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FOBERTY LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL ACCOUNTS

YEAR ENDED 31ST DECEMBER 1989

DIRECTORS:

V A Medley
Mrs J M Medley

SECRETARY:

V A Medley

AUDITOR:

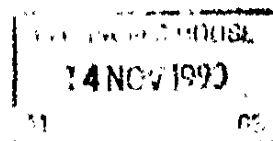
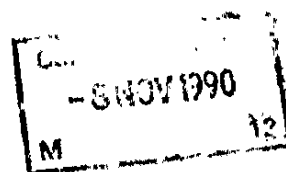
M R F Miles, FCA

BANKERS:

National Westminster Bank plc

REGISTERED OFFICE:

189 High Street
Street
Somerset



FOBERTY LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL ACCOUNTS

YEAR ENDED 31ST DECEMBER 1989

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DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 1989

The Directors submit their report and Accounts for the year ended 31 December 1989.

RESULTS AND DIVIDENDS

The trading loss of the group for the year was £21,275 (1988 profit £62,958).

REVIEW OF THE BUSINESS

The Company is a holding company and does not trade. The activities of the subsidiary companies are:

Abbey Garage (South West) Limited -

The sale of new and used vehicles, parts, accessories, petrol and oil and also the repair and maintenance of vehicles.

Vehicle Acquisition and Maintenance Limited -

Self-drive vehicle hire, contract vehicle hire and leasing.

Glastonbury Motor Body Repairs Limited -

The repairing of motor bodies.

Ashmead Developments Limited -

Property development.

Turnover of the group has increased to £5,514,293 during the year, an increase of 17% over the previous year.

EXPORTS

There were no goods exported from the United Kingdom by the group during the year (1988 - nil).

SHARE CAPITAL

During the year ended 31 December 1989 7,100 redeemable preference shares were redeemed at par value of £1 each.

MARKET VALUE OF LAND AND BUILDINGS

Freehold property has been incorporated in these Accounts at cost and valuation. In the opinion of the Directors £1,392,607 is a reasonable reflection of the market value at 31 December 1989.

FIXED ASSETS

The group has incurred expenditure on improvements, plant, machinery and vehicles during the year, amounting to £124,746.

RESEARCH AND DEVELOPMENT

No significant expenditure has been incurred on research and development.

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 1989 - continued

FUTURE DEVELOPMENTS

The Directors intend to maintain the present activities of the Company.

EVENTS SINCE THE END OF THE YEAR

No significant events have occurred since the end of the year.

DIRECTORS AND THEIR INTEREST

The Directors at 31 December 1989 and their interest in the share capital of the Company (all beneficially held) were as follows:-

	PREFERENCE SHARES OF £1		ORDINARY SHARES OF £1	
	1989 £	1988 £	1989 £	1988 £
V A Medley	8,400	8,400	99	99
Mrs J M Medley	-	-	1	1

POLITICAL AND CHARITABLE CONTRIBUTIONS


No significant political or charitable contributions were made during the year.

CLOSE COMPANY

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1970.

AUDITOR

A resolution proposing the re-appointment of Michael R F Miles as Auditor will be put to the members at the Annual General Meeting.


BY ORDER OF THE BOARD
V A MEDLEY
Secretary

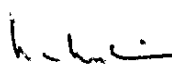
Dated: 16.10.90

REPORT OF THE AUDITOR TO THE DIRECTORS OF FOBERTY LIMITED AND SUBSIDIARY COMPANIES

In my opinion the Directors are entitled under Sections 247 to 249 of the Companies Act 1985 to deliver modified Accounts in respect of the year ended 31st December 1989 and in particular the modified Accounts have been properly prepared in accordance with Schedule 8 to that Act.

I reported as Auditor of Foberty Limited to the members on 16th October 1990 on the Company's financial statements prepared under Section 227 of the Companies Act for the year ended 31st December 1989 and my audit report is attached.

191a High Street
STREET, Somerset


M R F MILES FCA
CHARTERED ACCOUNTANT

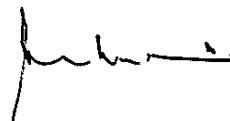
Dated: 13th November 1990

REPORT OF THE AUDITOR TO THE MEMBERS
OF FOBERTY LIMITED AND SUBSIDIARY COMPANIES

I have audited the financial statements on pages 4 to 18. My audit was conducted in accordance with approved auditing standards having regard to the matters referred to in the following paragraphs.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the Directors who are the major shareholders. Where independent confirmation of accounting records was therefore not available I have accepted assurances from the Directors that all the company's transactions have been fully reflected in the records.

Subject to the foregoing, in my opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's and the group's affairs at 31st December 1989 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.



