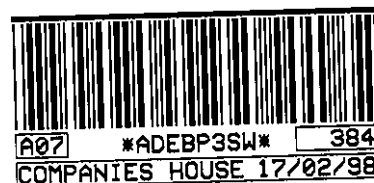


Company Number: 1702607

WARNERS OF TEWKESBURY LIMITED

FINANCIAL STATEMENTS

30 September 1997



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WARNERS OF TEWKESBURY LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 30 September 1997.

1 PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company during the year was that of garage proprietor.

The directors consider the company's trading profit and financial position at the end of the year to be satisfactory.

2 DIVIDENDS AND TRANSFER TO RESERVES

The profit for the year after taxation amounted to £280,716. An interim dividend of £100,000 has been paid leaving £180,716 to be transferred to reserves.

3 DIRECTORS AND INTERESTS IN SHARES

The directors at 30 September 1997, together with their interests, as defined by the Companies Act 1985, in shares of the company at that date and at the beginning of the year, were as follows:

	1997	1996
O E Parker	5,000	5,000
M D Warner	-	-
J J Warner	-	-

M D Warner and J J Warner are interested in shares of the company by virtue of their shareholding in Warners Trust Plc which holds 5,000 shares in Warners of Tewkesbury Limited.

4 AUDITORS

Hazlewoods have expressed their willingness to continue in office.

By order of the Board



J J WARNER

Secretary

5 February 1998

WARNERS OF TEWKESBURY LIMITED

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 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' REPORT

To the shareholders of

WARNERS OF TEWKESBURY LIMITED

We have audited the financial statements on pages 4 to 17.

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 mis-statement, 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 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HAZLEWOODS

Gloucester

Registered Auditors

5 February 1998

WARNERS OF TEWKESBURY LIMITED**PROFIT AND LOSS ACCOUNT**

for the year ended 30 September 1997

	Note	1997	1996
TURNOVER		13,797,350	10,682,341
Cost of sales		(12,719,948)	(9,776,663)
		<hr/>	<hr/>
GROSS PROFIT		1,077,402	905,678
Net operating expenses	2	(665,225)	(631,899)
		<hr/>	<hr/>
OPERATING PROFIT	3	412,177	273,779
Interest payable	4	(43,463)	(49,033)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		368,714	224,746
Tax on profit on ordinary activities	6	(87,998)	(57,099)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		280,716	167,647
Dividends	7	(100,000)	(100,000)
		<hr/>	<hr/>
RETAINED PROFIT FOR YEAR		£ 180,716	£ 67,647
		<hr/>	<hr/>

All activities of the company are continuing activities, there were no acquisitions in the year.

There were no recognised gains or losses other than the profit for the year as shown above.

WARNERS OF TEWKESBURY LIMITED

BALANCE SHEET

30 September 1997

	Note	1997	1996
FIXED ASSETS			
Tangible assets	8	796,477	750,484
CURRENT ASSETS			
Stocks	9	1,127,340	814,873
Debtors	10	366,263	322,647
Cash at bank and in hand		51,099	14,709
		1,544,702	1,152,229
CREDITORS			
due within one year	11	(1,278,141)	(957,453)
NET CURRENT ASSETS		266,561	194,776
TOTAL ASSETS LESS CURRENT LIABILITIES		1,063,038	945,260
CREDITORS			
due after more than one year	12	(315,403)	(378,341)
		£ 747,635	£ 566,919
CAPITAL AND RESERVES			
Called up share capital	14	10,000	10,000
Profit and loss account	15	737,635	556,919
SHAREHOLDERS' FUNDS	16	£ 747,635	£ 566,919

Approved by the board on 5 February 1998.



