

Company Number: 1702607

**WARNERS OF TEWKESBURY LIMITED**

**FINANCIAL STATEMENTS**

**30 September 1998**



## **C O N T E N T S**

	<b>Page</b>
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
CASH FLOW STATEMENT	6-8
NOTES TO THE FINANCIAL STATEMENTS	9-17

# **WARNERS OF TEWKESBURY LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the financial statements for the year ended 30 September 1998.

### **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 £271,831. An interim dividend of £80,000 has been paid leaving £191,831 to be transferred to reserves.

### **3 YEAR 2000**

The directors are aware of the Year 2000 issue and acknowledge that it is their responsibility to analyse the impact of the Year 2000 issue on the business and to develop plans to mitigate the effects identified by this analysis.

The directors have performed such an analysis and made the necessary changes to minimise the impact on the business. The directors have concluded that the impact is unlikely to effect the ability of the business to continue trading.

### **4 DIRECTORS AND INTERESTS IN SHARES**

The directors at 30 September 1998, 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:

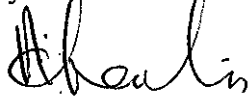
	1998	1997
O E Parker	5,000	5,000
M D Warner	-	-
J J Warner	-	-

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.

### **5 AUDITORS**

Hazlewoods have expressed their willingness to continue in office.

By order of the Board



A JENKINS

Secretary

12 February 1999

## **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 1998 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

12 February 1999

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

for the year ended 30 September 1998

	Note	1998	1997
<b>TURNOVER</b>		14,217,881	13,797,350
Cost of sales		(13,185,273)	(12,719,948)
<b>GROSS PROFIT</b>		1,032,608	1,077,402
Net operating expenses	2	(638,883)	(665,225)
<b>OPERATING PROFIT</b>	3	393,725	412,177
Interest payable	4	(34,975)	(43,463)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		358,750	368,714
Tax on profit on ordinary activities	6	(86,919)	(87,998)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		271,831	280,716
Dividends	7	(80,000)	(100,000)
<b>RETAINED PROFIT FOR YEAR</b>		£ 191,831	£ 180,716

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

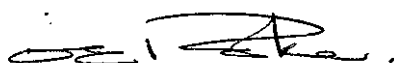
## BALANCE SHEET

30 September 1998

	Note	1998	1997
<b>FIXED ASSETS</b>			
Tangible assets	8	1,045,408	796,477
<b>CURRENT ASSETS</b>			
Stocks	9	1,074,189	1,127,340
Debtors	10	453,575	366,263
Cash at bank and in hand		36,256	51,099
		1,564,020	1,544,702
<b>CREDITORS</b>			
due within one year	11	(1,421,202)	(1,278,141)
<b>NET CURRENT ASSETS</b>		142,818	266,561
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,188,226	1,063,038
<b>CREDITORS</b>			
due after more than one year	12	(248,760)	(315,403)
		£ 939,466	£ 747,635
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	10,000	10,000
Profit and loss account	15	929,466	737,635
<b>SHAREHOLDERS' FUNDS</b>	16	£ 939,466	£ 747,635

Approved by the board on 12 February 1999.

O E PARKER - Director



# **WARNERS OF TEWKESBURY LIMITED**

## **CASH FLOW STATEMENT**

for the year ended 30 September 1998

	1998	1997
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>Operating profit</b>	393,725	412,177
Depreciation charges	43,673	29,537
Decrease (increase) in stocks	53,151	(312,467)
Increase in debtors	(87,312)	(43,616)
Increase in creditors	158,679	264,331
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>£ 561,916</b>	<b>£ 349,962</b>
	<hr/> <hr/>	<hr/> <hr/>

## **CASH FLOW STATEMENT**

Net cash inflow from operating activities	561,916	349,962
Returns on investments and servicing of finance	(34,975)	(43,463)
Taxation	(107,994)	(32,099)
Purchase of tangible fixed assets	(292,604)	(75,530)
	<hr/>	<hr/>
	126,343	198,870
Equity dividends paid	(80,000)	(100,000)
	<hr/>	<hr/>
<b>Cash outflow before financing</b>	<b>46,343</b>	<b>98,870</b>
Financing	(61,186)	(62,480)
	<hr/>	<hr/>
<b>(Decrease)/increase in cash</b>	<b>£ (14,843)</b>	<b>£ 36,390</b>
	<hr/> <hr/>	<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 1998

