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THE DOVERCOURT MOTOR COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30TH SEPTEMBER, 1987

643930

FEAT MARWICK McLINTOCK
1 Puddle Dock, Blackfriars, London EC4V 3PD.



THE DUTTON-FORSHAW MOTOR COMPANY LIMITEDDIRECTORS' REPORT

The Directors submit their Annual Report together with the audited accounts for the year ended 30th September, 1987.

RESULTS AND DIVIDENDS

The accounts incorporate the results for the year ended 30th September, 1987 and are set out on pages 4 to 23. The Directors recommend the payment of a final dividend of £746,000.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its subsidiary during the year was the sale of motor vehicles and the provision of associated services.

DIRECTORS

The undernoted served as Directors of the Company during the year under review:

The Lord Stokes of Layland	(Chairman)
H.A.P. Dobson	(resigned 30th January, 1987)
B.J. Roff	(resigned 25th June, 1987)
J.A. Smith	
P.A. Wilkins	(appointed 22nd September, 1987)

No Director had an interest in the share capital of the Company during the year ended 30th September, 1987.

The Directors at 30th September, 1987, other than those who are also Directors of The Dutton-Forshaw Motor Group Limited, the immediate parent company, who had an interest in the ordinary shares and debenture stock of Lonrho plc at 30th September, 1987 and at the earlier date of appointment, were as follows:

	<u>Ordinary shares of Lonrho PLC</u>	
	<u>As at 30th</u>	<u>Date of</u>
	<u>September, 1987</u>	<u>appointment</u>
P.A. Wilkins	300	-

BUSINESS REVIEW

There has been no significant change in the principal activity during the year.

Trading results of the Company improved during the year as a result of increased turnover and margins.

THE DOVERCOURT MOTOR COMPANY LIMITED

DIRECTORS' REPORT

FUTURE DEVELOPMENTS IN THE BUSINESS

Further growth will be largely dependent upon market conditions but improved profitability will be sought particularly from those operations which did not achieve their full potential in the year ended 30th September, 1987.

FIXED ASSETS

Movements of fixed assets are shown in note 8 on pages 13 to 17.

EMPLOYEE INFORMATION

Each company has arrangements to keep all its employees informed on matters of concern to them. These take the form of employee reports covering results, in-house newspapers, briefing and consultative meetings.

Following the implementation of the Lonrho Savings Related Share Option Scheme, for employees of companies within the Lonrho plc Group who meet certain employment criteria, the Group has promoted the Scheme and encouraged all eligible employees to participate therein.

EMPLOYMENT OF DISABLED PEOPLE

The Group's policy and practice is to encourage, where possible, the employment of disabled people and to assist their recruitment, training, career development and promotion and the retention of employees who become disabled.

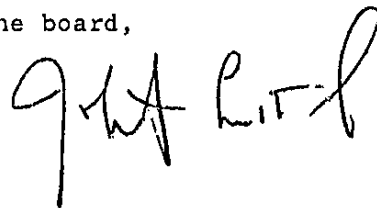
AUDITORS

At the company's last annual general meeting, Peat, Marwick, Mitchell & Co. were reappointed as auditors of the company. They are now practising under the name of Peat Marwick McLintock and accordingly they have signed the audit report in their new name. A resolution to re-appoint them as auditors will be tabled at the forthcoming annual general meeting.

By order of the board,

J.A. SMITH

Director



30/34 St. Johns Wood Road,
London NW8 7HE.

8 DECEMBER 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF
THE DOVERCOURT MOTOR COMPANY LIMITED

We have audited the accounts on pages 4 to 23 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 30th September, 1987 and of the result and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

PEAT MARWICK McLINTOCK

Chartered Accountants

London

8. December 1987

THE DOVERCOURT MOTOR COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER, 1987

	<u>Note</u>	<u>1987</u> <u>£000's</u>	<u>1986</u> <u>£000's</u>
TURNOVER	1	<u>52,788</u>	<u>40,983</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	826	481
Taxation on profit on ordinary activities	6	<u>-</u>	<u>-</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS BEFORE EXTRAORDINARY LOSS		826	481
Extraordinary profit/(loss)	7	<u>188</u>	<u>(244)</u>
PROFIT FOR THE FINANCIAL YEAR	17	1,014	237
Dividend		<u>746</u>	<u>-</u>
UNDISTRIBUTED PROFIT		<u>268</u>	<u>237</u>

The notes on pages 7 to 23 form part of these accounts.

