

WIGAN MOTOR COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30TH SEPTEMBER

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KPMG PEAT MARWICK McLINTOCK
7 Tib Lane, Manchester, M2 6DS

WIGAN MOTOR COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th SEPTEMBER 1989

The directors present their report and audited accounts for the year ended 30th September 1989.

Review of Activities

The profit and loss account for the year is set out on page 4.

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

The level of business and the year end financial position were both satisfactory. From 1st October 1989 the Company will be dormant as its business was transferred to associate company Specialist Cars (SNM) Limited (formerly Drabble and Allen Limited) at 30th September 1989.

Dividends

The directors recommend the payment of a dividend of £447,000 in respect of the year ended 30th September 1989. (1988: £Nil). The balance of the loss for the year will be carried to revenue reserve.

Directors

The directors of the company at 30th September 1989, all of whom have been directors for the whole of the year ended on that date, except where indicated, were:

E Bradley	-	(Chairman) appointed 31st January 1989
S P G Deakin	-	appointed 19th January 1989

R J Page and M G Thomas, who were directors at 1st October 1988, resigned on 31st January 1989.

F A Heywood was appointed a director on 19th January 1989 and resigned on 15th May 1989.

Directors' Interests

E Bradley and S P G Deakin are also directors of the company's holding company and their interests in the ultimate holding company are disclosed in the directors' report of Swan National Limited and Swan National Motors Limited respectively.

WIGAN MOTOR COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30th SEPTEMBER 1989
(continued)

Changes in Fixed Assets

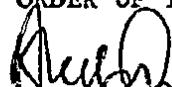
The movements in fixed assets during the year are set out in note 7 to the financial statements.

Auditors

On 1st January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock and accordingly have signed their report in their new name.

The company is now dormant within the meaning of Section 252 of the Companies Act 1985 and, in accordance with the provisions of that section, a special resolution to exempt the company from the requirements to appoint auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

5th January 1990

AUDITORS REPORT TO THE MEMBERS OF

WIGAN MOTOR COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 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 30th September 1989 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

K. M. G. & Co. Chartered Accountants

Chartered Accountants

MANCHESTER

5th January 1990

WIGAN MOTOR COMPANY LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 30TH SEPTEMBER 1989

	Notes	Year ended 30th September 1989 £	9 months ended 30th September 1988 £
TURNOVER	1(c)	5,587	4,172
Cost of Sales		<u>(4,989)</u>	<u>(3,682)</u>
Gross profit		598	490
Distribution costs		(345)	(242)
Administrative Expenses		<u>(197)</u>	<u>(207)</u>
Operating Profit	2	56	41
Interest payable and similar charges	5	<u>(103)</u>	<u>(92)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(47)	(51)
TAX ON LOSS ON ORDINARY ACTIVITIES	6	<u>10</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(37)	(51)
Dividend paid		<u>(447)</u>	<u>-</u>
RETAINED LOSS FOR THE YEAR		<u>(484)</u>	<u>(51)</u>

STATEMENT OF RETAINED PROFITS

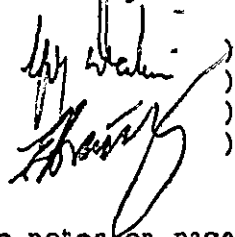
AT 1ST OCTOBER 1988	484	535
RETAINED LOSS FOR THE PERIOD	<u>(484)</u>	<u>(51)</u>
AT 30TH SEPTEMBER 1989	<u>-</u>	<u>484</u>

The notes on pages 7 to 11 form part of these financial statements.

