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CENTRAL GARAGE (SURREY) LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the fifty three weeks ended December 31, 1979.

Results and dividends

The net profit for the period after taxation was £34,868. The directors recommend the payment of a dividend of £17,434 which leaves a profit of £17,434 to be retained.

Principal activity

The company's principal activity during the period was the sale and servicing of motor cars and the provision of ancillary services.

Exports

No goods were exported from the United Kingdom during the period.

Market value of land and buildings

The freehold property was revalued on December 31, 1979. The valuation of £200,000 exceeded the net book value by £114,412 and has been incorporated in these accounts.

Directors and their interests

The directors who served throughout the period were:

H.M. Bawtree  
H.D. Duemke  
V.W. Duemke  
C.L. Roberts  
F.F. Whipp

The directors had interests in the shares of the Group as follows:

	Ordinary shares in William Jacks & Company Limited	
	<u>1979</u>	<u>1978</u>
H.D. Duemke	300	300
H.M. Bawtree	736	736
C.L. Roberts	81	81



CENTRAL GARAGE (SURREY) LIMITED


2.

DIRECTORS' REPORT  
(continued)

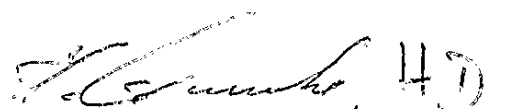

Auditors

A resolution to reappoint Messrs. Arthur Young McClelland Moores & Co., as auditors, will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

  
J.A. TRINICK  
Secretary

May 12, 1980.

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 HMB

**Arthur Young McClelland Moores & Co.**  
Chartered Accountants

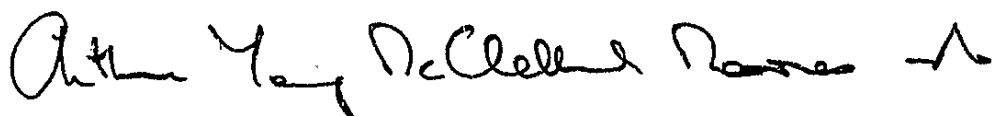
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Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL

AUDITORS' REPORT TO THE MEMBERS OF  
CENTRAL GARAGE (SURREY) LIMITED

We have examined the accounts on pages 4 to 11 which have been prepared under the historical cost convention, modified to include the revaluation of freehold property.

In our opinion the accounts give, under the accounting convention stated above, a true and fair view of the company's state of affairs at December 31, 1979 and of its profit and source and application of funds for the fifty three weeks ended on that date, and comply with the Companies Acts 1948 and 1967.



ARTHUR YOUNG McCLELLAND MOORES & CO.

May 12, 1980.

CENTRAL GARAGE (SURREY) LIMITED

4.

PROFIT AND LOSS ACCOUNT  
FOR THE FIFTY THREE WEEKS ENDED DECEMBER 31, 1979

	<u>Notes</u>	<u>1979</u>	<u>1978</u> (18 months)
		£	£
Turnover	2	£3,247,725 =====	£4,961,182 =====
Profit before taxation		42,189	113,126 -----
after charging:			
Directors' remuneration	3	102,338	124,341
Depreciation		9,681	5,712
Auditors' remuneration		3,600	3,400
Interest on long term loans		6,691	5,743
Interest on bank overdraft		15,601 =====	10,485 =====
Taxation	4	7,321 -----	62,103 -----
Net profit after taxation		34,868	51,023
Dividends - ordinary, proposed		17,434 -----	24,411 -----
		17,434	26,612
Retained profit brought forward		80,254 -----	53,642 -----
Retained profit carried forward		£ 97,688 =====	£ 80,254 =====

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

CENTRAL GARAGE (SURREY) LIMITED

BALANCE SHEET AT DECEMBER 31, 1979

5.