M R F MILES, FCA
CHARTERED ACCOUNTANT

191a High Street
STREET, Somerset

16th October 1990

 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1989

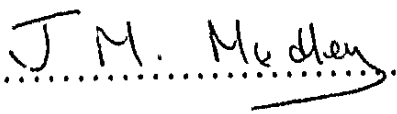
	NOTES	1989	1988
		(£)	(£)
TURNOVER	2	5,514,293	5,167,026
Cost of Sales		5,128,727	4,824,705
GROSS PROFIT		385,566	342,321
Administrative Expenses		279,951	200,557
OPERATING PROFIT	4	105,615	141,764
Other Operating Income		-	-
Income from Fixed Asset Investments		563	1,871
		106,178	143,615
Other interest payable and similar charges		111,704	74,819
Other interest receivable		1,754	536
		109,950	74,233
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXCEPTIONAL ITEMS		(3,772)	69,382
Exceptional Item	5	17,503	6,424
		(21,275)	62,958
Tax on Ordinary Activities	6	-	(2,368)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(21,275)	65,326
Dividends paid - Gross		7,100	13,700
Dividends paid - Net		-	310
		(14,175)	51,316
BALANCE BROUGHT FORWARD		269,940	218,624
BALANCE CARRIED FORWARD ALL ATTRIBUTABLE TO SUBSIDIARY COMPANIES		255,765	269,940
		=====	=====

BALANCE SHEET AS AT 31 DECEMBER 1989

	NOTE	1989 £	1988 £
EMPLOYMENT OF CAPITAL			
Investment in Subsidiary Companies	17	125,002	125,000
Company Formation Expenses		100	100
		<u>125,102</u>	<u>125,100</u>
		=====	=====
CAPITAL EMPLOYED			
Share Capital		15,500	
Capital Redemption Reserve		<u>34,600</u>	
		50,100	
Loan from Subsidiary		<u>75,002</u>	
		<u>125,102</u>	
		=====	

In preparing these modified Accounts we have relied upon the exemptions for individual Accounts provided by sections 247 to 249 of the Companies Act 1985 and we have done so on the ground that the company is entitled to the benefit of those exemptions as a small company.

.....  V A MEDLEY (DIRECTOR)

.....  J M MEDLEY (DIRECTOR)

Dated: 16.10.90

BALANCE SHEET AS AT 31 DECEMBER 1989

	NOTES	1989 £	1988 £
FIXED ASSETS			
Tangible Assets	7	1,598,626	1,368,504
Intangible Assets	8	31,086	31,086
Investments	9	22,497	40,000
CURRENT ASSETS			
Stocks	10	454,869	337,963
Debtors	11	133,679	132,070
Deposits with Suppliers		217,915	225,218
		806,463	695,251
CREDITORS			
Amounts falling due within 1 year	12	1,043,096	829,440
NET CURRENT LIABILITIES		(236,633)	(134,189)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,415,576	1,305,401
CREDITORS			
Amounts falling due after more than 1 year	13	166,495	167,062
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Taxation	14	3,142	3,225
		169,637	170,287
		1,245,939	1,135,114
		=====	=====
CAPITAL AND RESERVES			
Share capital & Capital Redemption reserve	15	50,100	50,100
Revaluation reserve	16	940,074	855,074
Profit and Loss Account		255,765	259,940
		1,245,939	1,135,114
		=====	=====

V A MEDLEY (DIRECTOR)

J M MEDLEY (DIRECTOR)

Dated: 16.10.90

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1989

	<u>1989</u>	<u>1988</u>
	£	£
SOURCE OF FUNDS		
Dividends	7,100	13,700
APPLICATION OF FUNDS		
Preference shares redeemed	7,100	13,700
	<u> </u>	<u> </u>
	-	-
	=====	=====
INCREASE/(DECREASE) IN WORKING CAPITAL	-	-
	=====	=====

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1989

	1989		1988	
	(£)	(£)	(£)	(£)
SOURCE OF FUNDS				
PROFIT before taxation after exceptional item		(21,275)		60,957
Adjustment for items not involving the movement of funds:				
Depreciation and losses on disposals less profit on disposal	19,606		44,968	
Provision for permanent diminution in market value of quoted shares	17,503		6,424	
		37,109		51,392
TOTAL GENERATED FROM OPERATIONS		58,384		112,349
FUNDS FROM OTHER SOURCES				
Proceeds on disposal of fixed assets	-		100,053	
		-		100,053
		58,384		212,402
APPLICATION OF FUNDS				
Additions to fixed assets	124,746		190,561	
Purchase of investments	-		10,425	
Dividends paid	-		8,710	
Advance Corporation Tax paid	-		2,581	
Preference shares redeemed	7,100		5,300	
		131,846		217,577
		(73,462)		(5,175)
		=====		=====
Represented by:-				
INCREASE/(DECREASE) IN WORKING CAPITAL				
Increase/(Decrease) in stock	116,906		88,476	
Increase/(Decrease) in debtors	(5,694)		(65,903)	
(Increase)/decrease in creditors (within one year)	5,743		13,514	
(Increase)/decrease in net liquid funds	(190,417)		(41,262)	
		(73,462)		(5,175)
		=====		=====

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST DECEMBER 1989

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

The consolidated accounts include the results of all subsidiary companies.

