142</u>	<u>£1,511,124</u>
(b) Represented by:-							
Valuation in							
1982	223,704	783,771	-	-	-	-	1,007,475
At cost	1,608	-	321,272	484,532	60,749	267,619	1,135,780
	<u>£225,312</u>	<u>£783,771</u>	<u>£321,272</u>	<u>£484,532</u>	<u>£60,749</u>	<u>£267,619</u>	<u>£2,143,255</u>

7. TANGIBLE FIXED ASSETS (Continued)

(c) The amount of land and buildings as determined according to the historical cost accounting rules is:

	<u>Freehold Land and Buildings</u>	<u>Long Leasehold Land and Buildings</u>	<u>Total</u>
	£	£	£
Historical Cost			
At 28 December 1985 and 31 December 1986	114,408	426,101	540,509
	<hr/>	<hr/>	<hr/>
Depreciation based on Cost			
At 28 December 1985 and 31 December 1986	10,716	52,786	63,502
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 December 1986	<u>£103,692</u>	<u>£373,315</u>	<u>£477,007</u>
	<hr/>	<hr/>	<hr/>
At 28 December 1985	<u>£103,692</u>	<u>£373,315</u>	<u>£477,007</u>

(d) Capital Commitments

	<u>1986</u>	<u>1985</u>
	£	£
Contracted	<u>£-</u>	<u>£-</u>
	<hr/>	<hr/>
Authorised but not contracted	<u>£-</u>	<u>£-</u>
	<hr/>	<hr/>

8. FIXED ASSET INVESTMENTS

		<u>1985</u>
	£	£
(i) Investment in subsidiaries		
Cost	35,100	35,100
Provision for diminution in value	(35,000)	(35,000)
	<hr/>	<hr/>
	100	100
(ii) Investment in shares listed on stock exchange		
Cost	1,372	1,372
	<hr/>	<hr/>
	<u>£1,472</u>	<u>£1,472</u>
(iii) The investment in subsidiaries represents the company's interest in:-		
a) 91.4% of the issued ordinary share capital of Wellington (Civil Engineering) Limited.		
b) 100% of the issued ordinary share capital of Woodward's Contract Hire Limited, a company operating as lessors of commercial vehicles.		

		<u>1985</u>
	£	£
(iv) Investment in shares listed on stock exchange:-		
Market value	<u>£1,155</u>	<u>£1,155</u>

9. STOCKS

Raw materials and consumables	73,556	82,041
Work in progress	261,218	211,174
Goods for resale	2,747,221	3,019,569
	<hr/>	<hr/>
	<u>£3,081,995</u>	<u>£3,312,784</u>

Goods for resale includes £760,947 of stock to which the company does not have legal title. Title passes to the company on these goods being paid for in full. The corresponding liability is included as part of trade creditors.

10. DEBTORS

	<u>1985</u>	
	£	£
Trade debtors	2,262,813	2,601,743
Amounts owed by subsidiaries	11,263	160,898
Other debtors	22,058	30,949
Prepayments	88,574	52,632
	<u>£2,384,708</u>	<u>£2,846,222</u>

11. CREDITORS

	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
	<u>1985</u>		<u>1985</u>	
	£	£	£	£
Trade loan	2,100	3,000	6,875	1,750
Bank overdraft (secured) ..	681,041	801,110	-	-
Trade creditors	3,268,204	3,597,151	-	-
Hire purchase creditors ...	61,810	36,242	120,340	120,890
Lease creditors	70,269	59,637	102,224	66,428
Amount due to holding company	212,000	326,000	-	-
Other creditors	39,228	37,678	-	-
Other taxes and social security	298,650	84,384	-	-
Accruals	209,745	90,712	-	-
	<u>£4,843,047</u>	<u>£5,035,914</u>	<u>£229,439</u>	<u>£189,068</u>

13. DEFERRED TAXATION

Deferred taxation calculated at 35% (1985 - 35%) comprises:

	<u>1986</u>		<u>1985</u>	
	<u>Potential Liability</u>	<u>Amount Provided</u>	<u>Potential Liability</u>	<u>Amount Provided</u>
			£	£
Accelerated capital allowances	95,000	-	95,000	-
Capital gain	66,000	-	66,000	-
Trading Losses	(95,000)	-	(95,000)	-
	<u>£66,000</u>	<u>£-</u>	<u>£66,000</u>	<u>£-</u>

13. SHARE CAPITAL

			<u>1985</u>	
	<u>No.</u>	£	<u>No.</u>	£
Authorised				
4.55% Cumulative preference shares	25,000	25,000	25,000	25,000
Ordinary shares of 1p each	5,000,000	50,000	5,000,000	50,000
Deferred shares of 12.5p each	2,400,000	300,000	2,400,000	300,000
		<u>£375,000</u>		<u>£375,000</u>
Allotted, Called Up and Fully Paid				
4.55% Cumulative preference shares	17,500	17,500	17,500	17,500
Ordinary shares of 1p each	2,400,000	24,000	2,400,000	24,000
Deferred shares of 12.5p each	2,400,000	300,000	2,400,000	300,000
		<u>£341,500</u>		<u>£341,500</u>

14. HOLDING COMPANY

The company's ultimate holding company is Bridgend Group Plc, a company incorporated in England.

15. CONTINGENT LIABILITIES

- (a) The company has given cross guarantees in respect of credit and other banking facilities extended to its parent and fellow subsidiary companies and which at 31 December 1986 amounted to £2,023,959. The guarantee is secured by way of a debenture containing fixed and floating charges over the assets of the company.
- (b) The company has given guarantees in respect of any claims arising from civil engineering work carried on by its subsidiary, Wellington (Civil Engineering) Limited.

The directors are not aware of any such claims having been made which the company may have to honour under this guarantee at 31 December 1986.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 14 July 1987.