	Notes	£	1979 £	December 26, 1978 £
Fixed assets	5		253,693	121,135
Current assets:				
Stocks	6	224,463		220,715
Debtors		70,726		67,487
Amounts due from fellow subsidiaries		10,878		42,214
Amount due from holding company		10,792		9,343
Cash in hand		123		506
		<u>316,982</u>		<u>340,265</u>
Current liabilities:				
Creditors		195,861		116,090
Amounts due to fellow subsidiaries		28,238		-
Bank overdraft (secured)		32,933		152,522
Dividend payable to holding company		17,434		24,411
Current instalments due on loans		3,200		3,281
		<u>277,666</u>		<u>296,304</u>
Net current assets			39,316	43,961
			<u>293,009</u>	<u>165,096</u>
Loans	7	25,573		25,526
Deferred taxation	8	3,130		7,110
		<u></u>	<u>28,703</u>	<u>32,636</u>
			<u>£264,306</u>	<u>£132,460</u>
Representing				
Share capital	9		28,509	28,509
Reserves				
Capital reserve	10	138,109		23,697
Retained profit		97,688		80,254
H.D. DUEMKE )				
H.M. BAWTREE )				
Directors				
			<u>£264,306</u>	<u>£132,460</u>

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

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE FIFTY THREE WEEKS ENDED DECEMBER 31, 1979

		1979	1978 (18 months)
	£	£	£
Source of funds:			
Profit before taxation		42,189	113,126
Adjustment for items not involving the movement of funds:			
Depreciation	9,681		5,712
Gain on sale of fixed assets	—		(324)
	-----	9,681	5,388
Total generated from operations		51,870	118,514
Funds from other sources:			
Proceeds of sales of fixed assets	—		10,442
Increase in loans	3,247		17,612
	-----	3,247	28,054
Total sources		55,117	146,568
Application of funds:			
Dividend paid	(24,411)		(10,156)
Current instalments due on loans	(3,200)		(3,281)
Purchase of fixed assets	(27,827)		(34,625)
Group relief	(6,901)		(62,117)
ACT surrendered by holding company	(4,400)		—
	-----	(66,739)	(110,179)
(Decrease)/increase in working capital		£ (11,622)	£ 36,389
Components of (decrease)/increase in working capital:			
Stocks	3,748		30,777
Debtors	3,239		(27,858)
Creditors	(79,771)		(78,143)
Balances with holding company	1,449		91,532
Balances with fellow subsidiaries	(59,574)		47,937
	-----	(130,909)	64,245
Increase/(decrease) in net liquid funds:			
Cash in hand	(383)		461
Bank overdraft	119,589		(26,873)
Current instalments due on loans	81		(1,444)
	-----	119,287	(27,856)
(Decrease)/increase in working capital		£ (11,622)	£ 36,389
		=====	=====

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

CENTRAL GARAGE (SURREY) LIMITED

7.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1979

1. Accounting policies

(a) Stocks

Stocks are valued at the lower of cost or net realisable value. Cost is defined as follows:

- Cars - the actual amount paid to date for each car
- Spare parts - invoiced cost on a first-in first-out basis.

(b) Depreciation

Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

- Freehold buildings - 50 years
- Leasehold land and buildings - period of the lease
- Motor vehicles - 4 years
- Plant, equipment, furniture and fittings - 8 to 12 years

In previous years freehold buildings were not depreciated.

(c) Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences except those which are not expected to reverse in the future.

Advance corporation tax surrendered by the holding company is carried forward to be recovered against future mainstream corporation tax liabilities.

2. Turnover

Turnover represents invoiced sales of goods and services, after deducting cash discounts, commissions and valued added tax.

CENTRAL GARAGE (SURREY) LIMITED

8.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1979  
(continued)

3. <u>Directors' remuneration</u>	<u>1979</u>	<u>1978</u> (18 months)
	£	£
Directors' fees	-	1,125
Other emoluments	102,338	123,216
	<u>£102,338</u>	<u>£124,341</u>
Emoluments of the highest paid director	<u>£36,849</u>	<u>£ 59,887</u>

The number of other directors whose emoluments fell within the ranges below were:

£ 5,001 to £10,000	-	2
£10,001 to £15,000	3	-
£15,001 to £20,000	1	-
£20,001 to £25,000	-	1
£25,001 to £30,000	-	1

4. Taxation

The taxation charge is made up as follows:

	<u>1979</u>	<u>1978</u> (18 months)
	£	£
Based on profits for the period at a rate of 52%		
Amount payable to a group company for losses surrendered	14,729	62,117
Deferred taxation	7,210	2,186
Taxation overprovided in previous years		
Group relief	(7,828)	(2,200)
Deferred taxation	(6,790)	-
	<u>£ 7,321</u>	<u>£62,103</u>

If full provision had been made for the potential amount of deferred taxation, the charge for the period would have increased by £6,711 (1978 - £7,347).