THE DOVERCOURT MOTOR COMPANY LIMITED

BALANCE SHEETS AT 30TH SEPTEMBER, 1987

	Note	<u>Group</u>		<u>Company</u>	
		<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
		£000's	£000's	£000's	£000's
FIXED ASSETS					
Tangible assets	8	1,562	1,596	1,562	1,321
Investments - Subsidiary	9	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		1,562	1,596	1,562	1,321
		<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS					
Stocks	10	7,660	5,309	7,103	4,664
Debtors	11	1,986	1,850	1,543	1,186
Cash at bank and in hand		5	4	4	3
		<hr/>	<hr/>	<hr/>	<hr/>
		9,651	7,163	8,650	5,853
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(9,088)	(6,889)	(8,087)	(5,304)
		<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		563	274	563	549
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,125	1,870	2,125	1,870
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(767)	(780)	(767)	(780)
		<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS		1,358	1,090	1,358	1,090
		<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL AND RESERVES					
Called up share capital	16	200	200	200	200
Revaluation reserve	17	263	280	263	280
Profit and loss account	17	895	610	895	610
		<hr/>	<hr/>	<hr/>	<hr/>
		1,358	1,090	1,358	1,090
		<hr/>	<hr/>	<hr/>	<hr/>

These accounts were approved by the Board
of directors on 8 DECEMBER 1987

P.A. Wilkins
P.A. WILKINS

J.A. Smith
J.A. SMITH

} Directors

The notes on pages 7 to 23 form part of these accounts.

THE DOVERCOURT MOTOR COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER, 1987

	<u>1987</u>	<u>1986</u>
	£000's	£000's
FLOW OF FUNDS FROM OPERATIONS		
Profit on ordinary activities before taxation	826	481
Adjustments for items not involving the movement of funds:		
Depreciation	228	210
Gain on sale of tangible fixed assets	<u>215</u>	<u>(3)</u>
	443	207
Movement in working capital (note 1 below)	(1,396)	1,367
Tangible fixed assets purchased and transferred from stock	(694)	(806)
Tangible fixed assets sold	<u>500</u>	<u>583</u>
	(1,590)	1,144
FUNDS FROM TRADING OPERATIONS	(321)	1,832
OTHER FLOWS OF FUNDS		
Goodwill purchased on acquisition of business	-	(313)
Closure costs	<u>(27)</u>	<u>(244)</u>
	(27)	(557)
TOTAL INFLOW/(OUTFLOW)	<u>(348)</u>	<u>1,275</u>
MOVEMENT IN NET BORROWINGS		
(Increase)/decrease in short term loans	(559)	990
Net movement in group balances	(500)	627
Decrease/(increase) in net bank overdraft	711	(342)
	<u>(348)</u>	<u>1,275</u>
<u>Note 1</u>		
MOVEMENTS IN WORKING CAPITAL		
(Increase)/decrease in stocks	(2,351)	1,400
(Increase) in debtors	(175)	(645)
Increase in creditors	309	746
Net movement in related company balance	36	(109)
Net movement in current group balances	785	(25)
	<u>(1,396)</u>	<u>1,367</u>

THE DOVERCOURT MOTOR COMPANY LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 30TH SEPTEMBER, 1987

STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's accounts.

Accounting convention and basis of disclosure

The accounts are prepared under the historical cost convention adjusted by the revaluation of certain assets.

Basis of consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiary, which are all made up to 30th September, 1987. Where Group companies are acquired or disposed of during the period, the results of such subsidiaries are included from the date of acquisition or until the date of disposal as applicable. On the acquisition of a subsidiary or business, if the fair values attributed to the net tangible assets differ materially from the book values, the net tangible assets are revalued as appropriate to more accurately reflect their cost to the Group. Where the cost of acquisition differs from the adjusted value of net tangible assets acquired the goodwill or surplus is taken to reserves in the year of acquisition.

A separate profit and loss account dealing with the results of the Company only has not been presented.

Related company

A related company is defined as a company, not being a subsidiary, in which the Group exercises significant influence.

Turnover

Turnover is the total of goods and services, exclusive of value added tax, car tax, discounts and allowances invoiced to external customers.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less all further costs to be incurred prior to sale.

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTSACCOUNTING POLICIES (continued)Tangible fixed assets and depreciation

It is Group policy to revalue freehold and leasehold properties regularly, valuations being carried out by professional valuers. The valuations are at open market value on an existing use capital basis. Other fixed assets, including additions to properties subsequent to full valuations, are stated at cost.

