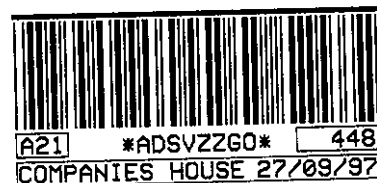


G E Harper Limited

Report and Accounts

538332

31 DECEMBER 1996



G E Harper Limited

Registered no: 00538332

DIRECTORS

A Nerdrum
R C Barber
M E Ellison
G E C Andrews

SECRETARY

M E Ellison

AUDITORS

Ernst & Young
400 Capability Green
Luton
Beds LU1 3LU

BANKERS

Lloyds Bank Plc
3 Town Square
Stevenage
Hertfordshire SG1 1BG

SOLICITORS

Bates & Partners
Barytan House
29 Victoria Avenue
Southend-on-Sea
SS2 6AR

REGISTERED OFFICE

Redfern House
105 Ashley Road
St Albans
Herts
AL1 5GD

DIRECTORS' REPORT

The directors present their report together with audited accounts for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

The profit for the year is set out in the profit and loss account on page 6. The retained profit of £2,875 (1995: £209,393) is transferred to reserves.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of contract hire, leasing and fleet management of motor vehicles.

REVIEW OF THE BUSINESS

The company continues to meet its financial objectives.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

A Nerdrum
G G Lintott
M E Ellison
G E Andrews

G G Lintott resigned as director on 4 March 1997 and R C Barber appointed director on the same date.


A Nerdrum, G G Lintott and M Ellison are directors of Caverdale Group PLC, the ultimate parent undertaking, and their interests in the shares of Caverdale Group PLC are shown in the directors' report of that company.

G E Andrews is a director of Caverdale Motor Holdings Limited and his interests in the shares of Caverdale Group PLC are shown in the directors' report of that company.

AUDITORS

During the year Pannell Kerr Forster resigned as auditors and the directors appointed Ernst & Young in their place. A resolution to reappoint Ernst & Young as auditors will be put to members at the Annual General Meeting.

By order of the Board.



Secretary

5 September 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of G E Harper Limited

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

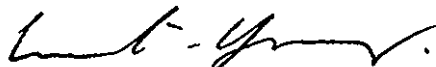
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, 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 accounts 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 accounts.

Opinion

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



Ernst & Young
Chartered Accountants
Registered Auditor
Luton

22 SEP 1997

G E Harper Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
TURNOVER	2	79,843	240,461
Cost of sales:			
Exceptional item	4	—	131,834
Other		(93,121)	(136,581)
GROSS PROFIT		(13,278)	235,714
Administrative expenses		(4,247)	(98,624)
Other operating income	5	36,000	149,408
OPERATING PROFIT	6	18,475	286,498
Interest payable and similar charges	8	(13,633)	(32,882)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,842	253,616
Tax on profit on ordinary activities	9	1,967	44,223
PROFIT FOR THE FINANCIAL YEAR	16	2,875	209,393

G E Harper Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 1996

	1996 £	1995 £
Profit for the financial year	2,875	209,393
Elimination of revaluation surplus	(595,304)	—
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(592,429)	209,393

G E Harper Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	10	105,400	1,321,599
Investments	11	166,528	166,528
		<u>271,928</u>	<u>1,488,127</u>
CURRENT ASSETS			
Debtors	12	2,535,874	2,123,908
CREDITORS: amounts falling due within one year	13	825,646	882,016
NET CURRENT ASSETS		<u>1,710,228</u>	<u>1,241,892</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,982,156</u>	<u>2,730,019</u>
CREDITORS: amounts falling due after more than one year	14	651,574	807,008
		<u>1,330,582</u>	<u>1,923,011</u>
CAPITAL AND RESERVES			
Called up share capital	15	20,000	20,000
Revaluation reserves		—	595,304
Profit and loss account	16	1,310,582	1,307,707
EQUITY SHAREHOLDERS' FUNDS	17	<u>1,330,582</u>	<u>1,923,011</u>

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Director
5 September 1997

NOTES TO THE ACCOUNTS

at 31 December 1996

1. **ACCOUNTING POLICIES**

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on fixtures, fittings and equipment at 20% per annum calculated to write off the cost or valuation of each asset evenly over its expected life.

Motor vehicles held for use as operating lease assets are depreciated over the period of the operating leases (between 3 years and 4 years) to their estimated residual values.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

Finance and operating leases

Tangible fixed assets acquired under the terms of finance leases are capitalised at cost and depreciated in the same manner as owned assets. The capital element of future lease payments is included as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Lease premiums received in advance for rentals of land and buildings are recognised in the profit and loss account on a straight line basis over the period of the lease agreements. The deferred tax asset arising on the timing difference between the period in which the lease premium is included within prepayments if appropriate.

Rentals paid under operating leases are recognised in the profit and loss account over the lives of the lease agreements as incurred.

2. **TURNOVER**

Turnover, which excludes value added tax, represents rentals received from vehicle leasing. The directors consider that the whole of the turnover arises from one class of business and is derived within the United Kingdom.

G E Harper Limited

NOTES TO THE ACCOUNTS at 31 December 1996

3. STAFF COSTS

	1996 £	1995 £
Wages and salaries	—	9,817
Social security costs	—	1,022
	<u>—</u>	<u>10,839</u>

The average monthly number of employees during the year was as follows:

	1996 No	1995 No
Selling and service	—	1

4. COST OF SALES - EXCEPTIONAL ITEM

The exceptional item in 1995 represented the effect of the change in the estimates useful lives and rate of depreciation of motor vehicles held for use as operating leases. There was no tax effect of this exceptional item.

