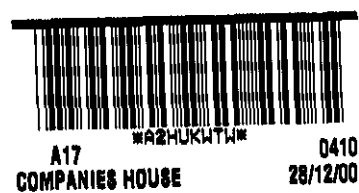


**COLE MOTORS LIMITED**

**Report and Financial Statements**

**31 March 2000**

**Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4JP**



**REPORT AND FINANCIAL STATEMENTS 2000**

**CONTENTS**

	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Auditors' report	4
Profit and loss account	5
Note of historical cost profits and losses	5
Balance sheet	6
Cash flow statement	7
Notes to the accounts	8

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D M Telling  
B A Long  
M O Thomas  
Mrs R E Thornton

**SECRETARIES**

A F Waters  
M O Thomas (resigned 4 May 2000)  
C K Ross (appointed 4 May 2000)

**REGISTERED OFFICE**

Cole Motors  
Redhill  
Bristol  
BS40 5TQ

**BANKERS**

HSBC Bank plc  
49 Corn Street  
Bristol  
BS99 7PP

**AUDITORS**

Deloitte & Touche  
Queen Anne House  
69-71 Queen Square  
Bristol  
BS1 4JP

## **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 March 2000.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each 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 or loss of the company for that period. In preparing those financial statements, 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; and
- prepare the financial statements 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 financial statements 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.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company's principal activity is the sale and servicing of motor vehicles.

The company's business developed satisfactorily and the directors consider that the company is in a good position to continue that development.

### **RESULTS AND DIVIDENDS**

The loss for the year after taxation amounted to £9,001 (1999: £22,584). The directors do not propose the payment of a dividend and recommend that £9,001 (1999: £22,584) be transferred from reserves.

### **FIXED ASSETS**

Details of movements in fixed assets during the year are set out in Note 6 to the financial statements.

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

D M Telling  
B A Long  
M O Thomas  
Mrs R E Thornton

No director had an interest in the share capital of the company at the beginning or end of the year.

**DIRECTORS' REPORT (continued)****DIRECTORS AND THEIR INTERESTS (continued)**

Mr D M Telling is a director of MITIE Group PLC, the parent undertaking, and his interest in the share capital of that company is shown in the financial statements of MITIE Group PLC.

Other directors' interests in the share capital of MITIE Group PLC are as follows:

	31 March 2000 5p Ordinary shares No.	1 April 1999 5p Ordinary shares No.
B A Long	13,050	13,050
M O Thomas	653,454	982,454
Mrs R E Thornton	513,470	713,470

**PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to adhere with the supplier's standard terms. As at 31 March 2000 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 7 (1999: 5) days.

**YEAR 2000**

The year 2000 project completed all critical milestones well within the project timescale and all the primary business systems have completed both the millennium rollover and leap year rollover without any issues. Although these critical dates have been successfully passed, the Executive Steering Committee is not being complacent in considering the possible impact from latent problems outside the control of MITIE.

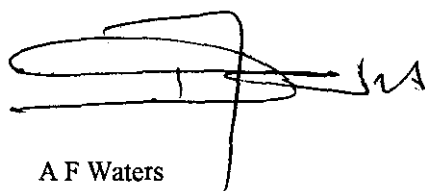
We have made considerable effort in determining the compliance of critical players in our suppliers/customer chain and are confident of continued trouble free operation.

The year 2000 project team will remain operational, with suitable contingency plans, until it is considered that sufficient time has passed for all possible external issues to be identified and resolved.

**AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



A F Waters  
Secretary

11 August 2000

## **AUDITORS' REPORT TO THE MEMBERS OF**

### **COLE MOTORS LIMITED**

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

#### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

14 August 2000

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 March 2000

	Notes	Continuing operations	
		2000	1999
		£	£
<b>TURNOVER</b>	1	1,345,606	1,966,418
Cost of sales		(1,162,825)	(1,779,269)
<b>GROSS PROFIT</b>		182,781	187,149
Administrative expenses		(195,263)	(215,794)
Other operating income	2	9,717	9,548
<b>OPERATING LOSS</b>	3	(2,765)	(19,097)
Interest payable	4	(9,490)	(9,981)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(12,255)	(29,078)
Tax credit on loss on ordinary activities	5	3,254	6,494
<b>RETAINED LOSS FOR THE YEAR</b>	11	(9,001)	(22,584)

There are no recognised gains and losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

**NOTE OF HISTORICAL COST PROFIT AND LOSS**  
Year ended 31 March 2000

	2000	1999
	£	£
Loss on ordinary activities before taxation	(12,255)	(29,078)
Difference between historical cost depreciation charge on revalued assets and the actual depreciation charge for the year calculated on the revalued amount	1,081	773
<b>Historical cost loss on ordinary activities before taxation</b>	(11,174)	(28,305)
<b>Historical cost loss after taxation and dividends</b>	(7,920)	(21,811)