When the new valuation exceeds the net book value of the relevant assets, the accumulated depreciation, which was charged in previous years and is no longer required, is written back to profit and loss account. If the valuation is in excess of the original cost or previous valuation of the relevant asset the surplus is credited to revaluation reserve. A deficit on valuation of a particular asset is charged to profit on ordinary activities if not covered by surpluses arising on prior valuations of that asset which have been previously credited to revaluation reserve. Depreciation is charged in arriving at the profit or loss on ordinary activities on the revised book value from the date of valuation and that part of the depreciation charge attributable to surplus over cost is transferred to the profit and loss account from the revaluation reserve.

Freehold buildings and leasehold properties with an unexpired life of over fifty years are depreciated at 2% per annum of cost or valuation as the Directors regard fifty years as being the useful life of these assets. Freehold and long leasehold land is not depreciated.

Leasehold properties with an unexpired lease period of fifty years or less are written off over the period of lease. The cost of plant, machinery and fixtures, fittings, tools and equipment is written off on a quarterly basis. No depreciation is charged in the quarter in which an asset is acquired.

The following annual depreciation rates, which reflect the useful lives of the assets concerned, are applied:

Plant and machinery	- 10%, or 20% of cost
Fixtures, fittings, tools and equipment	- 10% of cost
Motor vehicles	- 30% of cost

Hire vehicles are depreciated on a straight line basis at rates calculated to reduce the cost of the vehicles to their expected realisable values at the end of their estimated useful lives.

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTSACCOUNTING POLICIES (continued)Tangible fixed assets and depreciation (continued)

Profits and losses on disposal of fixed assets include surpluses previously credited to revaluation reserve. Where disposals of fixed assets arise from a change in the structure of a company's operations, any profit or loss is aggregated with other closure costs and is reflected as an extraordinary profit or loss.

Fixed assets - Investments

Investments are included at cost or valuation less, where appropriate, amounts written off or provided. The value of investments is reviewed annually by the Directors and provision made where it is considered that there has been permanent impairment of value.

Deferred taxation

Provision for deferred taxation is made at the expected rates of crystallisation in respect of timing differences except to the extent that such taxation is not expected to become payable in the foreseeable future.

Leased assets

Rental payments due under both finance and operating lease agreements are charged to profit on ordinary activities before taxation in the period to which they relate.

1. TURNOVER

All turnover is generated within the United Kingdom and relates to the sale of motor vehicles and the provision of associated services.

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Profit on ordinary activities before taxation is arrived at as follows:

	<u>1987</u> £000	<u>1986</u> £000
Turnover	52,788	40,983
Cost of sales	(43,161)	(33,876)
	<hr/>	<hr/>
Gross profit	9,627	7,107
Distribution costs	(5,169)	(3,885)
Administrative expenses	(3,167)	(2,299)
Other income	8	3
Interest payable and similar charges (note 3)	(473)	(445)
	<hr/>	<hr/>
	826	481
	<hr/>	<hr/>

(b) Profit on ordinary activities before taxation is stated after crediting:

	<u>1987</u> £000	<u>1986</u> £000
Profit on disposal of tangible fixed assets	—	3
	<hr/>	<hr/>
and after charging:		
Hire of plant and machinery:		
Finance lease charges	68	56
Operating lease charges	303	4
Operating lease charges - other	561	477
Depreciation of tangible fixed assets (note 8)	228	210
Directors' emoluments (note 4)	36	44
Auditors' remuneration	56	37
	<hr/>	<hr/>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS3. INTEREST PAYABLE

	<u>1987</u> £000	<u>1986</u> £000
On bank loans, overdrafts and other loans wholly repayable within five years	270	224
On other loans - holding companies	-	3
- third party	203	218
	<u>473</u>	<u>445</u>

4. EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES(a) Directors

	<u>1987</u> £000	<u>1986</u> £000
Executive remuneration including expenses allowances, benefits in kind and pension costs	36	44

The emoluments of the Chairman were £nil (1986: £nil) and the emoluments of the highest paid Director were £32,000 (1985: £39,000).

The following table shows the number of other Directors whose duties were wholly or mainly discharged in the United Kingdom and whose emoluments, excluding pension contributions, fell within the range stated:

	<u>1987</u>	<u>1986</u>
Emoluments: £ 0 - £ 5,000	3	3

(b) Senior Employees

	<u>1987</u>	<u>1986</u>
The number of employees of the Company whose emoluments, excluding pension contributions, fell within the range stated were:		
£30,001 - £35,000	2	1
£35,001 - £40,000	3	-

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group during the year was 486 (1986: 487).