DEPRECIATION

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and Equipment	- 10/15% per annum on a reducing balance basis
Office Equipment	- 10/15% per annum on a reducing balance basis
Motor Vehicles	- 20/25% per annum on a reducing balance basis

STOCKS

Stocks are stated at the lower of trade price, cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Finished goods and goods for resale	- trade price and purchase cost on a first-in, first-out basis
Raw materials and consumables	- purchase cost on a first-in, first-out basis
Work-in-Progress	- cost of direct materials and labour.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

DEFERRED TAXATION

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future. No amount is provided in respect of the revaluation reserve, see note 14 (b).

HIRE PURCHASE AND LEASING COMMITMENTS

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the hire purchase obligations is charged to profit and loss account over the period of the agreement.

Leasing costs are written off at the time of payment in so far as payments do not relate to finance leases.

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1980

2. TURNOVER

The turnover and profit on ordinary activities before taxation is attributable to the activities of the group. Turnover is as below:

	1989	1988
	£	£
Sales: Abbey Garage Limited	5,246,069	4,975,655
Sales: Vehicle Acquisition Maintenance Limited	61,994	29,218
Sales: Glastonbury Motor Body Repairs Limited	205,623	162,153
Rents: Ashmead Developments Limited	607	
	<hr/>	<hr/>
	5,514,293	5,167,026
	=====	=====

3. STAFF COSTS

	1989	1988
	£	£
Wages and Salaries	281,375	220,041
Social Security Costs	25,680	19,168
Pension Costs	9,436	4,511
	<hr/>	<hr/>
	316,491	243,720
	=====	=====

The average weekly number of employees during the year was 32 (1988 - 35)

	1989	1988
Directors	2	2
Office	5	4
Vehicle Sales	3	6
Stores	4	4
Service	9	9
Forecourt	3	3
Bodyshop	6	6
	<hr/>	<hr/>
	32	35
	==	==

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

4. OPERATING PROFIT

	<u>1989</u>	<u>1988</u>
	£	£
This is stated after charging:		
Directors' Remuneration	28,553	36,709
Auditor's Remuneration	1,350	2,600
Depreciation	19,606	10,971

5. EXCEPTIONAL ITEM

	<u>1989</u>	<u>1988</u>
	£	£
Amount provided in respect of a permanent diminution in market value of quoted investments	17,503	6,424

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1989</u>	<u>1988</u>
	£	£
Based on the profit for the year:		
Corporation Tax	-	(2,368)
Deferred Taxation	-	-
Advance Corporation Tax	-	-
	<u>-</u>	<u>-</u>
	-	(2,368)
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

7. TANGIBLE FIXED ASSETS

	Freehold Property	Plant and Equipment	Motor Vehicles	TOTAL
COST AND VALUATION				
At 31st December 1988	1,175,000	146,193	185,041	1,506,234
Additions	92,607	6,309	25,830	124,746
Adjustment on revaluation	125,000			125,000
	1,392,607	152,502	210,871	1,755,980

DEPRECIATION

At 31st December 1988	-	88,675	49,073	137,748
Current Year	-	10,559	9,047	19,606
	-	99,234	58,120	157,354

NET BOOK AMOUNTS AT
31ST DECEMBER 1989

1,392,607	53,268	152,751	1,598,626
=====			

Freehold property is included at original costs as amended by subsequent valuations. The valuation at 31st December 1989 was carried out by the Managing Director of the company.

8. INTANGIBLE FIXED ASSETS

	1989	1988
	£	£
Goodwill on consolidation	53,287	53,287
Reserve on consolidation	22,201	22,201
	31,086	31,086
	=====	=====

The goodwill represents the excess of purchase consideration over the book value of assets acquired on the acquisition of a subsidiary company. The capital reserve represents the excess of book value of assets acquired on the purchase of subsidiary companies over the consideration granted by issue of redeemable preference shares.

