

CENTRAL GARAGE (SURREY) LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended January 31, 1986.

Results and dividends

The loss on ordinary activities for the year after taxation was £18,746 before crediting amortisation of the revaluation surplus of £1,487. The directors do not recommend the payment of a dividend. With retained profits of £87,083 brought forward this leaves retained profits to be carried forward of £69,824.

Review of the business

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

Directors and their interests

The directors who served during the year were:

H. D. Duemke  
V. W. Duemke  
C. L. Roberts  
F. F. Whipp  
M. Duemke  
Chai Fook Loong

H. D. Duemke and Chai Fook Loong are also directors of William Jacks PLC.

The directors had disclosable interests in the shares of the group as follows:

Ordinary shares in William Jacks PLC

	<u>January 31, 1986</u>	<u>February 1, 1985</u>
C. L. Roberts	3,022	3,022
V. W. Duemke	834	834
F. F. Whipp	5,250	-
M. Duemke	100	100

Auditors

A resolution to reappoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

  
V. J. MITCHELL  
Secretary

April 22, 1986



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1.



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

2.

# Arthur Young

Chartered Accountants  
Rolls House, 7 Rolls Buildings,  
Fetter Lane, London EC4A 1NH

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

We have audited the accounts on pages 3 to 12 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings, give a true and fair view of the state of the company's affairs at January 31, 1986 and of its results and source and application of funds for the year then ended and comply with the Companies Act 1985.

ARTHUR YOUNG

April 22, 1986

CENTRAL GARAGE (SURREY) LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JANUARY 31, 1986

3.

	<u>Notes</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Turnover			
Cost of sales	2	5,375,215 (5,108,985)	5,649,302 (5,370,770)
		<u>266,230</u>	<u>278,532</u>
Administrative expenses		(237,169)	(211,767)
Operating profit	3	<u>29,061</u>	<u>66,765</u>
Interest payable	5	(65,906)	(52,343)
(Loss)/profit on ordinary activities before taxation		<u>(36,845)</u>	<u>14,422</u>
Tax on (loss)/profit on ordinary activities	6	18,099	(1,571)
(Loss)/profit on ordinary activities after taxation		<u>(18,746)</u>	<u>12,851</u>
Dividends		-	(6,425)
		<u>(18,746)</u>	<u>6,426</u>
Amortisation of revaluation surplus		1,487	1,731
		<u>(17,259)</u>	<u>8,157</u>
Retained profit brought forward		87,083	78,926
Retained profit carried forward		<u>£ 69,824</u> <u>=====</u>	<u>£ 87,083</u> <u>=====</u>

CENTRAL GARAGE (SURREY) LIMITED

4.

BALANCE SHEET AT JANUARY 31, 1986

	<u>Notes</u>	£	<u>1986</u> £	<u>1985</u> £
Fixed assets:				
Tangible assets	7		336,961	306,369
Current assets:				
Stocks	8	446,813		422,977
Debtors	9	289,546		236,470
Cash at bank and in hand		66,915		363
		803,274		659,810
Creditors: amounts falling due within one year	10	(767,395)		(695,996)
Net current assets/(liabilities)			35,879	(36,186)
Total assets less current liabilities			372,840	270,183
Creditors: amounts falling due after more than one year:				
Loans and hire purchase creditors	11		(100,000)	(9,729)
			272,840	260,454
Provision for liabilities and charges:				
Deferred taxation	12		(1,291)	(3,626)
			£271,549	£256,828
Capital and reserves:				
Called up share capital	13		28,509	28,509
Revaluation reserve	14		173,216	141,236
Profit and loss account			69,824	87,083

C. L. ROBERTS )

) Directors

H. D. DUEMKE )

April 22, 1986

£271,549

£256,828

The notes on pages 6 to 12 form part of these accounts

CENTRAL GARAGE (SURREY) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED JANUARY 31, 1986

5.

	£	1986 £	1985 £
Source of funds:			
(Loss)/profit on ordinary activities before taxation		(36,845)	14,422
Adjustment for items not involving the movement of funds:			
Depreciation		17,337	17,593
Loss on disposal of fixed assets		-	109
Total (absorbed by)/generated from operations		(19,508)	32,124
Funds from other sources:			
Proceeds of sale of fixed assets		-	400
Loan from holding company		100,000	-
		80,492	32,524
Application of funds:			
Dividend paid			
Repayment of loans	(6,425)		(17,000)
Current instalments due on loans	(12,815)		-
Purchase of tangible fixed assets	-		(3,086)
Intercompany transfer of fixed assets	(2,086)		(20,114)
	(12,376)		-
		(33,702)	(40,200)
Working capital - increase/(decrease)		£ 46,790	£ (7,676)
Components of increase/(decrease) in working capital:			
Stocks		23,836	133,260
Debtors		32,104	(1,395)
Creditors		(131,529)	(9,954)
Holding company		(310,492)	(45,751)
Fellow subsidiaries		11,658	(18,775)
		(374,423)	57,385
Movement in net liquid funds:			
Cash in hand	66,552		-
Bank overdraft	354,661		(65,061)
		421,213	(65,061)
		£ 46,790	£ (7,676)

The notes on pages 6 to 12 form part of these accounts

CENTRAL GARAGE (SURREY) LIMITED

6.