	<u>1987</u> £000	<u>1986</u> £000
The aggregate payroll cost was as follows:		
Wages and salaries	4,809	4,721
Social security costs	417	327
Other pension costs	312	293
	<hr/>	<hr/>
	<u>5,538</u>	<u>5,341</u>

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The group has agreed to surrender, for no consideration, to other companies in the Lonrho plc Group, tax losses, including relief for extraordinary costs, amounting to £59,000 at 35% (1986: £85,000 charge for the year at 37½%). In addition losses brought forward amounting to £356,000 at 35% have been utilised and the capital gain arising on the disposal of a freehold property has been rolled-over.

7. EXTRAORDINARY PROFIT/(LOSS)

	<u>1987</u> £000	<u>1986</u> £000
Profit on sale of freehold property	215	-
Closure costs	(27)	(244)
	<hr/>	<hr/>
	<u>188</u>	<u>(244)</u>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS8. TANGIBLE FIXED ASSETSGroup

	<u>Land and buildings</u> £000	<u>Plant and machinery</u> £000	<u>Fixtures, fittings, tools, equipment and motor vehicles</u> £000	<u>Total</u> £000
Cost or valuation:				
At 30th September, 1986	1,065	595	747	2,407
Additions	73	65	556	694
Disposals	(308)	(16)	(376)	(700)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September, 1987	830	644	927	2,401
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 30th September, 1986	107	452	252	811
Charge for the year	39	40	149	228
Disposals	(34)	(15)	(151)	(200)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September, 1987	112	477	250	839
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 30th September, 1987	718	167	677	1,562
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th September, 1986	958	143	495	1,596
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of land and buildings at 30th September, 1987 comprises freeholds of £384,000 (1986: £666,000) long leaseholds of £131,000 (1986: £136,000) and short leaseholds of £203,000 (1986: £157,000).

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS8. TANGIBLE FIXED ASSETS (continued)Group

Assets shown at valuation were valued in the following year:

	<u>Freehold properties</u> £000	<u>Leasehold properties</u> <u>Long</u> <u>term</u> £000	<u>Short</u> <u>term</u> £000	<u>Plant and</u> <u>machinery</u> £000	<u>Fixtures, fittings, tools, equipment and motor vehicles</u> £000	<u>Total</u> £000
1985	400	150	-	-	-	
Valuation	400	150	-	-	-	550
Cost		10	270	644	927	1,851
	<u>400</u>	<u>160</u>	<u>270</u>	<u>644</u>	<u>927</u>	<u>2,401</u>

Company

	<u>Land and buildings</u> £000	<u>Plant and</u> <u>machinery</u> £000	<u>Fixtures, fittings, tools, equipment and motor vehicles</u> £000	<u>Total</u> £000
Cost or valuation:				
At 30th September, 1986	757	595	742	2,094
Additions	73	65	557	695
Disposals	-	(16)	(372)	(388)
At 30th September, 1987	<u>830</u>	<u>644</u>	<u>927</u>	<u>2,401</u>
Depreciation:				
At 30th September, 1986	72	452	249	773
Charge for the year	40	40	149	229
Disposals	-	(15)	(148)	(163)
At 30th September, 1987	<u>112</u>	<u>477</u>	<u>250</u>	<u>839</u>
Net book value:				
At 30th September, 1987	<u>718</u>	<u>167</u>	<u>677</u>	<u>1,562</u>
At 30th September, 1986	<u>685</u>	<u>143</u>	<u>493</u>	<u>1,321</u>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS8. TANGIBLE FIXED ASSETS (continued)

The net book value of land and buildings at 30th September, 1987 comprises freeholds of £384,000 (1986:£392,000), long leaseholds of £131,000 (1986: £136,000) and short leaseholds of £203,000 (1986:£157,000).