**BALANCE SHEET**  
At 31 March 2000

	Notes	2000		1999	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		389,808		279,798
<b>CURRENT ASSETS</b>					
Stocks	7	24,990		65,190	
Debtors	8	77,027		113,112	
Cash at bank and in hand		100		100	
			102,117		178,402
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(274,588)		(231,862)	
<b>NET CURRENT LIABILITIES</b>			(172,471)		(53,460)
<b>NET ASSETS</b>			217,337		226,338
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10	8,000		8,000	
Share premium		144,000		144,000	
Profit and loss account	11	(799)		7,121	
Revaluation reserve	11	66,136		67,217	
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			217,337		226,338

These financial statements were approved by the Board of Directors on 11 August 2000

Signed on behalf of the Board of Directors



D M Telling  
Director



**CASH FLOW STATEMENT**  
Year ended 31 March 2000

	Notes	2000		1999	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	13		193,880		127,553
<b>Returns on investments and servicing of finance</b>					
Interest paid			(9,422)		(10,396)
<b>Taxation</b>					
UK corporation tax received/(paid)			6,703		(7,005)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(135,157)		(41,064)	
Receipts from disposals of tangible fixed assets		6,800		17,132	
<b>Net cash outflow from capital expenditure</b>			(128,357)		(23,932)
<b>Increase in cash in the year</b>	15		62,804		86,220

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

The financial statements are prepared in accordance with applicable accounting standards.

**Turnover**

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises in the United Kingdom.

**Tangible fixed assets and depreciation**

Tangible fixed assets are, stated at cost or valuation, less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Plant and office equipment	4 to 10 years
Motor vehicles	4 years

Depreciation is not provided on freehold land. Depreciation is charged on freehold buildings as the directors believe such a policy follows best practice.

In accordance with the transitional rules of FRS15, assets which were revalued in prior years have not been revalued during the year. The carrying value relating to the previous valuation performed as at 31 March 1995 has been carried forward in this year's accounts.

**Stock**

Stocks are valued at the lower of cost and net realisable value.

**Deferred taxation**

Provision is made for deferred taxation using the liability method in respect of timing differences to the extent that liabilities will crystallise in the foreseeable future.

**Pension costs**

Pension costs represent amounts paid to one of the group's pension schemes. Details of the schemes are given in the financial statements of MITIE Group PLC.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

<b>2.</b>	<b>OTHER OPERATING INCOME</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Rents receivable less outgoings	<u>9,717</u>	<u>9,548</u>
<b>3.</b>	<b>OPERATING LOSS is stated after charging/(crediting):</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Depreciation	19,687	23,613
	Auditors' remuneration - audit services	1,500	1,500
	Profit on disposal of tangible fixed assets	<u>(1,341)</u>	<u>(6,086)</u>
<b>4.</b>	<b>INTEREST PAYABLE</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Bank interest	<u>9,490</u>	<u>9,981</u>
<b>5.</b>	<b>TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	<b>UK current year taxation</b>		
	Group relief at 30% (1999: 31%)	(3,000)	(6,449)
	Under provision for Group relief	<u>(254)</u>	<u>(45)</u>
		<u>(3,254)</u>	<u>(6,494)</u>

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2000

**6. TANGIBLE FIXED ASSETS**

Summary	Freehold land and buildings £	Plant and office equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 1999	249,487	42,748	52,964	345,199
Additions	19,520	2,980	4,117	26,617
Transfers in	-	-	176,647	176,647
Disposals	-	-	(16,913)	(16,913)
At 31 March 2000	269,007	45,728	216,815	531,550
<b>Depreciation</b>				
At 1 April 1999	10,747	23,614	31,040	65,401
Charge for the year	3,255	7,403	9,029	19,687
Transfers in	-	-	68,108	68,108
Disposals	-	-	(11,454)	(11,454)
At 31 March 2000	14,002	31,017	96,723	141,742
<b>Net book value</b>				
At 31 March 2000	255,005	14,711	120,092	389,808
At 31 March 1999	238,740	19,134	21,924	279,798
<b>Comparable amounts determined according to the historical cost convention</b>	£	£	£	£
Cost	198,698	45,728	216,815	461,241
Accumulated depreciation	9,829	31,017	96,723	137,569
<b>Net book value</b>				
At 31 March 2000	188,869	14,711	120,092	323,672
At 31 March 1999	172,631	19,134	21,924	213,689

The historical cost of the land and buildings at the year end was £198,698 (1999: £179,178). Included in land and buildings is land valued at £90,000 not depreciated.

