



**MANCHESTER GARAGES HOLDINGS
LIMITED**

Report and Accounts

31 December 1996



**Deloitte & Touche
10-12 East Parade
Leeds
LS1 2AJ**

**REPORT AND ACCOUNTS 1996**

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Consolidated Profit and loss account	5
Statement of total recognised gains and losses	5
Note of historical cost profits and losses	5
Consolidated Balance sheet	6
Balance sheet	7
Notes to the accounts	8



OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D C A Bramall FCA (Chairman)
J Holroyd FCA

SECRETARY

J Holroyd FCA

REGISTERED OFFICE

Harlow Court
Otley Road
Beckwithshaw
Harrogate
North Yorkshire
HG3 1PU

BANKERS

Barclays Bank plc
Commercial Street
Sheffield
S1 1NG

SOLICITORS

Addleshaw Booth & Co
Sovereign House
South Parade
Leeds
LS1 1HQ

AUDITORS

Deloitte & Touche
Chartered Accountants
10-12 East Parade
Leeds
LS1 2AJ



DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31 December 1996.

ACTIVITIES

The group's business was motor distribution and related activities until 1 July 1996 when the trade and assets of Manchester Garages Limited were transferred to Sanderson Dealerships Limited as part of a group reorganisation. The company continues to act as an intermediate holding company, although all subsidiary companies are now dormant.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are shown in the consolidated profit and loss account on page 5. The directors do not recommend the payment of a dividend on the ordinary or preference shares as there is a deficit on distributable reserves. The retained profit of £145,000 (1995: £5,000) is transferred to the deficit brought forward on reserves.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Following the cessation of trading by its subsidiary company, the company will continue as a non trading intermediate holding company.

FIXED ASSETS

The movements on tangible fixed assets are shown in note 8 to the accounts.

SUPPLIER PAYMENTS POLICY

In line with industry practice, manufacturers insist upon direct access to our bank accounts and they take funds to pay for both vehicles and parts when the fall due. Other suppliers are generally paid in accordance with their terms of trading.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:

D C A Bramall
J Holroyd

None of the directors had a beneficial interest in the shares of the company at any time during the year.

D C A Bramall and J Holroyd are directors of the ultimate parent company, Sanderson Bramall Motor Group plc and their shareholdings in that company are shown in its directors' report.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors to the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board

J Holroyd

Secretary

24 March 1997

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

J Holroyd

Secretary

24 March 1997



Chartered Accountants

Deloitte & Touche
10-12 East Parade
Leeds LS1 2AJ

Telephone: National 0113 243 9021
International + 44 113 243 9021
Fax: 0113 244 5580
DX 26423

MANCHESTER GARAGES HOLDINGS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

10 June 1997


CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	1996 £'000	1995 £'000
TURNOVER (discontinued operations)	2	15,622	29,495
Cost of sales		(13,488)	(25,499)
Gross profit		2,134	3,996
Distribution costs		(1,367)	(2,570)
Administrative expenses		(508)	(1,257)
OPERATING PROFIT (discontinued operations)	4	259	169
Interest payable and similar charges	5	(114)	(220)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		145	(51)
Tax on profit/(loss) on ordinary activities	6	-	56
PROFIT FOR THE FINANCIAL YEAR RETAINED AND TRANSFERRED TO RESERVES		145	5
17			

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

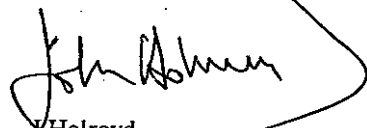
	1996 £'000	1995 £'000
Reported profit/(loss) on ordinary activities before taxation	145	(51)
Realisation of property valuation gains of prior years	71	-
Historical cost profit/(loss) on ordinary activities before taxation for the year	216	(51)
Historical cost profit for the year	216	5


