

REPORT AND ACCOUNTS
JUNE 30, 1977

Arthur Young McClelland Moores & Co.

CHARTERED ACCOUNTANTS

LONDON

CENTRAL GARAGE (SURREY) LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended June 30, 1977.

Results and dividends

The net profit for the year after taxation was £21,781. The directors recommend the payment of a dividend of £10,156.

Principal activity

The company's principal activity during the year 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 year.

Directors and their interests

The directors who served during the year were:

N.H. Burgess
H.D. Duemke (German)
H.M. Bawtree
C.L. Roberts

Mr. N. H. Burgess is a director of the company's ultimate holding company, William Jacks & Company Limited.

The directors, apart from the director of the holding company, had interests in the shares of the Group as follows:

	Ordinary shares in William Jacks & Company Limited	
	<u>1977</u>	<u>1976</u>
H. D. Duemke	5,300	2,300
H. M. Bawtree	8,136	3,626
C. L. Roberts	825	825

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

November 10, 1977

Arthur Young McClelland Moores & Co.

CHARTERED ACCOUNTANTS

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

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

We have examined the accounts set out on pages 3 to 9. These have been prepared under the historical cost convention except for the inclusion of freehold land and buildings at valuation.

In our opinion, these accounts give, under the accounting convention stated above, a true and fair view of the state of affairs of the company at June 30, 1977 and of the profit and source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 and 1967.

ARTHUR YOUNG McCLELLAND MOORES & CO.

LONDON

November 10, 1977.

CENTRAL GARAGE (SURREY) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1977

	<u>Notes</u>	<u>1977</u>	<u>1976</u>
Turnover	2	<u>£2,721,626</u>	<u>£2,624,552</u>
		£	£
Profit before taxation		42,316	54,424
after charging:			
Directors' remuneration	3	51,002	40,438
Depreciation		3,229	3,225
Auditors' remuneration		1,900	1,980
Interest on long term loan		919	1,017
Other interest		<u>7,230</u>	<u>4,720</u>
Taxation	4	20,535	27,575
Net profit after taxation		21,781	26,849
Dividends	5	10,156	13,062
		11,625	13,787
Retained profit brought forward		42,017	28,230
Retained profit carried forward		<u>£53,642</u>	<u>£42,017</u>

The notes on pages 6 to 9 form part of these accounts.

CENTRAL CARAGE (SURREY) LIMITED

BALANCE SHEET AT JUNE 30, 1977

	<u>Notes</u>	<u>1977</u>	<u>1976</u>
		£	£
Fixed assets	6	102,340	101,268
Current assets			
Stocks	10	189,938	201,234
Debtors		95,345	53,037
Amounts due from fellow subsidiaries		18,908	36,561
Cash in hand		45	81
		<u>304,236</u>	<u>290,913</u>
Current liabilities			
Creditors		38,479	99,012
Current taxation		-	1,800
Amount due to holding company		94,082	54,243
Amounts due to fellow subsidiaries		14,938	56,768
Bank overdraft (secured)		125,649	18,248
Dividend payable to holding company	5	10,156	13,062
		<u>283,304</u>	<u>243,133</u>
Net current assets		20,932	47,780
<i>This is the copy referred to in the annexed certificates</i>		<u>£123,272</u>	<u>£149,048</u>
Representing:		£	£
Share capital	7	28,509	28,509
Reserves			
Capital		19,947	19,947
Revenue		53,642	42,017
		<u>102,098</u>	<u>90,473</u>
Long term loan	8	12,500	13,500
Deferred taxation	9	8,674	45,075
N.H. BURGESS)			
H.M. BAWTREE)	Directors	<u>£123,272</u>	<u>£149,048</u>

The notes on pages 6 to 9 form part of these accounts.

CENTRAL GARAGE (SURREY) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED JUNE 30, 1977

	<u>1977</u>	<u>1976</u>
	£	£
Source of funds:		
Profit before taxation	42,316	54,424
Adjustment for items not involving an outlay of working capital:		
Depreciation	3,229	3,225
Total generated from operations	45,545	57,649
Application of funds:		
Dividend paid	(13,062)	(22,503)
Long term loan principal repaid	(1,000)	(1,000)
Purchase of fixed assets	(4,301)	(4,355)
Taxation - group relief	(58,736)	(23,000)
	(77,099)	(50,858)
(Decrease) increase in working capital	£(31,554)	£ 6,791
Components of increase (decrease) in working capital:	£	£
Stocks	(11,296)	16,874
Debtors	42,308	20,093
Creditors	60,533	(59,848)
Balances with holding company	(39,839)	(7,578)
Balances with fellow subsidiaries	24,177	(19,565)
	75,883	(50,024)
(Decrease) increase in net liquid funds:		
Cash in hand	(36)	55
Bank overdraft	(107,401)	56,760
	(107,437)	56,815
(Decrease) increase in working capital	£(31,554)	£ 6,791

The notes on pages 6 to 9 form part of these accounts.