	1998	1997
<b>i) ANALYSIS OF CASH FLOWS</b>		
<b>Returns on investments and servicing of finance</b>		
Interest paid	(34,784)	(43,004)
Interest element of finance lease and hire purchase rentals	(191)	(459)
	<u>          </u>	<u>          </u>
Net cash outflow	£ (34,975)	£ (43,463)
	<u>          </u>	<u>          </u>
<b>Financing</b>		
Repayment of bank loan	(59,377)	(58,138)
Capital element of hire purchase and finance lease rentals	(1,809)	(4,342)
	<u>          </u>	<u>          </u>
Net cash outflow	£ (61,186)	£ (62,480)
	<u>          </u>	<u>          </u>
<b>ii) NET DEBT</b>		
<b>Reconciliation of net cash flow movement to net debt</b>		
(Decrease) increase in cash in year	(14,843)	36,390
Cash used to repay loans and hire purchase and finance lease obligations	61,186	62,480
	<u>          </u>	<u>          </u>
Change in net debt resulting from cash flows	46,343	98,870
New finance leases and hire purchase obligations	-	-
	<u>          </u>	<u>          </u>
Movement in net debt in year	46,343	98,870
Net debt at the beginning of year	(298,179)	(397,049)
	<u>          </u>	<u>          </u>
Net debt at end of year	£ (251,836)	£ (298,179)
	<u>          </u>	<u>          </u>

**WARNERS OF TEWKESBURY LIMITED****NOTES TO THE CASH FLOW STATEMENT**  
for the year ended 30 September 1998**ii) NET DEBT (Continued)**

Analysis of movement in net debt:

	<b>At 1 October 1997</b>	<b>Cash flow</b>	<b>At 30 September 1998</b>
Cash in hand and at bank	51,099	(14,843)	36,256
Bank loan	(347,469)	59,377	(288,092)
Finance lease and hire purchase	(1,809)	1,809	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b>£ (298,179)</b>	<b>£ 46,343</b>	<b>£ (251,836)</b>
	<hr/>	<hr/>	<hr/>

## **WARNERS OF TEWKESBURY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 September 1998

#### **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 at their equivalent capital value. 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**

The cost and income from 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 1998

#### **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.

<b>2</b>	<b>NET OPERATING EXPENSES</b>	<b>1998</b>	<b>1997</b>
	Administrative expenses	766,729	752,731
	Other operating income	(127,846)	(87,506)
		<hr/>	<hr/>
		£ 638,883	£ 665,225
		<hr/>	<hr/>
<b>3</b>	<b>OPERATING PROFIT</b>	<b>1998</b>	<b>1997</b>

**Operating profit is stated after charging (crediting):**

Depreciation of fixed assets	43,673	29,537
Directors' emoluments	77,548	84,723
Auditor's remuneration	7,000	7,000
Property rents payable	59,000	59,000
Property rents receivable	(14,040)	(14,040)
	<hr/>	<hr/>

Depreciation includes £Nil (1997: £2,412) in respect of assets subject to hire purchase agreements.

# WARNERS OF TEWKESBURY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1998

4	INTEREST PAYABLE	1998	1997
	Bank overdraft and loans	30,288	35,323
	Hire purchase charges	191	459
	Other interest	4,496	7,681
		<hr/>	<hr/>
		£ 34,975	£ 43,463
		<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	28
Vehicle and forecourt sales	13	18
Administration	12	12
	<hr/>	<hr/>
	53	58
	<hr/>	<hr/>

Staff costs (including directors):

Wages and salaries	804,122	763,098
Social security costs	71,504	65,699
Other pension costs	35,541	43,424
	<hr/>	<hr/>
	£ 911,167	£ 872,221
	<hr/>	<hr/>

The emoluments of the directors were as follows:

Excluding pension contributions:

Highest paid director	67,548	64,723
Other directors	10,000	20,000
	<hr/>	<hr/>
	£ 77,548	£ 84,723
	<hr/>	<hr/>

The company paid a total of £17,500 (1997: £27,500) 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 1998

### 6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998	1997
Corporation tax based on profit for the year at an effective rate of 25.1% (1997: 25.5%)	86,919	87,994
Under provision in previous years	-	4
	<u>£ 86,919</u>	<u>£ 87,998</u>

There is no potential liability in respect of deferred taxation.

### 7 DIVIDENDS

#### Equity dividends on ordinary shares

Ordinary - interim paid	£ 80,000	£ 100,000
	<u>£ 80,000</u>	<u>£ 100,000</u>

### 8 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Short leasehold land and buildings	Fixtures, fittings, tools and equipment	Motor vehicles	Total
<b>Cost</b>					
At 1 October 1997	759,937	8,565	403,721	9,775	1,181,998
Additions	256,856	-	35,748	-	292,604
Disposals	-	-	(3,400)	-	(3,400)
	<u>1,016,793</u>	<u>8,565</u>	<u>436,069</u>	<u>9,775</u>	<u>1,471,202</u>
At 30 September 1998	1,016,793	8,565	436,069	9,775	1,471,202
<b>Depreciation</b>					
At 1 October 1997	48,000	8,565	319,181	9,775	385,521
Charge for year	8,000	-	35,673	-	43,673
Disposals	-	-	(3,400)	-	(3,400)
	<u>56,000</u>	<u>8,565</u>	<u>351,454</u>	<u>9,775</u>	<u>425,794</u>
At 30 September 1998	56,000	8,565	351,454	9,775	425,794
<b>Net book value</b>					
At 30 September 1998	£ 960,793	£ -	£ 84,615	£ -	£ 1,045,408
	<u>£ 960,793</u>	<u>£ -</u>	<u>£ 84,615</u>	<u>£ -</u>	<u>£ 1,045,408</u>
At 30 September 1997	£ 711,937	£ -	£ 84,540	£ -	£ 796,477
	<u>£ 711,937</u>	<u>£ -</u>	<u>£ 84,540</u>	<u>£ -</u>	<u>£ 796,477</u>

# WARNERS OF TEWKESBURY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1998

### 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 1998	£ -
At 30 September 1997	£ 5,428

Fixed assets includes £600,500 in respect of land which is not subject to depreciation, all other assets are depreciable and amount to £860,846 (gross).

