

Company No 655104

MARANELLO CONCESSIONAIRES LIMITED

ANNUAL REPORT

31 DECEMBER 1994

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40 Church Street
Staines
Middlesex
TW18 4EP



MARANELLO CONCESSIONAIRES LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the financial statements for the year ended 31 December 1994.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company continue to be that of sole Ferrari concessionaires in the UK and Eire, the distribution of spare parts and the servicing of and repairing of Ferrari cars. There were no discontinued activities during the year. Both the level of business and the year end position were satisfactory and the Directors expect that the present level of activity will be sustained for the foreseeable future.

2. RESULTS AND DIVIDENDS

During the year £300,000 was paid as a dividend and the remaining profit of £16,000 was transferred to Reserves.

3. DIRECTORS

The names of the present Directors of the Company and those who held office during the year are as follows:

J.G.	Campbell	
S.N.	Robinson	
M.	Rourke	
P.D.	Whittle	
R.F.	Heath	Resigned 1 March 1994
J.F.	Warner	Resigned 30 September 1994

4. DIRECTORS' INTERESTS

None of the Directors hold any shares in the Company.

The interests of the Directors in office at the end of the year in the share capital of Inchcape plc are set out in the table below:

	<u>At 1 January</u> 1994 Options to subscribe for shares	<u>Options</u> <u>granted in</u> <u>the year</u>	<u>Options</u> <u>lapsed in</u> <u>the year</u>	<u>At 31 December</u> 1994 Options to subscribe for shares
J.G. Campbell	5,530 (a) 28,500 (b)	- 10,200	- -	5,530 38,700
S.N. Robinson	11,100 (c) 4,900 (b)	- 4,700	- -	11,100 9,600
M. Rourke	5,530 (a) 49,900 (b)	- 63,100	- -	5,530 113,000
P.D. Whittle	nil	-	-	nil

(a) Under the Inchcape SAYE Share Options Scheme.

(b) Under the Inchcape Executive Share Option Scheme.

(c) Under the Inchcape Overseas Executive Share Option Scheme.

No Director had any material interest in contracts of significance with the Company during the year.

MARANELLO CONCESSIONAIRES LIMITED

5. SHARE CAPITAL

During the year the share capital of the Company was increased as set out in note 14 to the accounts.

6. EMPLOYMENT AND TRAINING POLICY

The Company consider on their merits, applications for employment from disabled persons and if any employee becomes disabled during their employment, the Company uses its best endeavours to continue that persons employment with the Company. Every effort is made to train, develop and promote disabled persons employed by the Company.

The Company uses its best endeavours to provide employees with information regarding the Company's performance and employees are consulted and made aware of matters affecting the development and performance of the Company.


7. FIXED ASSETS

Movements in fixed assets are shown in notes 8 and 9 to the accounts.

8. ELECTIVE RESOLUTIONS

The Elective Resolutions passed last year continue to be in force.

BY ORDER OF THE BOARD



N.St.J.Lawson
Secretary

31 August 1995

MARANELLO CONCESSIONAIRES LIMITED

DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by law to prepare financial statements for the financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit for that period. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable Accounting Standards. The Directors are additionally responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities. The Directors confirm, in respect of the preparation of the financial statements, that:

- they have been prepared on a going concern basis,
- suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used; and
- applicable Accounting Standards have been followed.

REPORT OF THE AUDITORS TO THE MEMBERS OF MARANELLO CONCESSIONAIRES LIMITED

We have audited the financial statements on pages 4 to 13.

Respective Responsibilities of Directors and Auditors

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

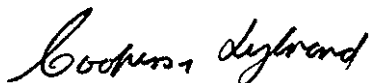
Basis of Opinion

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 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 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 affairs of the Company at 31 December 1994 and of the profit and total recognised gains of the Company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

