

REPORT OF THE AUDITORS TO THE DIRECTORS OF
PROPHETS GARAGE LIMITED
UNDER SCHEDULE 8 10(3) OF THE COMPANIES ACT 1985

In our opinion the Directors are entitled by Sections 247 to 249 of the Companies Act 1985 to deliver modified financial statements in respect of the year ended 31st December 1985 and in particular, the modified financial statements have been properly prepared in accordance with Schedule 8 to that Act. We are not required to express an audit opinion on the truth and fairness of these modified financial statements.

We reported as auditors of Prophets Garage Limited to the members on 2nd October 1986 on the Company's financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 31st December 1985, and our audit opinion was as follows:-

"We have audited the financial statements on pages 3 to 9 in accordance with approved auditing standards and have carried out such procedures as we considered necessary.

In our opinion the financial statements on pages 3 to 9, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of the Company's affairs at 31st December 1985 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985."

19/21 Bull Plain,
Hertford, Herts.

Meyer Williams
Chartered Accountants

13th October 1986

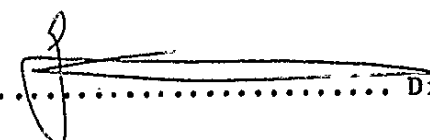


PROPHETS GARAGE LIMITEDMODIFIED BALANCE SHEET AT 31ST DECEMBER 1985

	<u>NOTES</u>	<u>1985</u>	<u>1984</u>
<u>TANGIBLE FIXED ASSETS</u>	1	64,745	57,066
<u>CURRENT ASSETS</u>			
Stocks	1	268,719	450,263
Debtors		139,054	271,774
Cash at Bank and in Hand		315,029	898
		<hr/>	<hr/>
		722,802	722,935
<u>CREDITORS: Amounts falling due within one year</u>	2	447,801	512,849
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		275,001	210,086
		<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		339,746	267,152
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred Taxation		21,400	12,504
		<hr/>	<hr/>
		£ 318,346	£ 254,648
		<hr/>	<hr/>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	3	50,000	50,000
Profit and Loss Account		268,346	204,648
		<hr/>	<hr/>
<u>CAPITAL EMPLOYED</u>		£ 318,346	£ 254,648
		<hr/>	<hr/>

In preparing these modified financial statements we have relied on the exemptions for individual financial statements contained in Sections 247 to 249 of the Companies Act 1985, because under that Act, the Company is entitled to benefit from those exemptions as a small company.

 Director

 Director

The notes on page 3 form part of these modified financial statements.

PROPHETS GARAGE LIMITEDNOTES TO THE MODIFIED FINANCIAL STATEMENTS AT 31ST DECEMBER 19851. 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 stated at the lower of cost and net realisable value.

Stocks exclude new vehicles supplied under the B.M.W. (G.B.) Limited finance plan for which title has not passed.

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.

2. BANK OVERDRAFT

The Company's bank borrowings are secured by a fixed charge over the book debts and a floating charge over the other assets of the Company and there exists a cross guarantee in force in favour of the Royal Bank of Scotland Plc in respect of all monies due by the Company, T.W.R. Limited, Tom Walkinshaw Racing Limited, Crailglade Limited, The Motorsport Centre Limited, T.W.R. Jaguar Limited, The Windmill Garage (Coventry) Limited and Herbie Clips Limited.

Also included in creditors (amounts falling due within one year) is the sum of £62,949 (1984 - £28,438) which is owed to Lloyds Bowmaker Limited and is secured by way of a Debenture, on used car stocks owned by the Company.

3. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Called Up and Fully Paid</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
	<u>No.</u>	<u>No.</u>	<u>£</u>	<u>£</u>
Ordinary Shares of £1 each	50,000	50,000	50,000	50,000

4. HOLDING COMPANY

The Company is a wholly owned subsidiary of T.W.R. Limited, a company incorporated in England.