CONSOLIDATED BALANCE SHEET
31 December 1996

	Note	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	8	-	3,301
CURRENT ASSETS			
Stocks	10	-	7,000
Debtors	11	3,743	1,770
Cash at bank and in hand		-	2
		3,743	8,772
CREDITORS: amounts falling due within one year	12	(36)	(6,739)
NET CURRENT ASSETS		3,707	2,033
TOTAL ASSETS LESS CURRENT LIABILITIES		3,707	5,334
CREDITORS: amounts falling due after more than one year	13	-	(1,643)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(129)
		3,707	3,562
CAPITAL AND RESERVES			
Called up share capital	15	8,260	8,260
Share premium account		325	325
Revaluation reserve	16	-	71
Profit and loss account	17	(4,878)	(5,094)
TOTAL SHAREHOLDERS' FUNDS		3,707	3,562
Shareholders' funds are attributable to:			
Equity shareholders' funds		3,607	3,462
Non equity shareholders' funds		100	100
		3,707	3,562

These accounts were approved by the Board of Directors on 24 March 1997.

Signed on behalf of the Board of Directors


 J Holroyd
 Director


BALANCE SHEET
31 December 1996

	Note	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	8	-	2,999
Investments	9	1,117	1,117
		<u>1,117</u>	<u>4,116</u>
CURRENT ASSETS			
Debtors	11	3,927	-
Cash at bank and in hand		-	-
		<u>3,927</u>	<u>-</u>
CREDITORS: amounts falling due within one year	12	(1,308)	(430)
NET CURRENT ASSETS/(LIABILITIES)		<u>2,619</u>	<u>(430)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,736	3,686
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(124)
		<u>3,736</u>	<u>3,562</u>
CAPITAL AND RESERVES			
Called up share capital	15	8,260	8,260
Share premium account		325	325
Revaluation reserve	16	-	71
Profit and loss account	17	(4,849)	(5,094)
TOTAL SHAREHOLDERS' FUNDS		<u>3,736</u>	<u>3,562</u>
Shareholders' funds are attributable to:			
Equity shareholders' funds		3,636	3,462
Non equity shareholders' funds		100	100
		<u>3,736</u>	<u>3,562</u>

These accounts were approved by the Board of Directors on 24 March 1997.

Signed on behalf of the Board of Directors

J Holroyd

Director

**NOTES TO THE ACCOUNTS****Year ended 31 December 1996****1. ACCOUNTING POLICIES**

The accounts have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

Basis of accounts preparation

The consolidated accounts are made up of the accounts of the company and all subsidiaries under acquisition accounting principles.

Tangible fixed assets

Depreciation is not provided on freehold land. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2%
Plant and machinery	12.5% - 17.5% per annum
Motor vehicles	25% - 42% per annum

Stocks

Vehicle stocks are valued at the lower of cost and net realisable value. Parts and consumable stores are valued at cost less an allowance for obsolescence.

In accordance with FRS5, interest bearing consignment stock and buyback vehicles are included in stock. The related liabilities are included in other creditors.

Deferred taxation

Deferred taxation is provided at the anticipated corporation tax rate on differences arising from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the accounts, to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of the current and expected future pensionable payroll.

2. TURNOVER

Turnover, all of which originates and arises in the United Kingdom, represents total sales to third parties and other group companies, exclusive of value added tax.


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any emoluments in respect of his services to the company during the current or preceding year.

	1996 No	1995 No
Average number of persons employed		
Sales and distribution	66	144
Administration	9	18
	<u>75</u>	<u>162</u>
	<u>75</u>	<u>162</u>
	£'000	£'000
Staff costs during the year		
Wages and salaries	811	2,228
Social security costs	106	192
Pension costs	35	49
	<u>952</u>	<u>2,469</u>
	<u>952</u>	<u>2,469</u>

