

WARWICK CAR COMPANY LIMITED

COMPANY NUMBER 2352103

FINANCIAL STATEMENTS

31 MAY 1998



MIKE GIBSON
Chartered Accountant
32 Parkfield Gardens
Harrow
Middlesex HA2 6JR

WARWICK CAR COMPANY LIMITED

COMPANY INFORMATION

REGISTERED NUMBER 2352103

DIRECTORS

R K THOMAS
M J MAY

SECRETARY AND REGISTERED OFFICE

R K THOMAS
4 Combers End
Tetbury
Gloucestershire GL8 8LQ

AUDITORS

MIKE GIBSON
Chartered Accountant and Registered Auditor
32 Parkfield Gardens
Harrow
Middlesex HA2 6JR

WARWICK CAR COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 1998

The directors present their report and the financial statements for the year ended 31 May 1998.

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.

Principal Activity

The company's principal activity continues to be that of garage services, offering MOT and repair facilities, car hire and sales.

Directors

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	<u>Number of £1 ordinary shares</u>	
	<u>1998</u>	<u>1997</u>
R K Thomas	50	50
M J May	50	50

Auditors

The auditors, Mike Gibson, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report, which has been prepared taking advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985, was approved by the board on 11 December 1998 and signed on their behalf.



R K THOMAS
Secretary

WARWICK CAR COMPANY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF WARWICK CAR COMPANY LIMITED

I have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

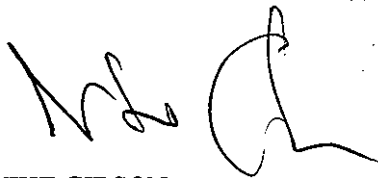
Basis of opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



MIKE GIBSON
Chartered Accountant and Registered Auditor

32 Parkfield Gardens
Harrow
Middlesex
HA2 6JR

18 December 1998

WARWICK CAR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1998

		<u>1998</u>	<u>1997</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
<u>TURNOVER</u>	2	772478	509279
Cost of sales		<u>630933</u>	<u>392601</u>
<u>GROSS PROFIT</u>		141545	116678
Administrative expenses		<u>116971</u>	<u>105599</u>
<u>OPERATING PROFIT</u>	3	24574	11079
Profit on disposal of tangible fixed assets		<u>567</u>	<u>1603</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		25141	12682
Interest receivable		28	31
Interest payable	4	<u>(5105)</u>	<u>(8259)</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		20064	4454
Tax on profit on ordinary activities	5	<u>4700</u>	<u>1575</u>
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		15364	2879
Dividends		<u>14400</u>	<u>-</u>
<u>PROFIT FOR THE FINANCIAL YEAR</u>		964	2879
Deficit brought forward		<u>(11807)</u>	<u>(14686)</u>
<u>DEFICIT CARRIED FORWARD</u>		<u>£ (10843)</u>	<u>£ (11807)</u>

There were no recognised gains and losses for 1998 or 1997 other than those included in the profit and loss account.

The notes on pages 5 to 10 form part of these financial statements.

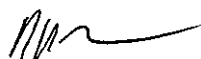
WARWICK CAR COMPANY LIMITED

BALANCE SHEET

AT 31 MAY 1998

		<u>1998</u>		<u>1997</u>	
	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>	6				
Tangible assets			12573		15708
Intangible assets			<u>6538</u>		<u>8363</u>
			19111		24071
<u>CURRENT ASSETS</u>					
Stock	7	43567		29156	
Debtors		32592		24295	
Cash at bank and in hand		<u>3036</u>		<u>2514</u>	
		79195		55965	
<u>CREDITORS: Amounts falling due within one year</u>	9	<u>93249</u>		<u>73220</u>	
<u>NET CURRENT (LIABILITIES)</u>			(14054)		(17255)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			5057		6816
<u>CREDITORS: Amounts falling due after more than one year</u>	10		<u>15800</u>		<u>18523</u>
<u>NET LIABILITIES</u>			<u>£(10743)</u>		<u>£(11707)</u>
<u>CAPITAL AND RESERVES</u>					
Called up share capital	12		100		100
Profit and loss account			(10843)		(11807)
<u>EQUITY SHAREHOLDERS FUNDS</u>			<u>£(10743)</u>		<u>£(11707)</u>

The directors have taken advantage, in the preparation of these financial statements, of special exemptions applicable to small companies under Schedule 8 Part I of the Companies Act 1985 on the grounds that, in the opinion of the directors, the company qualifies as a small company and is entitled to make use of the special exemptions. The financial statements were approved by the board on 11 December 1998 and signed on its behalf.



R K THOMAS
Director

The notes on pages 5 to 10 form part of these financial statements.

WARWICK CAR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MAY 1998

1. ACCOUNTING POLICIES

Basis of Preparation of Accounts

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the Directors Report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Stock and Work in Progress

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stocks.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets on a straight line basis at rates calculated to write-off the cost of each asset over its expected useful life as follow:

Plant and equipment	:	15%
Fixtures and fittings	:	15%
Motor vehicles	:	25%

The acquisition cost of goodwill is amortised over the period of the lease on the leasehold premises (12 years).

Deferred Taxation

Provision for deferred taxation is only made where it is expected that such taxation is likely to become payable in the foreseeable future. The foreseeable future is taken to be 3 years.

Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

Turnover

Turnover comprises the invoiced value of services and vehicles sold by the company, net of Value Added Tax.

WARWICK CAR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MAY 1998

1. ACCOUNTING POLICIES contd.

Hire Purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets, and depreciated in accordance with the rates shown above. Obligations under such agreements are included in creditors net of the finance charge, which is charged to profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Pension

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

No exports were made during the year (1997 : Nil).

The company's turnover comprises general garage services and used vehicle sales as follows:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Vehicle sales	529137	223912
Garage services	<u>243341</u>	<u>285367</u>
	<u>£772478</u>	<u>£509279</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Directors' emoluments	22000	23400
Directors' pension contributions	2695	2765
Auditors' remuneration	1750	1750
Depreciation and amortisation of tangible fixed assets owned by the company	7088	8623
Hire of plant, machinery and office equipment	<u>2131</u>	<u>4570</u>

WARWICK CAR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MAY 1998

4. INTEREST PAYABLE

Included in interest payable is interest on hire purchase contracts of £667 (1997 : £1735).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Charge for the year at 21% (1997 : 23.5%)	<u>£ 4700</u>	<u>£ 1575</u>

If provision were made for deferred taxation on the basis of the full potential liability, the tax charge would increase by £243 (1997 : £300) due to accelerated capital allowances.

6. FIXED ASSETS

	<u>Tangible Assets</u>			<u>Intangible</u>	
	<u>Plant and</u>	<u>Fixtures</u>	<u>Motor</u>	<u>Assets</u>	
	<u>Equipment</u>	<u>and Fittings</u>	<u>Vehicles</u>	<u>Goodwill</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>					
At 1 June 1997	9932	5609	24200	21897	61638
Additions	-	3211	7600	-	10811
Disposals	-	-	(14200)	-	(14200)
At 31 May 1998	<u>9932</u>	<u>8820</u>	<u>17600</u>	<u>21897</u>	<u>58249</u>
<u>Depreciation</u>					
At 1 June 1997	7717	3799	12517	13534	37567
Charge for the year	1490	1323	2450	1825	7088
Disposals	-	-	(5517)	-	(5517)
At 31 May 1998	<u>9207</u>	<u>5122</u>	<u>9450</u>	<u>15359</u>	<u>39138</u>
<u>Net Book Value</u>					
At 31 May 1998	<u>£ 725</u>	<u>£3698</u>	<u>£ 8150</u>	<u>£ 6538</u>	<u>£19111</u>
At 31 May 1997	<u>£2215</u>	<u>£1810</u>	<u>£11683</u>	<u>£ 8363</u>	<u>£24071</u>

Motor vehicles costing £7600 (1997 : £9200), and with a written down value of £6650 (1997 : £6183) at 31 May 1998 are subject to hire purchase agreements.

WARWICK CAR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MAY 1998

7. STOCK

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Garage materials and work in progress	2850	2226
Vehicles for resale	<u>40717</u>	<u>26930</u>
	<u>£43567</u>	<u>£29156</u>

8. DEBTORS

Due within one year:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Trade debtors	<u>£32592</u>	<u>£24295</u>

9. CREDITORS: Amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Bank overdraft	20639	16783
Trade creditors	25427	22005
Accruals	6050	4350
Taxation and social security	19308	16782
Corporation tax	4700	1575
Net obligations under hire purchase creditors	2475	6657
Current instalment of bank loans	5850	5068
Directors loan accounts	<u>8800</u>	<u>-</u>
	<u>£93249</u>	<u>£73220</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company, and by personal guarantees of the directors.

WARWICK CAR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MAY 1998

10. CREDITORS: Amounts falling due after more than one year

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Net obligations under hire purchase contracts	3800	-
Bank loans repayable within 3 years	<u>12000</u>	<u>18523</u>
	<u>£15800</u>	<u>£18523</u>

11. DEFERRED TAXATION

The potential liability to deferred taxation due to accelerated capital allowances claimed in advance of depreciation charges is £243 (1997 : £300). No provision has been made in these accounts.

12. CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>No</u>	<u>No</u>	<u>No</u>	<u>No</u>
Ordinary shares of £1 each	<u>1000</u>	<u>1000</u>	<u>100</u>	<u>100</u>

13. CONTINGENT LIABILITY

The company had no contingent liabilities at the year end (1997 : Nil).

WARWICK CAR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MAY 1998

14. MOVEMENT ON SHAREHOLDERS FUNDS

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Profit for the year	15364	2879
Less: Dividend	<u>14400</u>	<u>-</u>
	964	2879
Opening shareholders funds	<u>(11707)</u>	<u>(14586)</u>
Closing shareholders funds	<u>£(10734)</u>	<u>£(11707)</u>

15. CAPITAL COMMITMENTS

At the year end the company had no capital commitments (1997 : Nil).

16. OTHER COMMITMENTS

At 31 May 1998 the company had annual commitments under non cancellable operating leases as follows:

	<u>Land and Buildings</u>		<u>Other</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Expiry date:				
Within one year	-	-	-	1507
In more than five years	<u>12996</u>	<u>12996</u>	<u>-</u>	<u>-</u>
	<u>£12996</u>	<u>£12996</u>	<u>£ -</u>	<u>£2950</u>