NOTES TO THE ACCOUNTS AT JANUARY 31, 1986

These accounts take into consideration events occurring between January 31, 1986 and April 22, 1986, the date of approval of the accounts by the board of directors, have been included in the accounts to the extent that it is required by Statement of Standard Accounting Practice No. 17.

1. Accounting policies

(a) Stocks

Stocks are valued at the lower of cost and 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 the 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	-	25% reducing balance
Plant, equipment, furniture and fittings	-	15% reducing balance

That part of the depreciation charge of revalued assets which relates to the surplus over cost is transferred from revaluation reserve to profit and loss.

(c) Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

2. Turnover

Turnover, which arises solely in the United Kingdom, represents invoiced value of goods and services, after deducting cash discounts, commissions and value added tax.

CENTRAL GARAGE (SURREY) LIMITED

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NOTES TO THE ACCOUNTS AT JANUARY 31, 1986  
(continued)3. Operating profit

	<u>1986</u> £	<u>1985</u> £
(a) This is stated after charging:		
Directors' remuneration (see below)	181,380	161,179
Auditors' remuneration	5,497	6,650
Depreciation	17,337	17,593
Head office management fee	10,000	10,000
	=====	=====
(b) Directors' remuneration:		
Fees	-	750
Other emoluments (including pension contributions)	181,380	160,429
	-----	-----
	£181,380	£161,179
	=====	=====
Emoluments of the highest paid director	£ 57,476	£ 51,857
	=====	=====

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

	<u>1986</u> No.	<u>1985</u> No.
£ 0 to £ 5,000	1	1
£15,001 to £20,000	-	1
£20,001 to £25,000	1	-
£25,001 to £30,000	-	3
£30,001 to £35,000	3	-

4. Staff costs

	<u>1986</u> £	<u>1985</u> £
Wages and salaries	306,486	298,451
Social security costs	31,605	34,038
Other pension costs	13,399	13,124
	-----	-----
	£351,490	£345,613
	=====	=====

CENTRAL GARAGE (SURREY) LIMITED

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NOTES TO THE ACCOUNTS AT JANUARY 31, 1986  
(continued)

4. Staff costs  
(continued)

The average weekly number of employees during the year was made up as follows:

	<u>1986</u> No.	<u>1985</u> No.
Management	2	3
Sales and service	31	30
Administrative and clerical	6	18
	-----	-----
	39	51
	=====	=====

5. Interest payable

	<u>1986</u> £	<u>1985</u> £
Bank overdraft	33,198	26,917
Loan interest	32,708	21,331
Interest charged by group companies	-	4,095
	-----	-----
	£65,906	£52,343
	=====	=====

6. Tax on loss on ordinary activities

The corporation tax credit/(charge) for the year has been computed using a composite rate which reflects the different rates that prevailed during the year.

	<u>1986</u> £	<u>1985</u> £
U.K. corporation tax at 40.83% (1985 - 45.82%)	(1,252)	(969)
Amount receivable from/(payable to) a group company:		
- for losses surrendered	17,936	(549)
- for ACT surrendered	(3,468)	(1,839)
Deferred taxation	(458)	(961)
Taxation over/(under) provided in previous years:		
Group relief	(853)	-
Deferred taxation	6,194	2,747
	-----	-----
	£18,099	£(1,571)
	=====	=====



CENTRAL GARAGE (SURREY) LIMITED

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NOTES TO THE ACCOUNTS AT JANUARY 31, 1986  
(continued)

7. Tangible fixed assets

	<u>Land and buildings</u>		<u>Plant, furniture and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>Freehold</u>	<u>Short leasehold</u>			
	£	£	£	£	£
Cost or valuation:					
At February 1, 1985	243,584	20,816	106,980	25,252	396,632
Additions	-	-	2,086	-	2,086
Surplus on revaluation	22,416	-	-	-	22,416
Intercompany transfer	-	-	41,632	-	41,632
	-----	-----	-----	-----	-----
At January, 31, 1986	266,000	20,816	150,698	25,252	462,766
	-----	-----	-----	-----	-----
Depreciation:					
At February 1, 1985	7,631	7,165	61,726	13,741	90,263
Provided during year	3,420	2,082	8,957	2,878	17,337
Transfer to revaluation reserve	(11,051)	-	-	-	(11,051)
Intercompany transfer	-	-	29,256	-	29,256
	-----	-----	-----	-----	-----
At January 31, 1986	-	9,247	99,939	16,619	125,805
	-----	-----	-----	-----	-----
Net book values:					
At January 31, 1986	£266,000	£11,569	£ 50,759	£ 8,633	£336,961
	=====	=====	=====	=====	=====
At February 1, 1985	£235,953	£13,651	£45,254	£11,511	£306,369
	=====	=====	=====	=====	=====