WIGAN MOTOR COMPANY LIMITEDBALANCE SHEETAT 30TH SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u>	<u>1988</u>
		<u>£'000</u>	<u>£'000</u>
FIXED ASSETS			
Tangible assets	7	-	472
CURRENT ASSETS			
Stocks	8	-	431
Debtors	9	10	529
		<u>10</u>	<u>960</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>-</u>	<u>(805)</u>
NET CURRENT ASSETS		<u>10</u>	<u>155</u>
Total assets less current liabilities		10	627
CREDITORS - AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR	12	<u>-</u>	<u>133</u>
		<u>10</u>	<u>494</u>
CAPITAL AND RESERVES			
Called up share capital	13	10	10
Profit and loss account		<u>-</u>	<u>484</u>
		<u>10</u>	<u>494</u>

The financial statements were approved by the Board of Directors on
5th January 1990



Directors

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

WIGAN MOTOR COMPANY LIMITEDSOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 30TH SEPTEMBER 1989

	<u>Year ended</u> <u>30th September 1989</u>		<u>9 months ended</u> <u>30th September 1988</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
SOURCE OF FUNDS				
Loss before taxation		(47)		(51)
Adjustments for items not involving the movement of funds:				
Depreciation of tangible fixed assets		<u>23</u>		<u>16</u>
FUNDS ABSORBED FROM OPERATIONS		(24)		(35)
FUNDS FROM OTHER SOURCES				
Transfer of fixed assets within the group		469		-
		<u>445</u>		<u>(35)</u>
APPLICATION OF FUNDS				
Purchase of fixed assets	20		23	
Dividend paid	447		-	
Creditors due after one year	<u>133</u>		<u>79</u>	
		(600)		(102)
DECREASE IN WORKING CAPITAL		<u>(155)</u>		<u>(137)</u>
COMPONENTS OF DECREASE IN WORKING CAPITAL				
Stocks		(431)		31
Debtors		(529)		(409)
Creditors		<u>288</u>		<u>259</u>
		(672)		(119)
Movement in net liquid funds:				
Bank and cash balances		<u>517</u>		<u>(18)</u>
		<u>(155)</u>		<u>(137)</u>

WIGAN MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS1. PRINCIPAL ACCOUNTING POLICIES

The accounts are prepared in accordance with the historical cost convention. A summary of the more important accounting policies is set out below.

(a) Tangible Fixed Assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Provision for depreciation is made so as to write off the cost or valuation of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of last year, are:

	<u>1989</u> <u>%</u>
Freehold buildings	2
Plant and machinery excluding computers	10-25

(b) Stocks

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

(c) Turnover

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

(d) Pensions

Based on actuarial advice pension costs are charged to the profit and loss account on a basis whereby the regular cost is a substantially level percentage of the current and expected future pensionable payroll. Variations from the regular cost are allocated over the average remaining service lives of current employees.

2. OPERATING PROFIT

	Year ended <u>30th September 1989</u> <u>£'000</u>	9 months ended <u>30th September 1988</u> <u>£'000</u>
Operating profit is stated after charging/(crediting):		
Auditors' remuneration	6	6
Depreciation of tangible fixed assets	23	16
Directors' emoluments (see note 3)	12	-
Management charge	(11)	53
Property repairs and refurbishment	3	1
	<u> </u>	<u> </u>

WIGAN MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS
(continued)3. DIRECTORS' EMOLUMENTS

	<u>Year ended</u> <u>30th September</u> <u>1989</u> <u>£000</u>	<u>Year ended</u> <u>30th September</u> <u>1988</u> <u>£000</u>
For management services	<u>12</u>	<u>NIL</u>

Excluding pension contributions, the emoluments of the chairman were £NIL (1988: NIL); the emoluments of the highest paid directors £11,000 (1988: £NIL); the emoluments of the other directors were within the following ranges:

	<u>Year ended</u> <u>30th September 1989</u> <u>No.</u>	<u>9 months ended</u> <u>30th September 1988</u> <u>No.</u>
£Nil - £5,000	<u>3</u>	<u>Nil</u>

4. EMPLOYEE INFORMATION

	<u>Year ended</u> <u>30th September 1989</u> <u>No.</u>	<u>9 months ended</u> <u>30th September 1988</u> <u>No.</u>
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The average number of employees during the year is analysed below:

Servicing	<u>6</u>	<u>6</u>
Selling and distribution	<u>12</u>	<u>12</u>
Administration	<u>9</u>	<u>8</u>
	<u>27</u>	<u>26</u>

