

Carried over 1983  
*[Signature]*

75

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

DIRECTORS' REPORT AND ACCOUNTS

30TH SEPTEMBER, 1983

PEAT, MARWICK, MITCHELL & CO.  
1 Puddle Dock, Blackfriars, London EC4V 3PD.

---



THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 30th September, 1983.

RESULTS AND DIVIDENDS

The accounts incorporate the results for the year ended 30th September, 1983 and are set out on pages 4 to 15. No dividend is proposed.

PRINCIPAL ACTIVITIES

The principal activities of the company and the subsidiaries are the sale of vehicles and parts, vehicle servicing and rental, and petrol supply.

DIRECTORS

The undernoted served as directors of the company during the year under review:

The Lord Stokes	(Chairman)
Mr. K.A. Graham	
Mr. B.J. Roff	(appointed 1st October, 1982)

No director had, during the year or at the end of the year, any material interest in any contract of significance in relation to the company's business. No arrangement to which the company was a party subsisted during the year or at the end of the year which would have enabled directors to acquire benefits by means of the acquisition of shares or debentures of the company or in any other body corporate.

No director had an interest in the share capital of the company during the year ended 30th September, 1983.

The Lord Stokes and Mr. K.A. Graham are directors of Scottish and Universal Investments Limited and any notifiable interests are disclosed in that company's accounts.

Mr. B.J. Roff had no notifiable interests.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

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

The company increased both trading profits and profits before taxation as a result of increased turnover.

The company is totally involved in the retail motor industry which has been affected by both recession and highly competitive pressures although record vehicle registrations have been made in the U.K. during 1983. Future prospects depend to a large extent on the company's ability to maintain market share in a difficult environment.

FIXED ASSETS

There were no major individual items in the movements of fixed assets which are shown on page 10.

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

DIRECTORS' REPORT

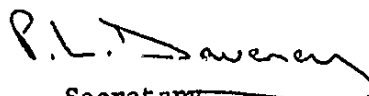
EMPLOYMENT OF DISABLED PEOPLE

The company'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

The company's auditors, Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, have indicated their willingness to continue in office. A resolution to re-appoint Messrs. Peat, Marwick, Mitchell & Co. as auditors will be tabled at the forthcoming Annual General Meeting.

By order of the board,

  
Secretary

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

20th December, 1983.

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

We have audited the accounts on pages 4 to 15 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on pages 7 and 8, give a true and fair view of the state of the affairs of the company and of the group at 30th September, 1983 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Acts 1948 to 1981.

LONDON

*Per [Signature]*

Chartered Accountants

20th December, 1983.

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH SEPTEMBER, 1983

	<u>Note</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
TURNOVER		25,828,201	23,525,853
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	277,485	143,072
Taxation on profit on ordinary activities	5	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		277,485	143,072
Dividends		-	-
UNDISTRIBUTED PROFIT	14	277,485	143,072

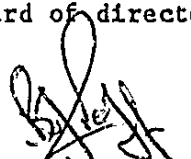
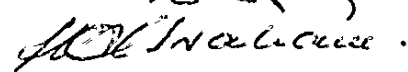
The notes on pages 7 to 15 form part of these accounts.

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

BALANCE SHEETS AT 30TH SEPTEMBER, 1983

	<u>Note</u>	<u>1983</u> £	<u>Group</u> <u>1982</u> £	<u>Company</u> <u>1983</u> £	<u>1982</u> £
FIXED ASSETS					
Tangible assets	6	532,697	593,588	225,193	271,115
Investments - group companies	7	-	-	-	3,074
		<u>532,697</u>	<u>593,588</u>	<u>225,193</u>	<u>274,189</u>
CURRENT ASSETS					
Stocks	8	4,854,045	3,625,712	4,249,832	2,962,363
Debtors	9	716,146	525,755	619,850	427,850
Cash at bank and in hand		2,797	17,764	2,172	2,080
		<u>5,572,988</u>	<u>4,169,231</u>	<u>4,871,854</u>	<u>3,392,293</u>
CREDITORS: amounts falling due within one year	10	5,051,057	3,985,676	4,042,419	2,899,339
NET CURRENT ASSETS		<u>521,931</u>	<u>183,555</u>	<u>829,435</u>	<u>502,954</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,054,628</u>	<u>777,143</u>	<u>1,054,628</u>	<u>777,143</u>
CREDITORS: amounts falling due after more than one year	11	879,128	879,128	879,128	879,128
		<u>175,500</u>	<u>(101,985)</u>	<u>175,500</u>	<u>(101,985)</u>
CAPITAL AND RESERVES					
Called up share capital	13	200,000	200,000	200,000	200,000
Revaluation reserve	14	4,360	4,437	-	-
Profit and loss account	14	(28,860)	(306,422)	(24,500)	(301,985)
		<u>175,500</u>	<u>(101,985)</u>	<u>175,500</u>	<u>(101,985)</u>

The accounts were approved by the  
board of directors on 20th December, 1983.

