

RICHARD CORT (ROSSENDALE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1996



RICHARD CORT (ROSSENDALE) LIMITED

FINANCIAL STATEMENTS

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RICHARD CORT (ROSSENDALE) LIMITED**DIRECTORS AND OFFICERS****FOR THE YEAR ENDED 31ST DECEMBER, 1996**

DIRECTORS	R.T. Cort (Chairman) 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, 1996 .

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 have 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.

AUDITORS

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

This report has been prepared taking advantage of the special exemptions available to small companies.

By order of the board



K. Barnacle
Secretary

Date.....22.4.97

RICHARD CORT (ROSSENDALE) LIMITED**REPORT OF THE AUDITORS TO THE SHAREHOLDERS**

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention 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 1996, and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

John Fairhurst Ho.

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

Date 22/4/97

RICHARD CORT (ROSSENDALE) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER, 1996**

		<u>1996</u>	<u>1995</u>
	Note	£	£
TURNOVER	2	6,476,269	5,734,791
Less: Cost of Sales		<u>6,166,614</u>	<u>5,391,843</u>
GROSS PROFIT		309,655	342,948
Administration Expenses		192,446	169,754
Other Operating Charges		<u>79,865</u>	<u>66,765</u>
		<u>272,311</u>	<u>236,519</u>
OPERATING PROFIT	3	37,344	106,429
Interest Payable & Similar Charges	4	<u>13,481</u>	<u>17,454</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,863	88,975
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	<u>5,984</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		17,879	88,975
RETAINED PROFIT BROUGHT FORWARD		<u>139,397</u>	<u>50,422</u>
RETAINED PROFIT CARRIED FORWARD		<u>157,276</u>	<u>139,397</u>

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 6 to 11 form part of these financial statements.

RICHARD CORT (ROSSENDALE) LIMITED**BALANCE SHEET AT 31ST DECEMBER, 1996**

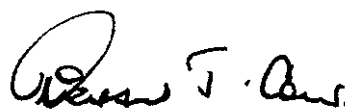
		<u>1996</u>	<u>1995</u>
	Note	£	£
FIXED ASSETS			
Tangible Assets	6	435,817	427,107
CURRENT ASSETS			
Stocks	7	663,325	479,080
Debtors	8	309,320	241,273
Cash at bank and in hand		<u>27,846</u>	<u>130,382</u>
		1,000,491	850,735
CREDITORS			
Amounts falling due within one year	9	<u>913,388</u>	<u>795,243</u>
NET CURRENT ASSETS		<u>87,103</u>	<u>55,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		522,920	482,599
CREDITORS			
Amounts falling due after more than one year	10	<u>22,442</u>	<u>-</u>
NET ASSETS		<u>500,478</u>	<u>482,599</u>
CAPITAL & RESERVES			
Called up share capital	11	40,000	40,000
Reserves	12	<u>460,478</u>	<u>442,599</u>
SHAREHOLDERS FUNDS		<u>500,478</u>	<u>482,599</u>

The notes on pages 6 to 11 form part of these financial statements.

The directors have taken advantage of the exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion the company is entitled to these exemptions as a small company.

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

Date 22-4-97


Richard T. Cort

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST DECEMBER, 1996****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 financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards on the basis of accounting policies applicable to a going concern. 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 it is a small company.

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%
Plant & Machinery	10-20% p.a. straight line
Motor Vehicles	25% p.a. straight line
Office Equipment	10-20% p.a. 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, 1996 which would be required under SSAP12 are not material.

Stocks

Vehicles 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.

Deferred Taxation

Deferred Taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect that it is considered that a net liability may crystallise.

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.

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1996****1 ACCOUNTING POLICIES (CONTINUED)****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 £1,210 (1995 - £2,409).

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/LOSS

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

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation of tangible fixed assets	18,852	18,000
Staff pension costs	1,210	2,409
Auditors' remuneration	5,725	3,275
(Profit)/Loss on sale of tangible fixed assets	(3,000)	-
Operating lease rentals - land	12,000	12,000
Operating lease rentals - other	9,921	12,549

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 (Oldham) Limited and Richard Cort (Italia) 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 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.