O E PARKER - Director

WARNERS OF TEWKESBURY LIMITED**CASH FLOW STATEMENT**

for the year ended 30 September 1997

	1997	1996
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	412,177	273,779
Depreciation charges	29,537	33,187
Increase in stocks	(312,467)	(150,429)
(Increase) decrease in debtors	(43,616)	49,997
Increase in creditors	264,331	177,427
	<hr/>	<hr/>
Net cash inflow from operating activities	£ 349,962	£ 383,961
	<hr/>	<hr/>

CASH FLOW STATEMENT

Net cash inflow from operating activities	345,962	383,961
Returns on investments and servicing of finance	(43,463)	(49,033)
Taxation	(32,099)	(75,565)
Purchase of tangible fixed assets	(75,530)	(11,975)
	<hr/>	<hr/>
	198,870	247,388
Equity dividends paid	(100,000)	(100,000)
	<hr/>	<hr/>
Cash outflow before financing	98,870	147,388
Financing	(62,480)	(56,713)
	<hr/>	<hr/>
Increase in cash	£ 36,390	£ 90,675
	<hr/>	<hr/>

An analysis of net cash flows above is given in note i) to the cash flow statement.

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE CASH FLOW STATEMENT

for the year ended 30 September 1997

	1997	1996
i) ANALYSIS OF CASH FLOWS		
Returns on investments and servicing of finance		
Interest paid	(43,004)	(48,765)
Interest element of finance lease and hire purchase rentals	(459)	(268)
	<hr/>	<hr/>
Net cash outflow	£ (43,463)	£ (49,033)
	<hr/>	<hr/>
Financing		
Repayment of bank loan	(58,138)	(53,214)
Capital element of hire purchase and finance lease rentals	(4,342)	(3,499)
	<hr/>	<hr/>
Net cash outflow	£ (62,480)	£ (56,713)
	<hr/>	<hr/>
ii) NET DEBT		
Reconciliation of net cash flow movement to net debt		
Increase in cash in year	36,390	90,675
Cash used to repay loans and hire purchase and finance lease obligations	62,480	56,713
	<hr/>	<hr/>
Change in net debt resulting from cash flows	98,870	147,388
New finance leases and hire purchase obligations	-	(9,651)
	<hr/>	<hr/>
Movement in net debt in year	98,870	137,737
Net debt at the beginning of year	(397,049)	(534,786)
	<hr/>	<hr/>
Net debt at end of year	£ (298,179)	£ (397,049)
	<hr/>	<hr/>

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE CASH FLOW STATEMENT for the year ended 30 September 1997

ii) NET DEBT (Continued)

Analysis of movement in net debt:

	At 1 October 1996	Cash flow	At 30 September 1997
Cash in hand and at bank	14,709	36,390	51,099
Bank loan	(405,607)	58,138	(347,469)
Finance lease and hire purchase	(6,151)	4,342	(1,809)
	<hr/>	<hr/>	<hr/>
TOTAL	£ (397,049)	£ 98,870	£ (298,179)
	<hr/>	<hr/>	<hr/>

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies.

Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year for goods and services supplied.

Depreciation of Tangible Fixed Assets

Depreciation is calculated to write off the cost less estimated residual value of tangible fixed assets over their estimated useful lives at the following rates per annum:

Freehold buildings	2% of cost
Fixtures, fittings, tools and equipment	20% to 33.3% of cost
Motor vehicles	25% of cost

No depreciation is charged on freehold land due to it having an indefinite useful life.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour costs incurred in bringing each product to its present condition and location. Net realisable value is estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred Taxation

Provision is made for deferred taxation using the liability method (calculated at the rate at which it is estimated that tax will be payable) in respect of timing differences between profits as computed for tax purposes and profits as stated in the financial statements to the extent that those differences will give rise to tax liabilities in the foreseeable future.

Hire Purchase Liability

Assets acquired under hire purchase have been recorded in the balance sheet as tangible fixed assets. The corresponding liability has been included under creditors due within or after one year. The interest element is charged to the profit and loss account and represents a constant proportion of the balance of capital repayments outstanding.

Operating Lease Expenditure

The cost of operating leases is charged to the profit and loss account on a straight line basis over the lease term.

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

1 ACCOUNTING POLICIES (Continued)

Development Bonuses

Development bonuses received in respect of capital expenditure are deferred and included in the profit and loss account by instalments over the expected useful lives of the related assets. They are included in the balance sheet as creditors due within or after one year.

Finance Costs

All finance costs in connection with borrowing are allocated to profit and loss account at a constant rate on the carrying amount shown in the balance sheet. Accrued finance costs are included in accruals to the extent that they will be paid in cash in the next accounting period, but otherwise are added to the carrying amount of the borrowings.

