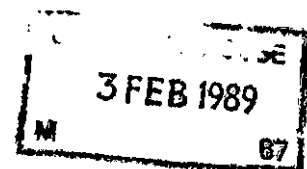


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PROPHETS GARAGE LIMITED
DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1987



PROPHETS GARAGE LIMITED

DIRECTORS REPORT

The Directors submit their report and financial statements for the year ended 31st December 1987.

RESULTS AND DIVIDENDS

The results for the year are given on page 3 of the financial statements.

The Directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The Company's principal activity during the year was that of garage proprietors.

The Directors consider the results achieved on ordinary activities and the financial position at the Balance Sheet date to be satisfactory in light of current trading conditions.

FUTURE DEVELOPMENTS

The Directors do not anticipate that there will be any fundamental change in the development of the Company's business during the coming year.

FIXED ASSETS

The changes in Fixed Assets during the year are summarised in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company at 31st December 1987 were as follows:-

Mr. T.D. Walkinshaw
Mr. J.C. Bradley
Mr. M. Bucknall

The Directors had no interests in the shares of the Company at 31st December 1987.


HOLDING COMPANY

The Directors considers the ultimate holding company to be T.W.R. Group Limited.

AUDITORS

A resolution to appoint Cook and Partners as Auditors will be put to the Members at the Annual General Meeting.

By Order of the Board


Secretary

6th July 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF
PROPHETS GARAGE LIMITED

We have audited the financial statements on pages 3 to 9 in accordance with approved auditing standards.

In our opinion the financial statements on pages 3 to 9, give a true and fair view of the state of the Company's affairs at 31st December 1987 and of its results and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

Manufactory House,
Bell Lane, Hertford

Cook and Partners
Chartered Accountants

6th July 1988

PROPHETS GARAGE LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1987

	<u>NOTES</u>	<u>1987</u>	<u>1986</u>
Turnover	2	7,218,108	5,187,020
Cost of Sales		6,700,144	4,832,723
		<hr/>	<hr/>
Other Operating Income		517,964	354,297
		105,542	86,705
		<hr/>	<hr/>
Gross Profit		623,506	441,002
Administrative Expenses		325,238	216,656
		<hr/>	<hr/>
Operating Profit	3	298,268	224,346
Interest Payable	5	95,477	67,157
		<hr/>	<hr/>
Profit on Ordinary Activities before Taxation		202,791	157,189
Taxation	6	71,312	(5,226)
		<hr/>	<hr/>
Profit on Ordinary Activities after Taxation		131,479	162,415
Retained Profit brought forward		430,761	268,346
		<hr/>	<hr/>
Retained Profit carried forward		£562,240	£430,761
		<hr/> <hr/>	<hr/> <hr/>

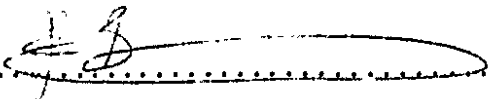
The notes on pages 6 to 9 form part of these financial statements.

PROPHETS GARAGE LIMITED

BALANCE SHEET AT 31ST DECEMBER 1987

	<u>NOTES</u>	<u>1987</u>	<u>1986</u>
<u>TANGIBLE FIXED ASSETS</u>	7	67,307	46,665
<u>CURRENT ASSETS</u>			
Stocks	8	738,700	372,186
Debtors	9	235,202	193,841
Cash at Bank and in Hand		528,483	332,403
		<hr/>	<hr/>
		1,502,385	898,430
<u>CREDITORS: Amounts falling due within one year</u>	10	942,710	448,160
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		559,675	450,270
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		626,982	496,935
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred Taxation	12	14,742	16,174
		<hr/>	<hr/>
		£612,240	£480,761
		<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	13	50,000	50,000
Profit and Loss Account		562,240	430,761
		<hr/>	<hr/>
		£612,240	£480,761
		<hr/>	<hr/>

120 x  Director

120 x  Director

The notes on pages 6 to 9 form part of these financial statements.

PROPHETS GARAGE LIMITEDSOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31ST DECEMBER 1987

	<u>1987</u>	<u>1986</u>
<u>SOURCE OF FUNDS</u>		
Profit on Ordinary Activities before Taxation	202,791	157,189
<u>Adjustment for items not involving the movement of funds:-</u>		
Profit on Disposal of Fixed Assets	(297)	(350)
Depreciation	12,784	8,591
	<u>12,487</u>	<u>8,241</u>
<u>FUNDS GENERATED FROM OPERATIONS</u>	<u>215,278</u>	<u>165,430</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Corporation Tax Refund	21	-
Sale Proceeds of Fixed Assets	9,810	30,605
	<u>9,831</u>	<u>30,605</u>
	<u>225,109</u>	<u>196,035</u>
<u>APPLICATION OF FUNDS</u>		
Corporation Tax Paid	48,300	-
Purchase of Fixed Assets	42,939	20,766
	<u>(91,239)</u>	<u>(20,766)</u>
<u>INCREASE IN WORKING CAPITAL</u>	<u>£133,870</u>	<u>£175,269</u>
<u>COMPONENTS OF INCREASE IN WORKING CAPITAL</u>		
Increase in Stocks	366,514	103,467
Increase in Debtors	41,361	54,787
Increase in Creditors	(470,085)	(359)
	<u>(62,210)</u>	<u>157,895</u>
<u>Movement in Net Liquid Funds</u>		
Increase in Cash at Bank and in Hand	196,080	17,374
	<u>£133,870</u>	<u>£175,269</u>

PROPHETS GARAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER 19871. ACCOUNTING POLICIESAccounting Convention

The financial statements are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:-

Plant and Machinery	- 20% per annum on the written down value
Fixtures and Fittings	- 20% per annum on the written down value
Small Tools	- 20% per annum on the written down value
Motor Vehicles	- 25% per annum on the written down value

Stocks

Stocks are valued at the lower of cost and net realisable value and include vehicles held at the Company's premises on terms which, except for the payment of certain interim finance charges, only require full settlement at the time of sale.