4 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1996</u>	<u>1995</u>
	£	£
Loan Interest	4,561	3,425
Bank Charges	6,330	4,437
Bank Interest	186	7,405
Credit Card Charges	<u>2,404</u>	<u>2,187</u>
	<u>13,481</u>	<u>17,454</u>

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1996****5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Corporation tax at 24%/25% (1995 25%)	<u>5,984</u>	<u>-</u>

6 TANGIBLE FIXED ASSETS

	<u>Freehold Land and Buildings</u>	<u>Plant & Machinery</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost or Valuation</u>					
At 1 January 1996	403,106	105,641	9,629	52,546	570,922
Additions	-	6,397	20,449	716	27,562
Disposals	-	-	(9,629)	-	(9,629)
At 31 December 1996	<u>403,106</u>	<u>112,038</u>	<u>20,449</u>	<u>53,262</u>	<u>588,855</u>
<u>Depreciation</u>					
At 1 January 1996	-	89,317	9,629	44,869	143,815
Charge for the year	-	12,000	852	6,000	18,852
Depreciation on disposals	-	-	(9,629)	-	(9,629)
At 31 December 1996	<u>-</u>	<u>101,317</u>	<u>852</u>	<u>50,869</u>	<u>153,038</u>
<u>Net Book Amount</u>					
At 31 December 1996	<u>403,106</u>	<u>10,721</u>	<u>19,597</u>	<u>2,393</u>	<u>435,817</u>
At 1 January 1996	<u>403,106</u>	<u>16,324</u>	<u>-</u>	<u>7,677</u>	<u>427,107</u>

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 £19,597 (1995- £NIL). The depreciation charge for the year on these assets is £852 (1995 - £NIL).

7 STOCKS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Stock	<u>663,325</u>	<u>479,080</u>

Consignment vehicles excluded from the balance sheet at 31 December 1996 had a cost of £NIL (1995 £123,649).

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1996****8 DEBTORS**

	<u>1996</u>	<u>1995</u>
	£	£
<u>Amounts Falling Due Within One Year</u>		
Trade debtors	159,848	174,379
Amounts Due By Group Companies	43,061	35,991
ACT Recoverable	-	725
Other debtors	99,357	12,556
Prepayments and accrued income	<u>7,054</u>	<u>17,622</u>
	<u>309,320</u>	<u>241,273</u>

9 CREDITORS: Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Trade creditors	637,505	446,334
Corporation tax	5,984	-
Other taxation and social security	11,508	12,945
Hire Purchase & Lease Contracts	29,721	24,168
Accruals and deferred income	38,079	34,043
Amounts Due to Group Companies	47,875	99,045
Finance Company loan	50,000	50,000
Stock Funding loan	87,480	114,000
Other Creditors	<u>5,236</u>	<u>14,708</u>
	<u>913,388</u>	<u>795,243</u>

The bank overdraft 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 concerned.

10 CREDITORS: Amounts falling due after more than one year

	<u>1996</u>	<u>1995</u>
	£	£
Hire Purchase	<u>22,442</u>	<u>-</u>
	<u>22,442</u>	<u>-</u>

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1996****11 SHARE CAPITAL**

	<u>1996</u>	<u>1995</u>
	£	£
Authorised:		
Ordinary Shares of £1 each	<u>40,000</u>	<u>40,000</u>
Allotted and fully paid:		
Ordinary shares of £1 per share	<u>40,000</u>	<u>40,000</u>

12 RESERVES

	<u>1996</u>	<u>1995</u>
	£	£
Revaluation Reserves	303,202	303,202
Revenue Reserves brought forward	139,397	50,422
Profit Retained	<u>17,879</u>	<u>88,975</u>
	<u>460,478</u>	<u>442,599</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Profit for the financial year	<u>17,879</u>	<u>88,975</u>
Net addition to shareholders funds	17,879	88,975
Opening shareholders' funds	<u>482,599</u>	<u>393,624</u>
Closing shareholders' funds	<u>500,478</u>	<u>482,599</u>

14 LEASING COMMITMENTS

At 31st December, 1996, the company was committed to making the following payments during the next year in respect of operating leases.

	<u>1996</u>		<u>1995</u>	
	<u>LAND & BUILDINGS</u>	<u>OTHERS</u>	<u>LAND & BUILDINGS</u>	<u>OTHERS</u>
	£	£	£	£
Operating Leases Which Expire:-				
Within One Year	6,000	1,730	-	98
Between Two and Five				
Years Inclusive	<u>-</u>	<u>6,362</u>	<u>12,000</u>	<u>9,823</u>
	<u>6,000</u>	<u>8,092</u>	<u>12,000</u>	<u>9,921</u>

RICHARD CORT (ROSSENDALE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER, 1996****15 CONTINGENT LIABILITIES**

The company has 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, 1996 the bank borrowings of the other group companies amounted to £1,083,477 (1995-£938,699) and those of Doublecustom Limited amounted to £654,675 (1995-£672,949).

16 ULTIMATE HOLDING COMPANY

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

During the year the company paid a management charge to the holding company amounting to £60,000 (1995 - £60,000).

17 POST BALANCE SHEET EVENTS

The effect of events relating to the year ended 31st December, 1996 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, 1996 and of the results for the year ended on that date.