Pension Costs

The company makes contributions directly into personal pension plans of its employees. The contributions are charged to profit and loss as they become payable in accordance with agreements with employees.

2	NET OPERATING EXPENSES	1997	1996
	Administrative expenses	752,731	686,597
	Other operating income	(87,506)	(54,698)
		<hr/>	<hr/>
		£ 665,225	£ 631,899
		<hr/>	<hr/>

3	OPERATING PROFIT	1997	1996
	Operating profit is stated after charging (crediting):		
	Depreciation of fixed assets	28,937	33,187
	Auditor's remuneration	7,000	7,000
	Property rents payable	59,000	59,000
	Property rents receivable	(14,040)	(8,010)
		<hr/>	<hr/>

Depreciation includes £2,412 (1996: £1,809) in respect of assets subject to hire purchase agreements.

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

4	INTEREST PAYABLE	1997	1996
	Bank overdraft and loans	35,323	38,621
	Hire purchase charges	459	268
	Other interest	7,681	10,144
		<hr/>	<hr/>
		£ 43,463	£ 49,033
		<hr/>	<hr/>

5 DIRECTORS AND OTHER EMPLOYEES

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

Service	28	27
Vehicle and forecourt sales	18	18
Administration	12	9
	<hr/>	<hr/>
	58	54
	<hr/>	<hr/>

Staff costs (including directors):

Wages and salaries	763,098	681,787
Social security costs	65,699	58,773
Other pension costs	43,424	21,593
	<hr/>	<hr/>
	£ 872,221	£ 762,153
	<hr/>	<hr/>

The emoluments of the directors were as follows:

Excluding pension contributions:

Highest paid director	64,723	61,473
Other directors	20,000	-
	<hr/>	<hr/>
	£ 84,723	£ 61,473
	<hr/>	<hr/>

The company paid a total of £27,500 (1996: £7,500) during the year by way of contributions to a money purchase personal pension scheme on behalf of the highest paid director.

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
Corporation tax based on profit for the year at an effective rate of 25.1% (1996: 25.5%)	87,994	57,099
Under provision in previous years	4	-
	<hr/>	<hr/>
	£ 87,998	£ 57,099
	<hr/>	<hr/>

There is no potential liability in respect of deferred taxation.

7 DIVIDENDS

Equity dividends on ordinary shares

Ordinary - interim paid	£ 100,000	£ 100,000
	<hr/>	<hr/>

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Short leasehold land and buildings	Fixtures, fittings, tools and equipment	Motor vehicles	Total
Cost					
At 1 October 1996	759,937	8,565	328,191	9,775	1,106,468
Additions	-	-	75,530	-	75,530
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1997	759,937	8,565	403,721	9,775	1,181,998
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 October 1996	40,000	8,565	297,644	9,775	355,984
Charge for year	8,000	-	21,537	-	29,537
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1997	48,000	8,565	319,181	9,775	385,521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 30 September 1997	£ 711,937	£ -	£ 84,540	£ -	£ 796,477
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1996	£ 719,937	£ -	£ 30,547	£ -	£ 750,484
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

8 TANGIBLE FIXED ASSETS (Continued)

Included in the above are the following net book values relating to assets subject to hire purchase agreements.

	Fixtures, fittings, tools and equipment
At 30 September 1997	£ 5,428
	=====
At 30 September 1996	£ 7,841
	=====

Fixed assets includes £353,500 in respect of land which is not subject to depreciation, all other assets are depreciable and amount to £828,498 (gross).

9 STOCKS	1997	1996
Work in progress	4,340	1,901
Vehicles	933,838	687,411
Parts and accessories	106,280	76,714
Forecourt stocks	82,882	48,847
	=====	=====
	£ 1,127,340	£ 814,873
	=====	=====

10 DEBTORS

Trade debtors	288,348	289,879
Prepayments and accrued income	77,915	32,768
	=====	=====
	£ 366,263	£ 322,647
	=====	=====