Assets shown at valuation were valued in the following year:

	<u>Freehold properties</u> £000	<u>Leasehold properties</u> Long <u>term</u> £000	<u>Short term</u> £000	<u>Plant and machinery</u> £000	<u>Fixtures, fittings, tools, equipment and motor vehicles</u> £000	<u>Total</u> £000
1985	400	150	-	-	-	550
	—	—	—	—	—	—
Valuation	400	150	-	-	-	550
Cost	-	10	270	644	927	1,851
	—	—	—	—	—	—
	400	160	270	644	927	2,401
	=====	=====	=====	=====	=====	=====

Historical cost of revalued assets:

<u>Group</u>	£000
Cost at 30th September, 1987	289
Depreciation	4
	—
Net historical cost at 30th September, 1987	285
	=====
Cost at 30th September, 1986	334
Depreciation	8
	—
Net historical cost at 30th September, 1986	326
	=====

THE DOVERCOURT MOTOR COMPANY LIMITED

NOTES TO THE ACCOUNTS

8. TANGIBLE FIXED ASSETS (continued)

Company

	£000
Cost at 30th September, 1987	289
Depreciation	4
	<hr/>
Net historical cost at 30th September, 1987	285
	<hr/>
Cost at 30th September, 1986	289
Depreciation	4
	<hr/>
Net historical cost at 30th September, 1986	285
	<hr/>

In accordance with the Group accounting policy, no depreciation has been provided on site values of £280,000 (Group) and £280,000 (Company) at 30th September, 1987 (1986: £333,000 Group and £280,000 Company)

9. FIXED ASSETS - INVESTMENT IN SUBSIDIARY

	<u>Shares in subsidiary</u> £000	<u>Loans to subsidiary</u> £000	<u>Total</u> £000
Cost:			
At 30th September, 1986	209	461	670
Additions	-	311	311
	<hr/>	<hr/>	<hr/>
At 30th September, 1987	209	772	981
	<hr/>	<hr/>	<hr/>
Provisions:			
At 30th September, 1986	209	461	670
Provided	-	114	114
	<hr/>	<hr/>	<hr/>
At 30th September, 1987	209	575	784
	<hr/>	<hr/>	<hr/>
Net book value:			
At 30th September, 1987	-	197	197
	<hr/>	<hr/>	<hr/>
At 30th September, 1986	-	-	-
	<hr/>	<hr/>	<hr/>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS9. FIXED ASSETS - INVESTMENTS IN SUBSIDIARIES (continued)

The principal subsidiary is:

	<u>Country of registration</u>	<u>Class of share</u>	<u>% held</u>
The Dovercourt Motor Company (Hull) Limited	England	Deferred Ordinary	100 100

10. STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Goods bought for resale	4,637	3,652	4,080	3,008
Goods bought for resale subject to reservation of title	3,023	1,657	3,023	1,656
	<u>7,660</u>	<u>5,309</u>	<u>7,103</u>	<u>4,664</u>

The estimated net replacement cost is not materially different from the above figures.

11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Trade debtors	1,717	1,204	1,168	834
Amounts owed by Group companies:				
Holding and fellow subsidiary companies	14	34	14	34
	<u>1,731</u>	<u>1,238</u>	<u>1,182</u>	<u>868</u>
Amounts owed by related company	91	110	91	88
Other debtors	138	403	47	187
Prepayments and accrued income	26	99	26	43
	<u>1,986</u>	<u>1,850</u>	<u>1,346</u>	<u>1,186</u>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS11. DEBTORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts owed by subsidiary companies	-	-	197	-

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Bank loans and overdrafts	1,401	2,111	1,165	1,065
Short term vehicle stocking loan	2,523	1,964	2,523	1,657
Payments received on account	244	234	190	226
Trade creditors	1,494	1,053	1,052	827
Amounts owed to Group companies:				
Holding and fellow subsidiary companies	1,793	528	1,733	530
Amounts owed to related companies	17	-	17	-
Other creditors including taxation and social security liabilities (note 14)	376	417	265	349
Accruals and deferred income	494	582	396	650
Dividend payable	746	-	746	-
	<u>9,088</u>	<u>6,889</u>	<u>8,087</u>	<u>5,304</u>
Secured amounts included above are:				
Other creditors (secured on plant)	<u>7</u>	<u>35</u>	<u>7</u>	<u>35</u>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts due to holding company	670	670	670	670
Other creditors including tax and social security (note 14)	88	97	88	97
Other loans	9	13	9	13
	<u>767</u>	<u>780</u>	<u>767</u>	<u>780</u>
Secured amounts included above are:				
Other loans (secured on plant)	14	22	14	22
Details of loans not wholly repayable within five years are as follows:				
By instalments	-	13	-	13
Instalments payable after five years	-	1	-	1

There are no repayment terms for the amounts falling due after more than one year due to the holding company which are interest free. Repayment of these balances will not be required in the financial year ending 30th September, 1988.