London



1995

MARANELLO CONCESSIONAIRES LIMITED

PROFIT AND LOSS ACCOUNT

FOR YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
Turnover - continuing activities	2	18,824	11,274
Cost of sales		<u>(16,862)</u>	<u>(9,987)</u>
Gross profit		1,962	1,287
Administration expenses		<u>(1,444)</u>	<u>(1,393)</u>
Operating profit / (loss) - continuing activities	3	518	(106)
Interest payable	4	<u>(248)</u>	<u>(462)</u>
Profit / (loss) on ordinary activities before taxation	2	270	(568)
Taxation	5	<u>46</u>	<u>211</u>
Profit / (loss) on ordinary activities after taxation		316	(357)
Dividends paid		<u>(300)</u>	-
Retained Profit / (loss) for the financial year		16	(357)
Balance brought forward at 1 January		<u>54</u>	<u>411</u>
Balance carried forward at 31 December		<u><u>70</u></u>	<u><u>54</u></u>

The Company has no recognised gains nor losses other than as presented in the Profit and Loss Account and thus a statement of Total Recognised Gains and Losses is not required.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 6 to 13 form part of these financial statements.

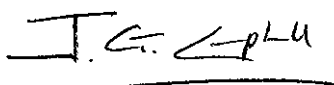
MARANELLO CONCESSIONAIRES LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
Fixed Assets			
Tangible assets	8	635	661
Investments	9	<u>-</u>	<u>-</u>
		635	661
Current Assets			
Stocks	10	5,028	5,838
Debtors	11	837	961
Cash at bank and in hand		<u>6</u>	<u>20</u>
		5,871	6,819
Creditors - amounts falling due within one year	12	(6,136)	(7,326)
Net current liabilities		(265)	(507)
Total assets less current liabilities		370	154
Deferred liabilities	13	<u>-</u>	<u>-</u>
Net Assets		370	154
FINANCED BY:-			
Capital and Reserves			
Called up share capital	14	300	100
Profit and loss account		<u>70</u>	<u>54</u>
Equity shareholders' funds	15	370	154

ON BEHALF OF THE BOARD

J.G. Campbell



Director

31 August 1995

The notes on pages 6 to 13 form part of these financial statements.

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom except as detailed in note 6.

The principal accounting policies of the Company are as follows:

Accounting convention

The Company prepares its financial statements under the historical cost basis in accordance with the Companies Act 1985.

Changes in accounting policies

Following the introduction of Financial Reporting Standard Number 4 ("Capital Instruments"), shareholders' funds have been analysed between equity interests and non equity interests.

Turnover

Turnover represents the amount receivable in the ordinary course of business for goods sold and services provided after deducting trade discounts and value added tax.

Tangible fixed assets

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Depreciation of tangible fixed assets is calculated on a straight line basis. The principal rates of depreciation per annum are:

Plant and equipment	10% - 33%
Motor vehicles	20% - 33%

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, due allowance being made for obsolete and slow moving stocks. Cost in the case of work in progress includes raw materials, labour and overhead recovery.

Pension costs

Pension costs are charged to the profit and loss account when employers' contribution payments are made to the pension schemes, as set out in note 6 to the accounts.

Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided for under the liability method, to the extent it is probable that a liability will crystallise in the foreseeable future.

Overseas currencies

Assets and liabilities in overseas currencies are translated into sterling at the rates ruling at 31 December. Exchange differences arising are taken to the profit and loss account.

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Business and geographical analyses

	1994		1993	
	Turnover	Profit on ordinary activities before taxation	Turnover	(Loss) on ordinary activities before taxation
	£000	£000	£000	£000
Business analysis:				
Automotive vehicle sales and related services	<u>18,824</u>	<u>270</u>	<u>11,274</u>	<u>(568)</u>
Geographical analysis:				
United Kingdom	17,470		10,080	
Europe	795		718	
Rest of the world	<u>559</u>		<u>476</u>	
	<u>18,824</u>		<u>11,274</u>	

3. Operating profit / (loss)

1994
£000

1993
£000

This is stated after charging / (crediting):

Depreciation	183	207
Profit on disposals of fixed assets	(6)	(10)
Auditors' remuneration	17	17
Hire of plant and machinery	-	2
Other operating leases	231	550
Rent received	(19)	(30)

4. Interest

Interest payable on:		
Bank overdraft	(248)	(333)
Loans from holding company	-	(129)
	<u>(248)</u>	<u>(462)</u>

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Taxation	1994 £000	1993 £000
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The taxation credit based on the results for the year is made up as follows:

UK Corporation Tax at 33% (1993 33%)

Current:	-	183
Deferred taxation	-	25
Over provision in respect of prior years	<u>46</u>	<u>3</u>
	<u>46</u>	<u>211</u>

The Company's profit chargeable to corporation tax for the year has been group relieved for nil consideration.