Employment costs: (including executive directors)	<u>£'000</u>	<u>£'000</u>
Wages and salaries	<u>257</u>	<u>173</u>
Social security costs	<u>16</u>	<u>17</u>
Other pension costs	<u>4</u>	<u>6</u>
	<u>277</u>	<u>196</u>

WIGAN MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS
(continued)5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30th September 1989 <u>£'000</u>	9 months ended 30th September 1988 <u>£'000</u>
On bank loans, overdrafts and other facilities including interest on vehicle stocking plans:		
Repayable within five years	103	72
Repayable wholly or in part after five years	-	20
	<u>103</u>	<u>92</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30th September 1989 <u>£</u>	9 months ended 30th September 1988 <u>£</u>
Based on the profit for the year:		
Group relief receivable	<u>10</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings <u>£'000</u>	Plant and machinery <u>£'000</u>	Total <u>£'000</u>
<u>Cost</u>			
At 1st October 1988	466	73	539
Additions	-	20	20
Transfer to other group company	(466)	(93)	(559)
At 30th September 1989	<u>-</u>	<u>-</u>	<u>-</u>
<u>Depreciation</u>			
At 1st October 1988	23	44	67
Charge for year	7	16	23
Transfer to other group company	<u>(30)</u>	<u>(60)</u>	<u>(90)</u>
At 30th September 1989	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net book value</u>			
At 30th September 1989	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 30th September 1988	<u>443</u>	<u>29</u>	<u>472</u>

WIGAN MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS
(continued)8. STOCKS

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
New and used vehicles	-	355
Spare parts and sundries	-	76
	<u>-</u>	<u>431</u>

9. DEBTORS

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Trade debtors	-	36
Amounts owed by group companies	10	466
Other debtors	-	5
Prepayments and accrued income	-	22
	<u>10</u>	<u>529</u>

10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Bank loans and overdrafts	-	517
Trade creditors	-	59
Amounts owed to group companies	-	146
Other creditors including taxation and social security:		
Other taxes and social security	-	14
Other creditors	-	69
	<u>-</u>	<u>805</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Year ended</u> <u>30th September 1989</u>	<u>9 months ended</u> <u>30th September 1988</u>
Other loans (secured)	-	133
Loans not wholly repayable within five years are as follows:		
Installments payable after five years	-	54

At 30th September 1989 the outstanding loans were transferred to another group company.

WIGAN MOTOR COMPANY LIMITED
NOTES TO THE ACCOUNTS
(continued)

12. CALLED UP SHARE CAPITAL

30th September
1989 and 1988
£

Ordinary shares of £1 each
Authorised, allotted, called up
and fully paid

10,000

13. COMMITMENTS

Capital commitments at 30th September 1989, for which no provision has been made in these accounts, are as follows:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Expenditure approved and contracted for	-	15,000
	<u> </u>	<u> </u>

14. CONTINGENT LIABILITY

Under the terms of sale or return agreements for new vehicles entered into with vehicle manufacturers and financial institutions, the company is liable to the manufacturers for funds deposited with them by the institutions. The contingent liability which existed at 30th September 1989 was £294,000 (30th September 1988 : £482,000). As the business was transferred to the associate company, Specialist Cars (SNM) Limited (formerly Drabble and Allen Limited), the liability is reflected in the financial statements of that company at the year end. In the event of liability arising, title to the vehicles held on consignment would pass to the company.

15. PENSIONS

The Company is a member of the UDT Retirement Benefit Scheme (now renamed TSB Group Pension Scheme - Swan National Division). The scheme is of the defined benefit, final salary type, is self administered and funded to cover future pension liabilities including expected future earnings and pension increases. Formal independent actuarial valuations are carried out triennially, the latest at 30th June 1987, by qualified actuaries. Contributions are based on pension costs across companies participating in the scheme. Further details of the most recent actuarial valuation and main actuarial assumptions are disclosed in the accounts of Swan National Limited.

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is TSB Group plc which is incorporated in Great Britain.