

RICHARD CORT (ROSSENDALE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1997



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RICHARD CORT (ROSSENDALE) LIMITED

DIRECTORS AND OFFICERS

FOR THE YEAR ENDED 31ST DECEMBER, 1997

DIRECTORS

R.T. Cort
Mrs. C. Cort
P. Sewell
K. Barnacle

SECRETARY

K. Barnacle

REGISTERED OFFICE

Manchester Road
Blackford Bridge
Bury
Manchester
BL9 9ST

PRINCIPAL PLACE OF BUSINESS

Car Showroom
Bacup Road
Waterfoot
Rossendale
Lancashire
BB4 7JA

AUDITORS

John Fairhurst & Co.
Chartered Accountants
Registered Auditor
Parkwood House
169 Chorley New Road
Bolton
Lancashire
BL1 4QZ

BANKERS

National Westminster Bank plc
10 Yorkshire Street
Oldham
Lancashire
OL1 1QT

COMPANY NUMBER

01682339

RICHARD CORT (ROSSENDALE) LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31st December, 1997.

RESULTS AND DIVIDENDS

The results for the year after taxation, and the appropriation thereof, are set out in the Profit and Loss Account on page 5.

The directors do not propose to pay a final dividend.

BUSINESS REVIEW

The company's principal activity during the year was the supply of new and used motor vehicles and accessories and the service and repair of motor vehicles.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1.

All directors served throughout the year.

None of the directors had any interest in the share capital of the company at any time during the financial year.

The interest of the directors in the shares of the ultimate holding company, Richard T. Cort (Holdings) Limited, are disclosed in the financial statements of that company.

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 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;
- 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.

RICHARD CORT (ROSSENDALE) LIMITED

REPORT OF THE DIRECTORS (Continued)

AUDITORS

The auditors, John Fairhurst & Co., will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board



K. Barnacle
Secretary

Date 8.5.98

RICHARD CORT (ROSSENDALE) LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. 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 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 at 31st December, 1997, and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

John Fairhurst

*John Fairhurst & Co
Chartered Accountants
Registered Auditor
Parkwood House
169 Chorley New Road
Bolton
Lancashire
BL1 4QZ*

Date *8/5/98*

RICHARD CORT (ROSSENDALE) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER, 1997**

	Note	£	1997	£	1996	£
TURNOVER	2		8,294,771		6,476,269	
Less: Cost of Sales			7,870,207		6,166,614	
GROSS PROFIT			424,564		309,655	
Administration Expenses		241,252		192,446		
Other Operating Charges		102,456		79,865		
			343,708		272,311	
OPERATING PROFIT	3		80,856		37,344	
Interest Payable & Similar Charges	5		19,718		13,481	
PROFIT ON ORDINARY ACTIVITIES			61,138		23,863	
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6		16,483		5,984	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			44,655		17,879	
RETAINED PROFIT BROUGHT FORWARD			157,276		139,397	
RETAINED PROFIT CARRIED FORWARD			201,931		157,276	

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 14 form part of these financial statements.

RICHARD CORT (ROSSENDALE) LIMITED**BALANCE SHEET AT 31ST DECEMBER, 1997**

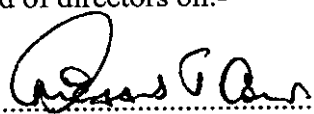
	Note	£	1997	£	1996	£
FIXED ASSETS						
Tangible Assets	7		587,047		435,817	
CURRENT ASSETS						
Stocks	8	786,475		663,325		
Debtors	9	357,154		309,320		
Cash at bank and in hand		-		27,846		
			1,143,629		1,000,491	
CREDITORS						
Amounts falling due within one year	10	1,164,501		913,388		
NET CURRENT (LIABILITIES)/ ASSETS			(20,872)		87,103	
TOTAL ASSETS LESS CURRENT LIABILITIES			566,175		522,920	
CREDITORS						
Amounts falling due after more than one year	11		21,042		22,442	
NET ASSETS			545,133		500,478	
CAPITAL & RESERVES						
Called up share capital	12	40,000		40,000		
Reserves	13	505,133		460,478		
			545,133		500,478	

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The notes on pages 7 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on:-

Date 8.5.98


Richard T. Cort

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST DECEMBER, 1997****1 ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from the requirement to produce a Cash Flow Statement on the grounds that its ultimate holding company, Richard T. Cort (Holdings) Limited, has prepared consolidated financial statements which include a consolidated cash flow statement dealing with the cash flows of the group.

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with other group companies on the grounds that its ultimate holding company, Richard Cort (Holdings) Limited has prepared consolidated financial statements.