 } Directors  
 }

The notes on pages 7 to 15 form part of these accounts.

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER, 1983

	<u>1983</u> £	<u>1982</u> £
GENERATION OF FUNDS FROM OPERATIONS		
Profit before taxation	277,485	143,072
Depreciation	70,975	84,470
Gain on sale of properties and other items	-	(3,000)
Sale of tangible fixed assets	89	50,950
	<u>348,549</u>	<u>275,492</u>
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	10,173	38,200
Increase in working capital	481,996	587,907
	<u>492,169</u>	<u>626,107</u>
TOTAL OUTFLOW	<u>(143,620)</u>	<u>(350,615)</u>
FINANCE		
Increase in bank loans and overdraft	128,653	357,313
Decrease/(increase) in bank balances and cash	14,967	(6,698)
	<u>143,620</u>	<u>350,615</u>
ANALYSIS OF INCREASE IN WORKING CAPITAL		
Stocks and work in progress	1,228,333	839,954
Debtors	185,792	14,871
Creditors	(979,988)	(166,661)
Group balances	47,859	(100,257)
	<u>481,996</u>	<u>587,907</u>

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

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 have been prepared under alternative accounting rules set out in the 8th Schedule to the Companies Act, 1948. Freehold land and buildings are stated at revalued amounts and in other respects items are stated in the accounts under the historical cost accounting rules.

Basis of consolidation

The consolidated accounts comprise the accounts of the company and its subsidiaries, which are all made up to 30th September, 1983. 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.

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

Turnover

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

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost, in the case of raw materials and goods bought for resale, is invoice price on a first in first out basis. Net realisable value is the estimated selling price less all further costs to be incurred prior to sale.

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 basis. Other fixed assets are stated at cost.

Depreciation is charged to profit and loss account 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 reserve from the revaluation reserve.

Freehold buildings are depreciated as 2% of cost or valuation per annum as the directors regard fifty years as being the useful life of these assets. Freehold land is not depreciated.



THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS  
(continued)

ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

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 motor vehicles is written off on a monthly basis.

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

Profits and losses on disposal of fixed assets, including surpluses previously credited to revaluation reserve less depreciation thereon are charged to profit and loss account.

Investments

Investments are included at cost 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 on the liability method in respect of material short term and other significant timing differences except to the extent that such taxation is not expected to become payable or recoverable in the foreseeable future.

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1983</u> £	<u>1982</u> £
Turnover	25,828,201	23,525,853
Cost of sales	21,485,167	19,489,438
Gross profit	<u>4,343,034</u>	<u>4,036,415</u>
Distribution costs	2,304,091	2,194,531
Administrative expenses	1,449,505	1,356,337
Interest payable (note 2)	311,953	342,475
	<u>277,485</u>	<u>143,072</u>

Turnover is generated wholly in Great Britain and relates to motor trade retail, servicing and petrol sales.

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS  
(continued)

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

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

	<u>1983</u> £	<u>1982</u> £
Profit on disposal of assets	-	3,000
and after charging:		
Hire of plant and machinery and lease charges	7,992	4,686
Depreciation of tangible fixed assets	70,975	84,470
Directors' emoluments (note 3)	34,000	30,637
Auditors' remuneration	23,450	18,950

2. INTEREST PAYABLE

	<u>1983</u> £	<u>1982</u> £
On bank loans and overdrafts wholly repayable within five years	205,138	224,274
On other loans - third party	106,815	118,201
	<u>311,953</u>	<u>342,475</u>

3. EMOLUMENTS OF DIRECTORS

	<u>1983</u> £	<u>1982</u> £
Executive remuneration including expense allowances and benefits in kind	31,000	23,307
Pension costs	3,000	7,330
Total emoluments	<u>34,000</u>	<u>30,637</u>

The emoluments of the Chairman were £nil (1982:£nil) and of the highest paid director were £31,000 (1982:£23,307).