CENTRAL GARAGE (SURREY) LIMITED

9.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1979  
(continued)

5. <u>Fixed assets</u>	<u>Land and buildings</u>		<u>Plant , equipment, furniture &amp; fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>Freehold</u>	<u>Short leasehold</u>			
	£	£	£	£	£
Cost or valuation:					
At December 27,1978	84,544	-	54,883	3,372	142,799
Additions	2,347	10,527	8,567	6,386	27,827
Surplus on revaluation	113,109	-	-	-	113,109
	-----	-----	-----	-----	-----
At December 31,1979	200,000	10,527	63,450	9,758	283,735
	-----	-----	-----	-----	-----
Depreciation:					
At December 27,1978	-	-	21,524	140	21,664
Provided during period	1,303	438	6,289	1,651	9,681
Surplus on revaluation	(1,303)	-	-	-	(1,303)
	-----	-----	-----	-----	-----
	-	438	27,813	1,791	30,042
	-----	-----	-----	-----	-----
Net book amounts:					
At December 31,1979	£200,000	£10,089	£35,637	£7,967	£253,693
	=====	=====	=====	=====	=====
At December 27,1978	£ 84,544	£ -	£33,359	£3,232	£121,135
	=====	=====	=====	=====	=====

The freehold land and buildings were valued at December 31, 1979 by Mann and Co., Chartered Surveyors on an open market basis. The value attributed to land was £50,000. The surplus of £114,412 has been credited to capital reserve. All other fixed assets are stated at cost.

6. Stocks

	<u>1979</u>	<u>1978</u>
	£	£
Stocks comprise:		
Motor vehicles	165,398	186,097
Spare parts	59,065	34,618
	-----	-----
	£224,463	£220,715
	=====	=====

CENTRAL GARAGE (SURREY) LIMITED

10.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1979  
(continued)

7. Loans

	<u>1979</u>	<u>1978</u>
	£	£
7% secured loan (repayable in quarterly instalments of £250)	10,000	11,250
Hire purchase creditors	18,773	17,557
	<u>28,773</u>	<u>28,807</u>
Less: Current instalments due (included in current liabilities)	3,200	3,281
	<u>£25,573</u>	<u>£25,526</u>
	=====	=====

8. Deferred taxation

Deferred taxation provided in the accounts and the potential amounts, including the amounts for which provision has been made, are set out below:

	<u>Provision</u>		<u>Potential</u>	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
	£	£	£	£
Fixed assets	7,530	7,110	7,530	7,110
Stock relief	-	-	14,058	7,347
	<u>7,530</u>	<u>7,110</u>	<u>21,588</u>	<u>14,457</u>
Less: Advance corporation tax	4,400	-	4,400	-
	<u>3,130</u>	<u>7,110</u>	<u>17,188</u>	<u>14,457</u>
Tax on revaluation surplus	-	-	38,074	3,750
	<u>£3,130</u>	<u>£7,110</u>	<u>£55,262</u>	<u>£18,207</u>
	=====	=====	=====	=====

9. Share capital

Authorised	-	29,500 ordinary shares of £1 each
Issued and fully paid	-	28,509 ordinary shares of £1 each

10. Capital reserve

	£
At December 27, 1978	23,697
Surplus on revaluation of freehold property	114,412
	<u>-----</u>
At December 31, 1979	<u>£138,109</u>
	=====

CENTRAL GARAGE (SURREY) LIMITED

11.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1979  
(continued)

11. Contingent liabilities

The company has given an unlimited guarantee jointly and severally with certain other group companies to secure a bank overdraft facility for all the companies involved. At December 31, 1979 the facility, which amounted to £700,000 (1978 - £700,000), was utilised to the extent of £621,438 (1978 - £461,692).

12. Ultimate holding company

The ultimate holding company is William Jacks & Company (Malaya) Berhad, a company incorporated in Malaysia.