CENTRAL GARAGE (SURREY) LIMITED

NOTES TO THE ACCOUNTS AT JUNE 30, 1977

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
Others - invoiced cost on a first-in first-out basis.

b) Depreciation

The company's policy is to provide depreciation on the reducing balance of the written down value of the assets at the following annual rates:-

- Motor vehicles - 25%
Plant, equipment, furniture and fittings - 15%

No depreciation is provided on freehold land and buildings.

c) Deferred taxation

The company provides deferred taxation, at the rates ruling at the balance sheet date, to take account of timing differences between the treatment of items for accounts purposes and their treatment for taxation purposes. Provision is also made for any potential liability to taxation which would arise if assets, which are revalued, were sold for the revalued amount.

2. Turnover

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

3. Directors' remuneration

	<u>1977</u>	<u>1976</u>
	£	£
Directors' fees	750	750
Other emoluments	50,252	39,688
	<u>£51,002</u>	<u>£40,438</u>
Emoluments of the chairman	£ -	£ -
Emoluments of the highest paid director	<u>£25,183</u>	<u>£19,416</u>

CENTRAL GARAGE (SURREY) LIMITED

NOTES TO THE ACCOUNTS AT JUNE 30, 1977
(continued)

3. Directors' remuneration (continued)

	<u>1977</u>	<u>1976</u>
The number of other directors whose emoluments fell within the ranges below were:		
£Nil to £2,500	-	1
£2,501 to £5,000	-	-
£5,001 to £7,500	-	-
£7,501 to £10,000	1	2
£10,001 to £12,500	1	-
	<u>1</u>	<u>-</u>

4. Taxation

The taxation charge at a rate of 52% based on the results of the year is made up as follows :

	<u>1977</u>	<u>1976</u>
	£	£
Amount payable to a group company in respect of losses surrendered for the year	27,629	23,000
Deferred taxation	(6,301)	4,575
Prior year taxation adjustments	(793)	-
	<u>£20,535</u>	<u>£27,575</u>

5. Dividends

	<u>1977</u>	<u>1976</u>
Ordinary - proposed 35.62% equivalent, with associated tax credit, to 53.97% (1976 - 45.82%)	£10,156	£13,062
	<u>£10,156</u>	<u>£13,062</u>

CENTRAL GARAGE (SURREY) LIMITED

NOTES TO THE ACCOUNTS AT JUNE 30, 1977
(continued)

6. Fixed assets

	<u>Freehold land and buildings</u>	<u>Plant, equipment furniture and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
Cost or valuation				
At July 1, 1976	84,206	29,191	2,068	115,465
Additions	64	4,237	-	4,301
	<u>84,270</u>	<u>33,428</u>	<u>2,068</u>	<u>119,766</u>
At June 30, 1977				
Depreciation				
At July 1, 1976	-	13,161	1,036	14,197
Charged during the year	-	2,971	258	3,229
	<u>-</u>	<u>16,132</u>	<u>1,294</u>	<u>17,426</u>
At June 30, 1977				
Net book value				
At June 30, 1977	£84,270	£17,296	£ 774	£102,340
	<u>£84,270</u>	<u>£17,296</u>	<u>£ 774</u>	<u>£102,340</u>
At June 30, 1976	£84,206	£16,030	£1,032	£101,268
	<u>£84,206</u>	<u>£16,030</u>	<u>£1,032</u>	<u>£101,268</u>
<u>Freehold land and buildings</u>	<u>1977</u>	<u>1976</u>		
	£	£		
At cost	31,770	31,706		
At valuation - 1971	52,500	52,500		
	<u>£84,270</u>	<u>£84,206</u>		

7. Share capital

Authorised	-	29,500 ordinary shares of £1 each (1976 - 29,500)
Issued and fully paid	-	28,509 ordinary shares of £1 each (1976 - 28,509)

CENTRAL GARAGE (SURREY) LIMITED

NOTES TO THE ACCOUNTS AT JUNE 30, 1977
(continued)

8. Long term loan

This loan is secured by a first mortgage on the freehold land and buildings situated at 22, Portsmouth Road, Cobham, Surrey. The loan is repayable in equal annual instalments over 20 years from January 1, 1970 with interest at 7% per annum.

9. Deferred taxation

The amount is made up as follows:

	<u>1977</u>	<u>1976</u>
	£	£
On revaluation of properties	3,750	3,750
Stock appreciation relief	-	30,875
Due to other timing differences	4,924	10,450
	<u>£8,674</u>	<u>£45,075</u>

10. Stocks

Stocks consist of motor vehicles and spare parts.

11. Ultimate holding company

The ultimate holding company is William Jacks & Company Limited, a company incorporated in Great Britain.

12. Contingent liabilities

The company has guaranteed the borrowings of the holding company to a limit of £60,000. Subsequent to the year end this guarantee was cancelled.