9 STOCKS	1998	1997
Work in progress	3,333	4,340
Vehicles	926,120	933,838
Parts and accessories	111,543	106,280
Forecourt stocks	35,193	82,882
	<u>£ 1,074,189</u>	<u>£ 1,127,340</u>

### 10 DEBTORS

Trade debtors	371,798	288,348
Prepayments and accrued income	81,777	77,915
	<u>£ 453,575</u>	<u>£ 366,263</u>

# WARNERS OF TEWKESBURY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1998

### 11 CREDITORS - due within one year

	1998	1997
<b>Debt:</b>		
Current instalments on bank loans	64,532	57,866
Hire purchase obligations	-	1,809
	<hr/>	<hr/>
	64,532	59,675
	<hr/>	<hr/>
<b>Other creditors:</b>		
Trade creditors	1,085,352	909,184
Amounts owed to related parties	37,022	38,155
Directors' accounts	18,725	18,725
Current corporation tax	66,919	87,994
Other taxes and Social Security	68,250	63,109
Other creditors	17,114	17,114
Accruals and deferred income	63,288	84,185
	<hr/>	<hr/>
	1,356,670	1,218,466
	<hr/>	<hr/>
<b>Total creditors due within one year</b>	<b>£ 1,421,202</b>	<b>£ 1,278,141</b>
	<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 notes 20 and 21.

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

Trade creditors include £888,813 which is secured on vehicle stocks.



# WARNERS OF TEWKESBURY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1998

12 CREDITORS - due after more than one year	1998	1997
<b>Debt:</b>		
Bank loans	223,560	289,603
	<hr/>	<hr/>
	223,560	289,603
<b>Other creditors:</b>		
Deferred income	25,200	25,800
	<hr/>	<hr/>
<b>Total creditors due after more than one year</b>	<b>£ 248,760</b>	<b>£ 315,403</b>
	<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:

	1998	1997
<b>Due within five years:</b>		
Within one year or on demand		
- bank loan	64,532	57,866
- hire purchase obligations	-	1,809
	<hr/>	<hr/>
	64,532	59,675
	<hr/>	<hr/>
Between one and two years		
- bank loans	72,059	66,043
	<hr/>	<hr/>
	72,059	66,043
	<hr/>	<hr/>
From two to five years		
- bank loans	151,501	223,560
	<hr/>	<hr/>
	£ 288,092	£ 349,278
	<hr/> <hr/>	<hr/> <hr/>

# WARNERS OF TEWKESBURY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1998

### 13 DETAILS OF DEBT (Continued)

Security given in respect of debt is as follows:

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

### 14 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		737,635
Transfer from profit and loss account in year		191,831
		<u>          </u>
At end of year		£ 929,466
		<u>          </u>

### 16 SHAREHOLDERS' FUNDS

1998 1997

#### Reconciliation of movements

Profit for the financial year	271,831	280,716
Dividends	(80,000)	(100,000)
	<u>          </u>	<u>          </u>
<b>NET ADDITION TO SHAREHOLDERS' FUNDS</b>	191,831	180,716
Opening shareholders' funds	747,635	566,919
	<u>          </u>	<u>          </u>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	£ 939,466	£ 747,635
	<u>          </u>	<u>          </u>

## **WARNERS OF TEWKESBURY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 30 September 1998

#### **17 CONTRACTED CAPITAL COMMITMENTS**

	<b>1998</b>	<b>1997</b>
Contracts existed at 1998 for the following expenditure which is not provided for in these financial statements:	<b>£ 105,000</b>	<b>£ -</b>

#### **18 PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for its employees. The assets are held separately from that of the company in an independent administered fund.

#### **19 OTHER FINANCIAL COMMITMENTS**

Commitments in respect of operating leases payable in the next twelve months are as follows:

Commitments expiring:

	<b>Land and buildings</b>	<b>Other</b>	<b>Total</b>
Within one year	-	1,832	1,832
In second to fifth years inclusive	-	539	539
After more than five years	59,000	-	59,000
	<b>£ 59,000</b>	<b>£ 2,371</b>	<b>£ 61,371</b>

#### **20 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 £10,060 in consideration for management and administrative support. The company also incurred recharges of administrative costs and computer equipment from Warners Trust plc of £11,346. The balance due to Warners Trust plc at the year end was £16,943. Warners of Tewkesbury Limited purchased computer software from Warners Trust plc amounting to £13,950 during the year.

#### **21 CONTROL OF THE COMPANY**

The company is controlled by Mr O E Parker and Warners Trust Plc, which is in turn controlled by Mr M D Warner.