5. OTHER OPERATING INCOME

	1996 £	1995 £
Accrual in respect of termination of lease agreement no long required	—	79,000
Proportion of lease premium	36,000	30,000
Rent receivable	—	38,908
Other	—	1,500
	<u>36,000</u>	<u>149,408</u>

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1996 £	1995 £
Auditors' remuneration	9,000	—
Depreciation - ordinary	52,326	109,002
- exceptional (see note 4 above)	—	(131,834)

G E Harper Limited

NOTES TO THE ACCOUNTS at 31 December 1996

7. DIRECTORS' REMUNERATION

None of the directors received any remuneration in the year or in the previous year.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Bank loans and overdrafts and other loans due within five years	2,814	2,642
Finance lease and hire purchase interest	10,819	30,240
	<u>13,633</u>	<u>32,882</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

	1996 £	1995 £
UK corporation tax at 33% (1995: 33%)	11,880	187,773
Deferred taxation	(9,913)	(143,550)
	<u>1,967</u>	<u>44,223</u>

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 1996	1,025,000	14,451	420,092	1,459,543
Additions	-	1,640	50,074	51,714
Disposals	(1,025,000)	-	(296,514)	(1,321,514)
At 31 December 1996	-	16,091	173,652	189,743
Depreciation				
At 1 January 1996	-	12,882	125,062	137,944
Provided during year	-	1,731	55,475	57,206
Disposals	-	-	(110,807)	(110,807)
At 31 December 1996	-	14,613	69,730	84,343
Net book amounts				
At 31 December 1996	-	1,478	103,922	105,400
At 1 January 1996	1,025,000	1,569	295,030	1,321,599

G E Harper Limited

NOTES TO THE ACCOUNTS at 31 December 1996

10. TANGIBLE FIXED ASSETS (continued)

The motor vehicles above are all held for use as operating lease assets.

The net book value of motor vehicles includes £84,120 (1995: £256,291) of vehicles held under finance leases. Depreciation charged in the year on these vehicles amounted to £33,744 (1995: £ nil).

11. FIXED ASSET INVESTMENTS

*Shares in
subsidiaries
£*

Shares in subsidiary undertakings at cost
At 1 January and 31 December 1996

166,528

The company's principal subsidiaries at 31 December 1996 and their activities were:

<i>Name of undertaking</i>	<i>Activities</i>
Executive Motors (Stevenage) Limited	Motor dealership
G E Harper (Specialist Cars) Limited	Non-trading
E C Fleming Limited	Non-trading
G E Harper (Lytton Way Motors)	Non-trading

All subsidiaries above are wholly owned, carry on their activities and are registered in England and Wales.

12. DEBTORS

	<i>1996 £</i>	<i>1995 £</i>
Trade debtors	21,698	11,409
Amounts due from parent and fellow subsidiary undertakings	1,314,083	1,636,824
Amounts due from subsidiary undertakings	1,062,990	331,235
Prepayments and accrued income	137,103	144,440
	<u>2,535,874</u>	<u>2,123,908</u>

Included in prepayments and accrued income in 1996 is a deferred tax asset amounting to £131,670. Of this amount £ 119,790 is expected to reverse in more than one year.

G E Harper Limited

NOTES TO THE ACCOUNTS at 31 December 1996

13. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	177,354	2,760
Obligations under finance lease and hire purchase contracts	81,372	92,256
Trade creditors	726	5,970
Amounts owed to parent and fellow subsidiary undertakings	-	22,771
Amounts owed to subsidiary undertakings	521,879	521,269
Corporation tax	-	186,341
Taxation and social security	728	5,017
Other creditors	-	380
Accruals and deferred income	43,587	45,252
	<u>825,646</u>	<u>882,016</u>

The bank loans and overdrafts are secured by an unlimited debenture.

Accruals and deferred income includes a lease premium received in advance of £36,000

14. CREDITORS: amounts falling due after more than one year

	1996 £	1995 £
Obligations under finance lease and hire purchase contracts	3,574	123,008
Accruals and deferred income	648,000	684,000
	<u>651,574</u>	<u>807,008</u>

Accruals and deferred income represents a lease premium received in advance.

Hire purchase creditors shown above are repayable over the following period:

	1996 £	1995 £
Between 1-2 years	3,574	92,256
Between 2 -5 years	-	30,752
	<u>3,574</u>	<u>123,008</u>

G E Harper Limited

NOTES TO THE ACCOUNTS at 31 December 1996

15. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
Preference shares of £1 each (4.9% net)	17,000	17,000
Ordinary shares of £1 each	20,000	20,000
Unclassified shares of £1 each	250	250
	<u>37,250</u>	<u>37,250</u>
Alotted, called up and fully paid:		
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

16. RESERVES

	Profit and loss account £	Revaluation Reserve £
At 1 January 1996	1,307,707	595,304
Retained profit for the year	2,875	—
Eliminated in group property transfer	—	(595,304)
	<u>1,310,582</u>	<u>—</u>
At 31 December 1996		

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1996 £	1995 £
Retained profit for the year	2,875	209,393
Other recognised loss relating to the year	(595,304)	—
Equity shareholders' funds at 1 January 1996	1,923,011	1,713,618
	<u>1,330,582</u>	<u>1,923,011</u>
Equity shareholders' funds at 31 December 1996		

18. PARENT UNDERTAKING

The company's immediate parent undertaking is Godfrey Davis Motor Group Limited. The company's ultimate parent undertaking is Caverdale Group PLC a company registered in England and Wales. Caverdale Group PLC prepares group accounts incorporating the accounts of the company. Copies of the accounts of Caverdale Group PLC are available from 105 Ashley Road, St Albans, Herts AL1 5GD.