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

11 CREDITORS - due within one year

	1997	1996
Debt:		
Current instalments on bank loans	57,866	55,475
Hire purchase obligations	1,809	4,342
	<hr/>	<hr/>
	59,675	59,817
	<hr/>	<hr/>
Other creditors:		
Trade creditors	909,184	680,294
Amounts owed to related parties	38,155	33,947
Directors' accounts	18,725	18,725
Current corporation tax	87,994	32,099
Other taxes and Social Security	63,109	78,400
Other creditors	17,114	-
Accruals and deferred income	84,185	54,171
	<hr/>	<hr/>
	1,218,466	897,636
	<hr/>	<hr/>
Total creditors due within one year	£ 1,278,141	£ 957,453
	<hr/> <hr/>	<hr/> <hr/>

Amounts owing to related parties are loans and trading balances with Warners Trust Plc and its subsidiaries in which certain directors have an interest as explained in note 18.

Details of debt including security are given in note 13 to these financial statements.

Trade creditors include £656,059 which is secured on vehicle stocks.

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

12 CREDITORS - due after more than one year	1997	1996
Debt:		
Bank loans	289,603	350,132
Hire purchase obligations	-	1,809
	<hr/>	<hr/>
	289,603	351,941
Other creditors:		
Deferred income	25,800	26,400
	<hr/>	<hr/>
Total creditors due after more than one year	£ 315,403	£ 378,341
	<hr/> <hr/>	<hr/> <hr/>

Details of debt including security are given in note 13 to these financial statements.

Deferred income is in relation to development bonuses received from suppliers which were conditional on specified capital expenditure being made.

13 DETAILS OF DEBT

Amounts borrowed fall due for repayment as follows:

	1997	1996
Due within five years:		
Within one year or on demand		
- bank loan	57,866	55,475
- hire purchase obligations	1,809	4,342
	<hr/>	<hr/>
	59,675	59,817
	<hr/>	<hr/>
Between one and two years		
- bank loans	66,043	60,529
- hire purchase obligations	-	1,809
	<hr/>	<hr/>
	66,043	62,338
	<hr/>	<hr/>
From two to five years		
- bank loans	223,560	216,712
	<hr/>	<hr/>
	£ 349,278	£ 338,867
	<hr/> <hr/>	<hr/> <hr/>

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

13 DETAILS OF DEBT (Continued)

Due after five years by instalments:

	1997	1996
Bank loan	£ -	£ 72,891
	<u> </u>	<u> </u>

Interest rates applicable to loans due after more than five years:

Bank loan 2% over LIBOR per annum

Security given in respect of debt is as follows:

Bank loans and overdrafts are secured by fixed and floating charges over all assets of the company.

14 CALLED UP SHARE CAPITAL

Authorised:

Ordinary shares of £1 each	£ 50,000	£ 50,000
	<u> </u>	<u> </u>

Allotted and fully paid:

Ordinary shares of £1 each	£ 10,000	£ 10,000
	<u> </u>	<u> </u>

15 RESERVES

	Profit and loss account
At beginning of year	556,919
Transfer from profit and loss account in year	180,716
	<u> </u>
At end of year	£ 737,635
	<u> </u>

WARNERS OF TEWKESBURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

16 SHAREHOLDERS' FUNDS	1997	1996
Reconciliation of movements		
Profit for the financial year	280,716	167,647
Dividends	(100,000)	(100,000)
NET ADDITION TO SHAREHOLDERS' FUNDS	180,716	67,647
Opening shareholders' funds	566,919	499,272
CLOSING SHAREHOLDERS' FUNDS	£ 747,635	£ 566,919

17 OTHER FINANCIAL COMMITMENTS

Commitments in respect of property rentals payable in the next twelve months are as follows:

Commitments expiring:

	Land and buildings	Other	Total
In second to fifth years inclusive	-	539	539
After more than five years	59,000	-	59,000
	<u>£ 59,000</u>	<u>£ 539</u>	<u>£ 59,539</u>

18 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

M D Warner and J J Warner have beneficial interests in Warners Trust Plc. The company incurred property rental costs of £55,000 payable to Warners Trust Plc during the year and paid management charges to that company of £10,000 in consideration for management and administrative support. The company also incurred recharges of administrative costs and computer equipment from Warners Trust plc of £22,369. The balance due to Warners Trust plc at the year end was £12,340.