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 ranges stated:

	<u>1983</u>	<u>1982</u>
Emoluments: £0 - £5,000	1	3

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

Page 10

NOTES TO THE ACCOUNTS  
(continued)

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the group during the year was as follows:

	<u>1983</u>	<u>1982</u>
Employees	287	305

The aggregate payroll cost was as follows:

	£	£
Wages and salaries	2,019,464	1,990,494
Social security costs	181,217	196,982
Other pension costs	174,764	154,391
	<u>2,375,445</u>	<u>2,341,867</u>

The number of employees who received remuneration in excess of £30,000 was nil (1982:nil).

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year has been reduced by £82,000 (1982:£67,000) of stock relief, capital allowances and other timing differences. No provision for corporation tax on profits for the year has been made as losses sufficient to eliminate any liability will be surrendered for no consideration by other companies in the Lonhro Group.

6. TANGIBLE FIXED ASSETS

<u>GROUP</u>	<u>Freehold properties</u> £	<u>Leasehold properties short term</u> £	<u>Plant and machinery</u> £	<u>Fixtures, fittings, tools and equipment</u> £	<u>Total</u> £
Cost or valuation:					
At 30th September, 1982	308,000	141,530	382,286	233,128	1,064,944
Additions	-	-	10,025	148	10,173
Disposals	-	-	-	(89)	(89)
At 30th September, 1983	308,000	141,530	392,311	233,187	1,075,028
Depreciation:					
At 30th September, 1982	13,422	15,141	283,772	159,021	471,356
Disposals	-	-	-	(18)	(18)
Charge for the year	5,104	7,310	43,151	15,428	70,993
At 30th September, 1983	18,526	22,451	326,923	174,431	542,331
Net book value:					
At 30th September, 1983	<u>289,474</u>	<u>119,079</u>	<u>65,388</u>	<u>58,756</u>	<u>532,697</u>
At 30th September, 1982	<u>294,578</u>	<u>126,389</u>	<u>99,990</u>	<u>72,631</u>	<u>593,588</u>

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS  
(continued)

6. TANGIBLE FIXED ASSETS (continued)

<u>COMPANY</u>	Leasehold properties short term £	Plant and machinery £	Fixtures, fittings, tools and equipment £	<u>Total</u> £
Cost:				
At 30th September, 1982	141,530	350,272	193,248	685,050
Additions	-	10,025	148	10,173
At 30th September, 1983	141,530	360,297	193,396	695,223
Depreciation:				
At 30th September, 1982	15,141	264,297	134,497	413,935
Charge for the year	7,310	37,747	11,038	56,095
At 30th September, 1983	22,451	302,044	145,535	470,030
Net book value:				
At 30th September, 1983	119,079	58,253	47,861	225,193
At 30th September, 1982	126,389	85,975	58,751	271,115

GROUP

Assets shown below at valuation were professionally valued at the then open market value.

	<u>Freehold properties £</u>	Leasehold properties short term £	Plant and machinery £	Fixtures, fittings, tools and equipment £	<u>Total</u> £
1980 Valuation	308,000	-	-	-	308,000
Cost	-	141,530	392,311	233,187	767,028
	<u>308,000</u>	<u>141,530</u>	<u>392,311</u>	<u>233,187</u>	<u>1,075,028</u>

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS  
(continued)

6. TANGIBLE FIXED ASSETS (continued)

	<u>Freehold properties</u> £
Historical cost of revalued assets and depreciation thereon:	
Cost at 30th September, 1983	44,681
Depreciation	3,143
	<u>41,538</u>
At 30th September, 1983	
Cost at 30th September, 1982	44,681
Depreciation	2,387
	<u>42,294</u>
At 30th September, 1982	
In accordance with the company's accounting policy, no depreciation has been provided on group and company site values of £52,800 (1982:£52,800).	

7. FIXED ASSETS - INVESTMENTS IN GROUP COMPANIES

	<u>Shares in group companies</u> £	<u>Loans to group companies</u> £	<u>Total</u> £
Cost:			
At 30th September, 1982	209,109	150,000	359,109
Additions	-	-	-
Disposals	-	-	-
	<u>209,109</u>	<u>150,000</u>	<u>359,109</u>
At 30th September, 1983			
Provisions:			
At 30th September, 1982	209,109	143,740	352,849
Current liabilities at 30th September, 1982	-	3,186	3,186
Provided	-	3,074	3,074
	<u>209,109</u>	<u>150,000</u>	<u>359,109</u>
At 30th September, 1983			
Net book value:			
At 30th September, 1983	-	-	-
	<u>-</u>	<u>3,074</u>	<u>3,074</u>
At 30th September, 1982			