For the freehold land and buildings included at valuation:

	£
Historical cost:	
At February 1, 1985 and at January 31, 1986	128,841
	-----
Depreciation based on cost:	
At February 1, 1985	34,124
Charge for the year	1,933
	-----
At January 31, 1986	36,057
	-----
Net historical cost value:	
At January 31, 1986	£ 92,784
	=====
At February 1, 1985	£ 94,717
	=====

The freehold land and buildings were valued at January 31, 1986 on an open market basis at an amount of £266,000 by Mann & Co., Chartered Surveyors.

CENTRAL GARAGE (SURREY) LIMITED

10.

NOTES TO THE ACCOUNTS AT JANUARY 31, 1986  
(continued)

8. Stocks

	<u>1986</u> £	<u>1985</u> £
Stocks comprise:		
Motor vehicles	327,330	315,011
Spare parts	119,483	107,966
	-----	-----
	£446,813	£422,977
	=====	=====

9. Debtors

	<u>1986</u> £	<u>1985</u> £
Trade debtors	139,100	113,353
Amounts due from fellow subsidiaries	29,445	8,473
Other debtors	111,453	104,100
Prepayments	9,548	10,544
	-----	-----
	£289,546	£236,470
	=====	=====

10. Creditors: amounts falling due within one year

	<u>1986</u> £	<u>1985</u> £
Current instalments due on loans	-	3,086
Bank overdraft	-	354,661
Trade creditors	194,297	91,204
Amounts due to fellow subsidiaries	8,368	16,137
Amounts due to holding company	482,902	172,343
Dividend payable	-	6,425
Taxation and social security	67,922	36,764
Other creditors	401	805
Accruals	13,505	14,571
	-----	-----
	£767,395	£695,996
	=====	=====

11. Loans and hire purchase creditors

	<u>1986</u> £	<u>1985</u> £
Loan due to holding company	100,000	-
7% secured loan (repayable in quarterly instalments of £250)	-	5,000
Hire purchase creditors	-	7,815
	-----	-----
	100,000	12,815
Less: current instalments due (see note 10)	-	(3,086)
	-----	-----
	£100,000	9,729
	=====	=====

CENTRAL GARAGE (SURREY) LIMITED

11.

NOTES TO THE ACCOUNTS AT JANUARY 31, 1986  
(continued)

11. Loans and hire purchase creditors  
(continued)

The company has also entered into agreement with the holding company, William Jacks PLC, to accept £100,000 of its indebtedness to the holding company as a minimum three year term subordinated loan. Interest is charged at a variable commercial rate.

12. Deferred taxation

Deferred taxation provided in the accounts and the amounts not provided are set out below:

	<u>Provided</u>		<u>Not provided</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
	£	£	£	£
Capital allowances in				
advance of depreciation	7,933	13,669	-	-
Less advance corporation tax	(6,642)	(10,043)	-	-
	<u>1,291</u>	<u>3,626</u>	<u>-</u>	<u>-</u>
Taxation on valuation surplus	-	-	34,384	34,423
	<u>£ 1,291</u>	<u>£ 3,626</u>	<u>£ 34,384</u>	<u>£ 34,423</u>
	=====	=====	=====	=====

Where applicable, provision has been made at the rate expected to be prevailing when the timing differences reverse - 1986 - 35.83% (1985 - 40.83%).

13. Called up share capital

	<u>1986</u>	<u>1985</u>
Authorised:		
Ordinary shares of £1 each	£ 29,500	£ 29,500
	=====	=====
Issued and fully paid:		
Ordinary shares of £1 each	£ 28,509	£ 28,509
	=====	=====

14. Revaluation reserve

	<u>1986</u>	<u>1985</u>
	£	£
At February 1, 1985	141,236	142,967
Amortisation for the year	(1,487)	(1,731)
Arising on revaluation during the year	33,467	-
	<u>£173,216</u>	<u>£141,236</u>
	=====	=====

CENTRAL GARAGE (SURREY) LIMITED

12.

NOTES TO THE ACCOUNTS AT JANUARY 31, 1986

(continued)

15. Contingent liabilities

The company has agreed a collective overdraft facility with certain other group companies, which provides a bank overdraft facility for all companies involved, subject to normal banking terms and conditions, but without formal guarantees. The collective overdraft facility amounts to £1,000,000 and replaces the 1985 guaranteed facility of £1,500,000.

16. Ultimate holding company

The ultimate holding company is Johan Holdings Berhad, a company incorporated in Malaysia.