6. Employees

Staff costs during the year amounted to:

Wages and salaries	1,050	1,142
Social security costs	100	107
Other pension costs	<u>19</u>	<u>8</u>
	<u>1,169</u>	<u>1,257</u>
	number	number

The average number of employees including Directors during the year was:

48	55
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Many of the Company's employees are members of the TKM Group Pension Scheme ("the TKM Scheme"). The TKM scheme is a defined benefit scheme, the assets of which are held in a trust fund independent of the Company's finances, administered by trustees and funded to cover future pension liabilities (including an allowance for future salary and pension increases).

The TKM Scheme was closed to new entrants on 2 March 1992 and new employees are eligible to join a new defined benefit scheme, the Inchcape Motors Pension Scheme (the "IMPS" Scheme).

These schemes are valued by an independent actuary at least once every three years. The latest actuarial valuation of the TKM Scheme was made as at 5 April 1994, using the Attained Age Method and the latest valuation of the IMPS Scheme was made on 5 April 1994 using the Projected Unit Method. The assumptions which have the most significant effect on the results of the valuations are those relating to the differentials between the rates of return on investments and the rates of increase in salaries and pensions. For both Schemes it was assumed that the investment return would be 2.5% per annum higher than the rate of annual salary increases (although extra promotional increases were allowed for on an age-related scale), 5% per annum higher than the rate at which present and future pensions would increase and 5% per annum higher than the rate of annual growth in dividends from existing equity holdings.

On 5 April 1994 the market value of the assets of the TKM Scheme totalled £214 million and the actuarial value placed on those assets was sufficient to cover 112% of the benefits that had accrued to members, after allowing for expected future increases in earnings and residual liabilities for equalisation of benefits between the sexes. The employers' contributions to the TKM Scheme continue to be suspended having regard to the surplus disclosed by valuation, but are subject to regular review by the Trustees.

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

On 5 April 1994 the market value of the assets of the IMPS Scheme totalled £0.4 million and the actuarial value placed on those assets was sufficient to cover 95% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Pension costs are charged to the profit and loss account when employers' contribution payments are made to the schemes, as in the opinion of the Directors this policy is most appropriate to the business and best reflects the Company's current and anticipated future funding position with the schemes. However, the pension cost has also been assessed in accordance with Statement of Standard Accounting Practice Number 24 using the assumptions described above. Following this Standard the amortisation of the TKM Scheme surplus would fully offset the regular cost and the net cost of the scheme would be reduced to nil. Compliance with the Standard would have had no effect on the Company's profit before tax for the year ended 31 December 1994.

7. Directors' emoluments	1994 £000	1993 £000
Directors' remuneration	144	132
Pension contributions	17	7
Benefits -in-kind	<u>32</u>	<u>39</u>
	<u>193</u>	<u>178</u>

The emoluments of the Directors (excluding pension contributions) were:

The Chairman	-	-
The highest paid director	<u>95</u>	<u>47</u>

The emoluments (excluding pension contributions) of Directors including those mentioned above were within the following ranges:

	number	number
£ 0 - £ 5,000	3	3
£ 30,001 - £ 35,000	1	1
£ 45,001 - £ 50,000	1	3
£ 95,001 - £ 100,000	1	-

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Tangible Fixed Assets

	Plant and Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation:			
1 January 1994	1,443	306	1,749
Additions	78	111	189
Disposals	-	(45)	(45)
Intra group transfers	<u>(24)</u>	<u>(7)</u>	<u>(31)</u>
31 December 1994	<u>1,497</u>	<u>365</u>	<u>1,862</u>
Depreciation:			
1 January 1994	(890)	(198)	(1,088)
Charge for the year	(115)	(68)	(183)
Disposals	-	23	23
Intra group transfers	<u>13</u>	<u>8</u>	<u>21</u>
31 December 1994	<u>(992)</u>	<u>(235)</u>	<u>(1,227)</u>
Net book value:			
31 December 1994	<u>505</u>	<u>130</u>	<u>635</u>
31 December 1993	<u>553</u>	<u>108</u>	<u>661</u>