Depreciation

Depreciation is provided on the cost of tangible fixed assets in order to write off such cost after taking account of scrap values over the expected useful lives as follows:-

Freehold Land & Buildings	0 - 10% pa straight line
Leasehold Land & Buildings	20% pa straight line
Plant & Machinery	10-20% pa straight line
Motor Vehicles	25% pa straight line
Office Equipment	10-20% pa straight line

No depreciation has been provided on the freehold buildings as they are maintained regularly at a high standard and their values reviewed by the directors. Accordingly, the depreciation charge for the year and the accumulated depreciation at 31st December, 1997 which would be required under SSAP12 are not material.

Stocks

Vehicle and oil stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal. Parts stocks are valued at replacement cost price.

New vehicles on consignment are included on the balance sheet where, at the balance sheet date, related obligations to pay finance charges on the cost of vehicles exist or where the company carries commercially significant risks related to the vehicles. An equivalent amount is included in trade creditors.

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1997****1 ACCOUNTANCY POLICIES (CONTINUED)****Deferred Taxation - cont'd**

No potential liability in respect of taxation on the revaluation surplus has been provided as the directors do not foresee any circumstances under which these land and buildings will be sold whilst the company continues to trade.

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension Costs

The company operates a defined contributions pension scheme and the pension charge represents the amount payable by the company to the fund in respect of the year. The pension cost charge for the year was £6,642 (1996 - £1,210).

2 TURNOVER

Turnover represents the invoiced value of goods and services sold to third parties, excluding value added tax. The turnover and trading profit is attributable to the sole activity of the company and is generated in the United Kingdom only.

3 OPERATING PROFIT

This is stated after charging or (crediting) the following:

	<u>1997</u> £	<u>1996</u> £
Depreciation of tangible fixed assets	29,873	18,852
Auditors' remuneration	6,000	5,725
Profit on sale of tangible fixed assets	-	(3,000)
Staff pension costs	6,642	1,210
Operating lease rentals - land	17,696	12,000
Operating lease rentals - other	8,088	9,921

DIRECTORS REMUNERATION

The directors, R.T. Cort and Mrs. C Cort are executives of the holding company, Richard T. Cort (Holdings) Limited and are also directors of the fellow subsidiaries, Richard Cort (Bury) Limited, Richard Cort (Italia) Limited and Richard Cort (Oldham) Limited. These directors received remuneration from Richard T. Cort (Holdings) Limited during the year. The other directors are also directors of the fellow subsidiaries. These directors received their total remuneration from Richard Cort (Bury) Limited during the year. Salary and management recharges are made during the year to apportion total remuneration throughout the group.

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1997****4 STAFF COSTS**

The average number of persons employed by the company, including directors, during the year was 35 (1996 - 36).

The aggregate payroll cost of these persons were:-

	<u>1997</u>	<u>1996</u>
	£	£
Wages & salaries	535,123	446,097
Social security	49,205	45,438
Other pension costs	6,642	1,210
	<u>590,970</u>	<u>492,745</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1997</u>	<u>1996</u>
	£	£
Loan Interest	4,504	4,561
Bank Charges	5,676	6,330
Bank Interest	6,561	186
Credit Card Charges	2,977	2,404
	<u>19,718</u>	<u>13,481</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u>	<u>1996</u>
	£	£
Corporation tax at 21%/24% (1996 - 24%/25%)	<u>16,483</u>	<u>5,984</u>

RICHARD CORT (ROSSENDALE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER, 1997

7 TANGIBLE FIXED ASSETS

	Land & Buildings		Plant & Motor	
	<u>Freehold</u>	<u>Leasehold</u>	<u>Vehicles</u>	<u>Total</u>
	£	£	£	£
<u>Cost or Valuation</u>				
At 1st January, 1997	403,106	-	185,749	588,855
Additions	102,393	3,157	75,553	181,103
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 1997	505,499	3,157	261,302	769,958
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1st January, 1997	-	-	153,038	153,038
Charge for the year	4,266	263	25,344	29,873
Depreciation on Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 1997	4,266	263	178,382	182,911
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net Book Amount</u>				
At 31st December, 1997	501,233	2,894	82,920	587,047
	<hr/>	<hr/>	<hr/>	<hr/>
At 1st January, 1997	403,106	-	32,711	435,817
	<hr/>	<hr/>	<hr/>	<hr/>

The freehold land and buildings were revalued by the company's valuers on 31st December, 1990 and the directors regularly review this value.