4. OPERATING PROFIT

	1996 £'000	1995 £'000
Operating profit is after charging:		
Depreciation and amortisation		
Owned assets	49	108
Loss on sale of fixed assets	-	1
Auditors' remuneration - audit fees	9	9
- non audit fees	2	2
	<u>61</u>	<u>120</u>
	<u>61</u>	<u>120</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £'000	1995 £'000
Bank loans, overdrafts and other loans repayable within five years	3	36
Vehicle finance interest and interest paid to group companies	111	184
	<u>114</u>	<u>220</u>
	<u>114</u>	<u>220</u>



NOTES TO THE ACCOUNTS

Year ended 31 December 1996

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	1996 £'000	1995 £'000
United Kingdom corporation tax at 33% (1995: 33%) based on the profit/(loss) for the year	36	95
Deferred taxation	11	7
Group relief	-	(104)
Advance corporation tax written back	-	(55)
	<u>47</u>	<u>(57)</u>
Adjustments to prior years' tax provisions		
Deferred taxation	(47)	1
	<u>-</u>	<u>(56)</u>

The tax charge for the year is disproportionate to the profit for the year due to adjustments to the prior years' deferred tax provision.

The tax credit for the previous year is disproportionate to the loss for the year because of the write back of advance corporation tax previously written off as irrecoverable and the effect of capital gains rolled over.

7. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The consolidated profit for the financial year includes a profit of £174,000 (1995: £222,000) which is dealt with in the accounts of the parent company.



NOTES TO THE ACCOUNTS
Year ended 31 December 1996

8. TANGIBLE FIXED ASSETS

The Group

	Freehold land and buildings £'000	Plant, machinery & vehicles £'000	Total £'000
Cost or valuation			
At 1 January 1996	3,063	669	3,732
Additions	36	17	53
Disposals	-	(4)	(4)
Transfer to group company	(3,099)	(682)	(3,781)
At 31 December 1996	-	-	-
Accumulated depreciation			
At 1 January 1996	64	367	431
Charge for the year	18	31	49
Disposals	-	(4)	(4)
Transfer to group company	(82)	(394)	(476)
At 31 December 1996	-	-	-
Net book value			
At 31 December 1996	-	-	-
At 31 December 1995	2,999	302	3,301

The Company

The company's tangible fixed assets consisted of the group's freehold land and buildings.

9. INVESTMENTS

**The Company
£'000**

Shares in group companies

Net book value at 31 December 1996 and 31 December 1995 1,117

Provisions against investments in subsidiary companies amount to £Nil at 31 December 1996 and 31 December 1995.

The company's subsidiary companies, all of which are wholly owned and registered in England and Wales are as follows:

Principal activity

Manchester Garages Limited	Dormant
Manchester Garages (Trucks) Limited *	Dormant
Manchester Garages (Cars) Limited *	Dormant

* shares held indirectly by the company through its 100% shareholding in Manchester Garages Limited


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
10. STOCKS

	The Group	
	1996	1995
	£'000	£'000
Motor vehicles	-	2,399
Interest bearing consignment stock	-	1,459
Buyback stock	-	2,434
Parts and sundries	-	708
	<u>-</u>	<u>7,000</u>

11. DEBTORS

	The Group		The Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Trade debtors	-	1,242	-	-
Amounts owed by parent and fellow subsidiary undertakings	3,743	125	3,927	-
Other debtors	-	146	-	-
Prepayments and accrued income	-	257	-	-
	<u>3,743</u>	<u>1,770</u>	<u>3,927</u>	<u>-</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Bank overdrafts	-	2,811	-	-
Trade creditors	-	1,002	-	-
Obligations under finance leases	-	2	-	-
Amounts owed to parent and fellow subsidiary undertakings	-	3	1,272	-
Amounts owed to subsidiary undertakings	-	-	-	321
Corporation tax	36	39	36	39
Other taxes and social security	-	122	-	53
Accruals and deferred income	-	243	-	17
Other creditors	-	2,517	-	-
	<u>36</u>	<u>6,739</u>	<u>1,308</u>	<u>430</u>