Capital Commitments are as follows:

	1994 £000	1993 £000
Contracted for but not provided in the financial statements	-	-
Authorised but not contracted for	-	-

9. Fixed Asset Investments

Investment in
Subsidiaries
£

Cost of investment at beginning and end of year	<u>100</u>
Net book value at beginning and end of year	<u>100</u>

Group financial statements are not prepared because the Company is a wholly owned subsidiary of another company incorporated in Great Britain. In the opinion of the Directors, the value of the Company's interest in its subsidiaries is not less than the amount at which they are included in the balance sheet.

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Company's wholly owned subsidiary undertakings at 31 December 1994 are shown below. The capital of each company is wholly owned and is in ordinary shares and the country of incorporation or registration is the country of operation.

	Country of Principal operation	Nature of business
Maranello Sales Limited	England	Ferrari dealer
Ferrari Concessionaires Limited	England	Dormant

10. Stocks	1994 £000	1993 £000
Raw materials	8	86
Work in progress	62	100
Finished goods	<u>4,958</u>	<u>5,652</u>
	<u>5,028</u>	<u>5,838</u>

11. Debtors

Trade debtors	282	281
Amounts owed by holding company and fellow subsidiaries	319	292
Prepayments and accrued income	143	125
Corporation tax and group relief	93	183
Other taxes	<u>-</u>	<u>80</u>
	<u>837</u>	<u>961</u>

All the above amounts fall due within one year.

12. Creditors - amounts falling due within one year

Bank loans and overdrafts	2,763	5,199
Trade creditors	865	928
Vehicle deposits	599	454
Due to fellow subsidiaries	100	102
Other creditors including taxation and social security	1,062	278
Accruals and deferred income	393	228
Corporation tax payable	54	-
Warranties	<u>300</u>	<u>137</u>
	<u>6,136</u>	<u>7,326</u>

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Deferred liabilities

Deferred
Taxation
Provided
£000

At 1 January 1994
Charge to profit and loss account - current
- prior year

-
-
-

At 31 December 1994

-

The potential amount of deferred taxation
for all timing differences is as follows:

1994 1993
£000 £000

Capital allowances
Other timing differences

- (83)
- -
- (83)

14. Called up share capital

	Authorised		Allotted	
	1994	1993	1994	1993
	£	£	£	£

Ordinary shares of 25 pence each	<u>350,000</u>	<u>150,000</u>	<u>300,000</u>	<u>100,000</u>
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On 23 December 1994 the authorised share capital of the company was increased to 1,400,000 ordinary shares of 25 pence each and 800,000 new shares were allotted in order to achieve a more suitable capital structure for the company. As at the year end 800,000 of the allotted shares were not fully paid up (1993 - nil).

15. Reconciliation of movements in shareholders' funds

1994 1993
£000 £000

Profit / (loss) on ordinary activities after taxation
Dividends
Share capital allotted in the year (see note 14)
Net increase / (decrease) in shareholders' funds
Opening shareholders funds

316 (357)
(300) -
200 -
216 (357)
154 511

Closing shareholders' funds

370 154

MARANELLO CONCESSIONAIRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Operating lease commitments

Annual payment commitments under operating leases, analysed over the period when the leases expire are as follows:

	1994 Land & Buildings £000	1993 Land & Buildings £000
Within one year	-	144
Between two and five years	122	-
After more than five years	<u>100</u>	<u>222</u>
	<u>222</u>	<u>366</u>

17. Contingent Liability

The Company is party to composite cross guarantees between banks, its ultimate parent company and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was nil (1993 - nil).

18. Cash Flow Statement

A cash flow statement is not required as Inchcape plc, the Company's ultimate holding company, has complied with Financial Reporting Standard 1 by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 1994.

19. Ultimate holding Company

The Directors regard the ultimate holding company as Inchcape plc which is incorporated in Great Britain.

The largest group of which the Company is a member and for which Group Financial Statements are drawn up is that of Inchcape plc which is registered in England. Copies of the Report and Financial Statements are available from:

The Company Secretary
Inchcape plc
St. James's House
23 King Street
London
SW1Y 6QY