The principal subsidiary is:

	<u>Country of registration</u>	<u>Class of share</u>	<u>% held</u>	<u>Nature of business</u>
The Dovercourt Motor Company (Hull) Limited	Great Britain	Deferred Ordinary	100 100	Motor trade retail and service

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS  
(continued)

8. STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Raw materials and consumables	18,109	17,689	18,109	17,689
Work in progress	3,204	7,868	2,708	7,575
Goods bought for resale	4,832,732	3,600,155	4,229,015	2,937,099
	<u>4,854,045</u>	<u>3,625,712</u>	<u>4,249,832</u>	<u>2,962,363</u>
Stock subject to reservation of title with VAG (United Kingdom) Limited	<u>1,988,561</u>	<u>1,419,592</u>	<u>1,780,860</u>	<u>1,141,986</u>

9. DEBTORS

Amounts due within one year:

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Trade debtors	541,445	365,701	478,248	302,800
Amounts owed by holding company	4,468	2,704	4,468	2,704
Amounts owed by fellow subsidiaries	5,788	2,953	5,788	2,953
Other debtors	77,842	79,929	77,842	79,479
Prepayments and accrued income	86,603	74,468	53,504	39,914
	<u>716,146</u>	<u>525,755</u>	<u>619,850</u>	<u>427,850</u>

10. CREDITORS

Amounts due within one year:

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Bank loans and overdrafts - unsecured	1,948,809	1,820,156	1,283,632	1,154,457
Short term loans	1,689,384	1,119,592	1,481,683	841,986
Payments received on account	91,279	67,295	91,279	67,295
Trade creditors - unsecured	393,442	282,666	327,873	222,946
Amounts due to holding company	4,747	-	4,747	-
Amounts due to fellow subsidiaries	180,447	228,454	154,102	205,323
Indirect tax and social security liabilities	331,561	190,596	293,685	168,466
Other creditors - unsecured	170,836	45,695	149,562	45,695
Accruals - unsecured	240,552	231,222	255,856	183,171
	<u>5,051,057</u>	<u>3,985,676</u>	<u>4,042,419</u>	<u>2,889,339</u>

The short term loans are for vehicle stocking finance and are repayable within 180 days or on the sale of the vehicle.

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS  
(continued)

11. CREDITORS

Amounts due after more than one year:

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Amounts due to holding company	879,128	-	879,128	-
Amounts due to fellow subsidiaries	-	879,128	-	879,128

There are no repayment terms for the amounts falling due after more than one year (which are interest free). Repayment of these balances will not be required in the financial year ending 30th September, 1984.

12. PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAX

On the basis of the accounting policy no deferred taxation provision is required at 30th September, 1983. Full provision at 52% for deferred tax would comprise:

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Revaluation surpluses	75,308	76,740	-	-

There are tax losses of £1,759,000 (group) and £1,022,000 (company) carried forward and available for set-off against future profits.

13. SHARE CAPITAL

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Authorised:		
500,000 ordinary shares of £1 each	500,000	500,000
Issued and fully paid:		
200,000 ordinary shares of £1 each	200,000	200,000

14. RESERVES

	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
	<u>£</u>	<u>£</u>
<u>GROUP</u>		
At 30th September, 1982	4,437	(306,422)
Undistributed profit	-	277,485
Transfers	(77)	77
At 30th September, 1983	4,360	(28,860)
<u>COMPANY</u>		
At 30th September, 1982		(301,985)
Undistributed profit		277,485
At 30th September, 1983		(24,500)

THE DOVERCOURT MOTOR COMPANY LIMITED  
AND SUBSIDIARIES

NOTES TO THE ACCOUNTS  
(continued)

15. CAPITAL COMMITMENTS

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Contracted for but not yet provided:	-	-	-	-
Authorised by directors but not contracted for	-	-	-	-

16. OTHER COMMITMENTS

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Leasing:				
The total obligation due at 30th September, 1983 under leases entered into in respect of fixed assets was:	12,464	7,394	4,464	7,394

17. HOLDING COMPANY

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

18. PENSIONS

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

19. APPROVAL OF THE ACCOUNTS

The accounts were approved by the directors on 20th December, 1983.

20. PROFIT DEALT WITH IN THE ACCOUNTS OF THE DOVERCOURT MOTOR COMPANY LIMITED

The profit on ordinary activities dealt with in the accounts of The Dovercourt Motor Company Limited amounts to £328,945 (1982:£258,042).