Analysis of property	2000 £	1999 £
Land and buildings at cost or valuation are stated at open market value for existing use in 1995	269,007	200,000

**COLE MOTORS LIMITED**
**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

<b>7. STOCKS</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Vehicles	15,800	50,018
Spares and fuel	9,190	15,172
	<u>24,990</u>	<u>65,190</u>
<b>8. DEBTORS</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade debtors	26,840	54,811
Other debtors	1,518	175
Amounts owed by parent undertaking and fellow subsidiary undertakings	43,417	44,772
Group relief receivable	3,000	6,449
Prepayments and accrued income	2,252	6,905
	<u>77,027</u>	<u>113,112</u>
<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Bank overdraft	123,909	186,713
Trade creditors	18,981	22,473
Amounts owed to parent undertaking and fellow subsidiary undertakings	101,220	-
Taxation and social security costs	20,685	13,750
Other creditors	6,474	4,020
Accruals and deferred income	3,319	4,906
	<u>274,588</u>	<u>231,862</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

**10. CALLED UP SHARE CAPITAL**

	<b>1999 and 2000</b>	
	<b>No.</b>	<b>£</b>
<b>Authorised</b>		
10p Ordinary shares	80,000	8,000
	<u>80,000</u>	<u>8,000</u>
	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>Allotted and fully paid</b>		
80,000 10p Ordinary shares	8,000	8,000
	<u>8,000</u>	<u>8,000</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

<b>11. RESERVES</b>	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>
At 1 April 1999	7,121	67,217
Transfer of amount equivalent to additional depreciation on revalued assets	1,081	(1,081)
Retained loss for the year	(9,001)	-
<b>At 31 March 2000</b>	<b>(799)</b>	<b>66,136</b>

<b>12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>2000 £</b>	<b>1999 £</b>
Loss for the financial year	(9,001)	(22,584)
Opening shareholders' funds	226,338	248,922
<b>Closing shareholders' funds</b>	<b>217,337</b>	<b>226,338</b>

<b>13. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2000 £</b>	<b>1999 £</b>
Operating loss	(2,765)	(19,097)
Depreciation charges	19,687	23,613
Profit on disposal of tangible fixed assets	(1,341)	(6,086)
Decrease in stocks	40,200	22,588
Decrease in debtors	32,636	150,712
Increase/(decrease) in creditors	105,463	(44,177)
<b>Net cash inflow from operating activities</b>	<b>193,880</b>	<b>127,553</b>

<b>14. ANALYSIS OF CHANGES IN NET DEBT</b>	<b>At 1 April 1999 £</b>	<b>Cash flows £</b>	<b>At 31 March 2000 £</b>
Cash at bank and in hand	100	-	100
Overdrafts	(186,713)	62,804	(123,909)
	<b>(186,613)</b>	<b>62,804</b>	<b>(123,809)</b>

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2000

**15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT**

	2000 £	1999 £
Increase in cash in the year	62,804	86,220
Movement in net debt in the year	62,804	86,220
Net debt at 1 April	(186,613)	(272,833)
<b>Net debt at 31 March</b>	<u>(123,809)</u>	<u>(186,613)</u>

**16. FINANCIAL COMMITMENTS**

**Operating leases**

At 31 March 2000 the company had no annual commitments under non-cancellable operating leases (1999: nil).

**Commitments on behalf of group undertakings**

The company is party with other group undertakings to cross-guarantees of each other's bank overdrafts. As at 31 March 2000, the overall commitment was nil.

**17. DIRECTORS**

	2000 £	1999 £
The emoluments of directors of the company were:		
Fees and other emoluments (excluding pension contributions)	-	34,711
	<u>No.</u>	<u>No.</u>
The number of directors who were members of a defined benefit pension scheme	-	2

All directors were paid by MITIE Group PLC during the year ended 31 March 2000. It is not practicable to allocate his remuneration between his services as a director of Cole Motors Limited and his services as a director of other group companies.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2000**

**18. EMPLOYEES**

**Number of employees**

The average number of persons (including directors) employed by the company during the year were:

	2000 No.	1999 No.
Garage services	6	6
Administration	5	6
	<u>11</u>	<u>12</u>
<b>Employment costs</b>	<b>£</b>	<b>£</b>
Wages and salaries	174,316	185,223
Social security costs	21,395	14,368
Other pension costs	5,354	3,075
	<u>201,065</u>	<u>202,666</u>

**19. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of MITIE Group PLC, Cole Motors Limited has taken advantage of the exemption from the requirement to disclose related party transactions with MITIE Group PLC and companies within the group.

**20. PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors regard MITIE Group PLC, a company registered in Scotland, as the company's ultimate parent undertaking and controlling party. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.