14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY LIABILITIES

The amounts shown in notes 12 and 13 comprise:

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Indirect taxes and social security liabilities	208	268	139	232
Other creditors	256	246	214	214
	<u>464</u>	<u>514</u>	<u>353</u>	<u>446</u>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS15. PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAX

On the basis of the accounting policy no deferred taxation provision is required at 30th September, 1987. The major elements of deferred taxation calculated at the expected rates of crystallisation comprise:

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Excess of capital allowances over depreciation provisions	102	102	102	102
Revaluation surpluses and other capital gains	146	158	92	88
Less: losses carried forward	(57)	(102)	(57)	(102)
Advance corporation tax available for surrender by other companies in the Lonrho plc Group	(155)	-	(106)	-
	<u>36</u>	<u>158</u>	<u>31</u>	<u>88</u>

There are tax losses of £672,000 (Group) and £ Nil (Company) carried forward and available for set-off against future profits.

16. SHARE CAPITAL

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
Authorised:		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>
Called up:		
200,000 ordinary shares of £1 each	<u>200</u>	<u>200</u>

17. RESERVESGroup

	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
	<u>£000</u>	<u>£000</u>
At 30th September, 1986	280	610
Profit for the financial year	-	268
Depreciation on surplus over cost of revalued tangible fixed assets	(17)	17
At 30th September, 1987	<u>263</u>	<u>895</u>

THE DOVERCOURT MOTOR COMPANY LIMITEDNOTES TO THE ACCOUNTS17. RESERVES (continued)Company

	<u>Revaluation reserve</u> £000	<u>Profit and loss account</u> £000
At 30th September, 1986	280	610
Profit for the financial year	-	268
Depreciation on surplus over cost of revalued tangible fixed assets	(17)	17
Goodwill written off		
	<hr/>	<hr/>
At 30th September, 1987	<u>263</u>	<u>895</u>

18. CAPITAL COMMITMENTS

	<u>Group</u>		<u>Company</u>
	<u>1987</u> £000	<u>1986</u> £000	<u>1987</u> £000
			<u>1986</u> £000
Contracted for but not yet provided Authorised by the Directors	214	-	64
but not contracted for	160	-	160
Commitments under finance leases entered into but not commenced	5	357	5
	<hr/>	<hr/>	<hr/>
	<u>379</u>	<u>357</u>	<u>229</u>
			<u>281</u>

THE DOVERCOURT MOTOR COMPANY LIMITED

NOTES TO THE ACCOUNTS

19. FINANCE LEASE OBLIGATIONS

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due:				
Within one year	40	155	38	151
Between one and five years	116	66	113	53
	<u>156</u>	<u>221</u>	<u>151</u>	<u>204</u>

20. ANNUAL COMMITMENT UNDER OPERATING LEASES

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Land and buildings</u>				
Expiring:				
Within one year	18	18	18	18
Between one and five years	42	42	42	42
After five years	561	538	418	418
	<u>621</u>	<u>598</u>	<u>478</u>	<u>478</u>
<u>Other</u>				
Expiring:				
Within one year	21	311	21	311

21. CONTINGENT LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Tax not payable within the foreseeable future (note 15)	36	158	31	88
Guarantee in respect of the VAT liability the Representative Group Member	1,879	2,219	1,951	2,189
	<u>1,915</u>	<u>2,377</u>	<u>1,982</u>	<u>2,277</u>

THE DOVERCOURT MOTOR COMPANY LIMITED

NOTES TO THE ACCOUNTS

21. CONTINGENT LIABILITIES

Under the terms of an agreement entered into with a vehicle manufacturer and a third party the third party deposits with the manufacturer the wholesale cost of vehicles on sale or return, subject to overall limits, in return for a "display charge" payable by the group. In the event of termination of the agreement, the Group has a contingent liability for the repayment of the deposits.

At the 30th September, 1987 the liability was £211,000 (1986 - £159,000). However, the Group would then be entitled to hold such vehicles covered by the agreement as a pledge to secure reimbursement from the manufacturer. At 30th September, 1987, the Group held vehicles on sale or return to a wholesale value (excluding car tax and value added tax) amounting to £1,354,000 (1986: £901,000).

22. RESERVATION OF TITLE

Creditors include liabilities of approximately £3,023,000 (1986: £1,657,000) to suppliers for stock purchased under reservation of title.

23. PENSIONS

Retirement benefits are provided to employees of the Group and payments are made to funds established separately under trusts. The schemes' existing assets are considered adequate to meet present liabilities and payment of contribution rates in the future should maintain this position.

24. HOLDING COMPANY

The Company's ultimate holding company is Lonrho plc, which is incorporated in Great Britain.