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

	The Group	
	1996	1995
	£'000	£'000
Other creditors	-	1,643


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
14. PROVISIONS FOR LIABILITIES AND CHARGES

	The Group £'000	The Company £'000
Deferred taxation		
Balance at 1 January 1996	129	124
Transfer to profit and loss account	(36)	(70)
Transfer to fellow group company	(93)	(54)
	<u>-</u>	<u>-</u>
Balance at 31 December 1996	-	-

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided		Not provided	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
The Group				
Capital allowances in excess of depreciation	-	139	-	-
Other timing differences	-	(10)	-	-
	<u>-</u>	<u>129</u>	<u>-</u>	<u>-</u>
The Company				
Capital allowances in excess of depreciation	-	124	-	-
	<u>-</u>	<u>124</u>	<u>-</u>	<u>-</u>

15. CALLED UP SHARE CAPITAL

	The Group and The Company	
	1996 £'000	1995 £'000
Authorised		
84,020,000 ordinary shares of 10p each	8,402	8,402
100,000 redeemable cumulative preference shares of £1 each	100	100
	<u>8,500</u>	<u>8,500</u>
Allotted and fully paid		
81,600,000 ordinary shares of 10p each	8,160	8,160
100,000 redeemable cumulative preference shares of £1 each	100	100
	<u>8,260</u>	<u>8,260</u>

The redeemable preference shares are classed as non-equity and confer the following rights on the holders:

- the right to receive a cumulative preference dividend of 5% per annum in priority to the ordinary shareholders;
- the right to a return of capital in the event of a winding up, in priority to the ordinary shares.


NOTES TO THE ACCOUNTS
Year ended 31 December 1996

The preference shares may be redeemed at a premium of 2p per share at any time at the option of the company and must be redeemed by 31 December 2047. The preference shares do not confer voting rights on the holders.

16. REVALUATION RESERVE

	The Group and The Company 1996 £'000
Balance at 1 January 1996	71
Transfer to profit and loss account	(71)
	<hr/>
Balance at 31 December 1996	<hr/> <hr/> -

17. PROFIT AND LOSS ACCOUNT

	The Group 1996 £'000	The Company 1996 £'000
Balance at 1 January 1996	(5,094)	(5,094)
Profit for the year	145	174
Transfer from revaluation reserve	71	71
	<hr/>	<hr/>
Balance at 31 December 1996	<hr/> <hr/> (4,878)	<hr/> <hr/> (4,849)

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Profit for the financial year and net addition to shareholders' funds	145	5
Shareholders' funds at 1 January 1996	3,562	3,557
	<hr/>	<hr/>
Shareholders' funds at 31 December 1996	<hr/> <hr/> 3,707	<hr/> <hr/> 3,562

19. FINANCIAL COMMITMENTS

At 31 December 1996 neither the group or the company had any capital expenditure contracted for, but not provided in the financial statements.

20. CONTINGENT LIABILITIES

The company is party to multilateral guarantees to the group's bankers, securing the borrowings of all group companies. At 31 December 1996 these amounted to £26,355,000 (1995: £24,480,000).

21. PENSION COSTS

The company participates in the defined benefit pension scheme of C D Bramall Dealerships Limited, a fellow subsidiary. Contributions to the scheme are based on the advice of qualified actuaries and pension costs across the group. Particulars of the most recent actuarial valuation of the scheme as at 1 October 1995 are contained in the accounts of Sanderson Bramall Motor Group plc.

**NOTES TO THE ACCOUNTS****Year ended 31 December 1996****22. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption contained in FRS8 not to disclose details of related party transactions with other group companies as it is a wholly owned subsidiary of Sanderson Bramall Motor Group plc

23. ULTIMATE PARENT COMPANY

The ultimate parent company is Sanderson Bramall Motor Group plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the group accounts of Sanderson Bramall Motor Group plc are available from the registered office, Harlow Court, Otley Road, Beckwithshaw, Harrogate HG3 1PU.