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

9. INVESTMENTS - SHARES IN QUOTED COMPANIES

	<u>1989</u>	<u>1988</u>
	£	£
Shares listed on the Stock Exchange at market value (1987 - £29,575)	22,497 =====	40,000 =====

10. STOCKS

	<u>1989</u>	<u>1988</u>
	£	£
Finished goods and goods for resale	288,147	215,295
Raw materials and consumables	156,122	112,178
Work in progress	10,410	10,490
	<u>454,679</u> =====	<u>337,963</u> =====

11. DEBTORS

	<u>1989</u>	<u>1988</u>
	£	£
Trade debtors	108,756	114,403
Other debtors	16,446	12,645
Prepayments and accrued income	8,477	5,022
	<u>133,679</u> =====	<u>132,070</u> =====

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

12. CREDITORS - AMOUNTS FALLING DUE WITHIN 1 YEAR

	1989	1988
	<u>£</u>	<u>£</u>
Bank loans and overdrafts (see note 13)	468,651	466,117
Trade creditors	89,351	144,030
Current corporation tax	-	-
Other creditors including taxes and social security costs (see below)	258,067	413,655
Accruals and deferred income	9,112	5,238
Bulk deposit - Ford Motor Company Limited	217,915	-
	<u>1,043,096</u>	<u>829,440</u>
	=====	=====

The facility provided by Ford Motor Company Limited included in Other Creditors is secured by a first charge on bulk deposit monies and a general charge on the other assets of Abbey Garage (South West) Limited.

13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR

	1989	1988
	<u>£</u>	<u>£</u>
Bank loans and overdrafts	60,587	95,093
Other creditors including taxes and social security costs	105,908	71,969
	<u>166,495</u>	<u>167,062</u>
	=====	=====

The bank loans and overdrafts are secured by a first legal charge on the assets of the group excluding bulk deposit monies, in respect of 189 High Street, Street, Somerset.

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

14. DEFERRED TAXATION

(a) Provided	1989		1988	
	Company £	Group £	Company £	Group £
At 31st December 1988	-	3,225	-	3,225
Charge for year	-	(83)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
AT 31ST DECEMBER 1989	-	3,142	-	3,225
	=====	=====	=====	=====
 (b) Potential Liability				
	1989		1988	
	Company £	Group £	Company £	Group £
Capital allowances in advance of depreciation and amortisation	-	6,562	-	6,122
Stock appreciation relief	-	-	-	300
Accumulated tax losses	-	(153,180)	-	(34,193)
	=====	=====	=====	=====
Potential taxation of Capital Gains in revaluation reserves and roll-over relief claimed and allowed	-	250,000	-	218,000
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

15. SHARE CAPITAL AND CAPITAL REDEMPTION RESERVE

	Authorised		Allotted, issued and fully paid	
	1989	1988	1989	1988
	No	No	£	£
Ordinary shares of £1 each	100	100	100	100
Redeemable cumulative 2.5% preference shares of £1	50,000	50,000	8,300	15,400
	<u>50,100</u>	<u>50,100</u>	<u>8,400</u>	<u>15,500</u>
	=====	=====		
Capital redemption reserve			41,700	34,600
			<u>50,100</u>	<u>50,100</u>
			=====	=====

During the year ended 31st December 1989 7,100 redeemable preference shares were redeemed at the par value of £1 each.

16. CAPITAL RESERVE ON REVALUATION

	<u>1989</u>	<u>1988</u>
	£	£
Revaluation reserve at 31st December 1988	815,074	302,603
Adjustments in year	<u>125,000</u>	<u>512,471</u>
	<u>940,074</u>	<u>815,074</u>
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

17. INVESTMENT IN SUBSIDIARY COMPANIES

	<u>1989</u>	<u>1988</u>	HELD
	£	£	
Abbey Garage (South West) Limited 12,599 Ordinary Shares of £1	40,000	40,000	99.9%
Vehicle Acquisition and Maintenance Limited 99 Ordinary shares of £1	10,000	10,000	99%
Glastonbury Motor Body Repairs Limited 199 Ordinary shares of £1	75,000	75,000	99.5%
Ashmead Developments Limited 2 Ordinary shares of £1	2	-	100%
	<u>125,002</u> =====	<u>125,000</u> =====	

18. CAPITAL COMMITMENTS

	<u>1989</u>	<u>1988</u>
	£	£
Contracted	NIL	NIL
Authorised but not contracted	NIL	NIL

NOTES TO THE ACCOUNTS (CONTINUED) - YEAR ENDED 31ST DECEMBER 1989

19. CONTINGENT LIABILITIES

Cross guarantees have been provided in respect of bank finance for Abbey Garage (South West) Limited, Vehicle Acquisition and Maintenance Limited and Glastonbury Motor Body Repairs Limited.

In the event of termination of certain equipment operating leases, payments will be made to the finance house to make up the leases to the fixed period of hire. The amount is unqualified in this note as the calculation would be the subject of discount based on a variable which will be known only at the time of termination.

Contingent liabilities also exist to the extent of normal trade warranties and guarantees given in respect of goods and services.

20. PENSION COMMITMENTS

The company has no significant pension scheme for its present directors and employees. Pension premiums are paid to a pension fund which is operated by managers independent of the Foberty Group of Companies.