This constitutes a change in accounting policy from previous years.

Deferred Taxation

Provision for deferred taxation is made using the liability method. No provision is made where there is reasonable probability that no liability will arise in the foreseeable future.

Further details are given in note 12 below.

2. TURNOVER

This represents the invoiced amount of goods sold and services provided (stated net of value added tax) during the year.

3. OPERATING PROFIT

This has been arrived at after charging:-

Directors Remuneration	24,000	30,355
Auditors Remuneration	4,275	3,500
Hire of Equipment	13,944	4,426
Depreciation	12,784	8,591

and after crediting:-

Profit on Disposal of Fixed Assets	297	390
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PROPHETS GARAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER 1987(CONTINUED)

4. <u>STAFF COSTS</u>	<u>1987</u>	<u>1986</u>
Wages and Salaries (inc. Directors)	216,852	241,206
Social Security Costs	28,749	23,291
	<hr/>	<hr/>
	£245,601	£264,497
	<hr/>	<hr/>

The average weekly number of employees during the year amounted to 28 (1986 - 27).

5. <u>INTEREST PAYABLE</u>		
Inter-Company Financial Charge	57,227	41,357
Stocking Loan	28,183	15,805
Hire Purchase	10,067	9,995
	<hr/>	<hr/>
	£95,477	£67,157
	<hr/>	<hr/>
6. <u>TAXATION</u>		
Transfer from Deferred Taxation Account	(1,432)	(5,226)
U.K. Corporation Tax based upon the profit for Year at 35%	73,165	-
Overprovided in Previous Year	(421)	-
	<hr/>	<hr/>
	£71,312	£(5,226)
	<hr/>	<hr/>

7. <u>TANGIBLE FIXED ASSETS</u>	<u>Plant and Machinery</u>	<u>Office Equipment</u>	<u>Fixtures and Fittings</u>	<u>Small Tools</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost</u>						
At 1st January 1987	32,552	6,940	14,738	2,246	14,783	71,259
Additions	8,272	11,170	17,247	-	6,250	42,939
Disposals	-	-	(789)	-	(11,283)	(12,072)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1987	£40,824	£18,110	£31,196	£2,246	£9,750	£102,126
<u>Depreciation</u>						
At 1st January 1987	14,498	1,100	5,071	1,250	2,675	24,594
Provided during the Year	4,316	2,709	4,550	199	1,010	12,784
Eliminated on Disposals	-	-	(384)	-	(2,175)	(2,559)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1987	£18,814	£3,809	£9,237	£1,449	£1,510	£34,819
<u>Net Book Value</u>						
At 31st December 1987	£22,010	£14,301	£21,959	£797	£8,240	£67,307
<u>Net Book Value</u>						
At 31st December 1986	£18,054	£5,840	£9,667	£996	£12,108	£46,665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

PROPHETS GARAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER 1987(CONTINUED)

8. <u>STOCKS</u>	<u>1987</u>	<u>1986</u>
Vehicles - owned by company	472,446	258,817
- on consignment	131,278	-
Parts	129,503	111,646
Petrol, Oil and Consumable Items	5,473	1,723
	<hr/>	<hr/>
	£738,700	£372,186
	<hr/>	<hr/>
9. <u>DEBTORS</u>		
Trade Debtors	176,159	162,617
Prepayments	14,930	9,944
Amount due from Group Companies	36,613	21,280
Other Debtors	7,500	-
	<hr/>	<hr/>
	£255,202	£193,841
	<hr/>	<hr/>
10. <u>CREDITORS: Amounts falling due within one year</u>		
Trade Creditors (see below)	419,301	142,671
Amount owing to Group Companies	365,168	157,243
Taxes and Social Security Costs	7,848	41,855
Other Creditors	70,540	51,863
Accruals	6,688	5,828
Corporation Tax	73,165	48,700
	<hr/>	<hr/>
	£942,710	£448,160
	<hr/>	<hr/>
Included in trade creditors is an amount in the sum of £131,278 in respect of vehicles supplied by B.M.W. (G.B.) Limited on a consignment basis.		
11. <u>CONTINGENT LIABILITIES</u>		
There exists an unlimited cross guarantee by all the companies within the Group, in favour of The Royal Bank of Scotland, supported by a fixed charge on Book Debts and a floating charge over all the assets of the Group.		
There also exists a charge in favour of Lloyds Bowmaker Limited for monies deposited with B.M.W. (G.B.) Limited for new vehicles on a consignment basis.		
12. <u>DEFERRED TAXATION</u>	<u>1987</u>	<u>1986</u>
Balance at 1st January 1987	16,174	21,400
Transfer to Profit and Loss Account	(1,432)	(5,226)
	<hr/>	<hr/>
Balance at 31st December 1987	£14,742	£16,174
	<hr/>	<hr/>

PROPHETS GARAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER 1987

(CONTINUED)

13. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Called Up and</u>	
	<u>1987</u>	<u>1986</u>	<u>Fully Paid</u>	
	<u>No.</u>	<u>No.</u>	<u>£</u>	<u>£</u>
Ordinary Shares of £1 each	50,000	50,000	50,000	50,000