Included in the net book value of the tangible fixed assets above are assets held under finance leases or hire purchase contracts amounting to £14,485 (1996 - £19,597). The depreciation charge for the year on these assets is £5,112 (1996 - £852).

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1997****8 STOCKS**

	<u>1997</u>	<u>1996</u>
	£	£
Stock	786,475	663,325
	<u>786,475</u>	<u>663,325</u>

Consignment vehicles excluded from the balance sheet at 31st December, 1997 had a cost of £288,433 (1996 - £NIL).

9 DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
<u>Amounts Falling Due Within One Year</u>		
Trade debtors	196,438	159,848
Amounts Due By Group Companies	68,714	43,061
Other Debtors	39,340	99,357
Prepayments and accrued income	52,662	7,054
	<u>357,154</u>	<u>309,320</u>

10 CREDITORS: Amounts falling due within one year

	<u>1997</u>	<u>1996</u>
	£	£
Stock Funding Loan	175,000	87,480
Finance Company Loan	50,000	50,000
Bank Loans and Overdrafts	61,891	-
Trade Creditors	599,357	637,505
Amounts due to Group Companies	130,591	47,875
Corporation Tax	16,483	5,984
Other Taxes and Social Security	13,282	11,508
Hire Purchase and Lease Contracts	65,343	29,721
Other Creditors	29,608	5,236
Accruals and Deferred Income	22,946	38,079
	<u>1,164,501</u>	<u>913,388</u>

The bank loan is secured by a fixed and floating charge on the assets of the company.

The finance company loan, stock funding loan and hire purchase liabilities are secured on the stock and assets concerned.

RICHARD CORT (ROSSENDALE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER, 1997

11 CREDITORS: Amounts falling due after more than one year

	<u>1997</u> £	<u>1996</u> £
Hire Purchase and Lease Contracts	21,042	22,442
	<u>21,042</u>	<u>22,442</u>

The above liabilities are repayable on monthly instalments within 2-5 years from the balance sheet date.

12 SHARE CAPITAL

	<u>1997</u> £	<u>1996</u> £
Authorised:		
Ordinary Shares of £1 each	40,000	40,000
Allotted and fully paid:		
Ordinary Shares of £1 per share	40,000	40,000

13 RESERVES

	<u>1997</u> £	<u>1996</u> £
Revaluation Reserves	303,202	303,202
Revenue Reserves brought forward	157,276	139,397
Profit Retained	44,655	17,879
	<u>505,133</u>	<u>460,478</u>

RICHARD CORT (ROSSENDALE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER, 1997

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u> £	<u>1996</u> £
Profit for the financial year	61,138	17,879
Net addition to shareholders funds	61,138	17,879
Opening shareholders' funds	500,478	482,599
Closing shareholders' funds	<u>561,616</u>	<u>500,478</u>

15 LEASING COMMITMENTS

	<u>1997</u>		<u>1996</u>
	<u>LAND</u> £	<u>OTHERS</u> £	<u>LAND</u> £
Operating Leases Which Expire:-			<u>OTHERS</u> £
Within One Year	-	873	6,000
Between Two and Five Years Inclusive	19,500	2,868	-
	<u>19,500</u>	<u>3,741</u>	<u>6,362</u>
	<u>19,500</u>	<u>3,741</u>	<u>6,000</u>
	<u>19,500</u>	<u>3,741</u>	<u>8,092</u>

16 CONTINGENT LIABILITIES

The company has a contingent liability under the terms of a guarantee to the company's bankers in connection with overdraft facilities extended to its parent company Richard T. Cort (Holdings) Limited and its fellow subsidiaries Richard Cort (Bury) Limited, Richard Cort (Oldham) Limited and Richard Cort (Italia) Limited. A composite guarantee has been given by Doublecustom Limited a company wholly owned by R.T. Cort and Mrs. C. Cort. At 31st December, 1997 the bank borrowings of the other group companies amounted to £871,862 (1996 - £1,083,477) and those of Doublecustom Limited amounted to £642,980 (1996 - £654,675).

RICHARD CORT (ROSSENDALE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER, 1997

17 ULTIMATE HOLDING COMPANY

The company is wholly owned subsidiary of Richard T. Cort (Holdings) Limited, a company incorporated within the United Kingdom.

During the year the company paid a management charge to the holding company amounting to £69,996 (1996 - £60,000).

18 POST BALANCE SHEET EVENTS

The effect of events relating to the year ended 31st December, 1997 which occurred before the date of approval of the financial statements by the board of directors, have been included to the extent required to show a true and fair view of the state of affairs at 31st December, 1997 and of the results for the year ended on that date.