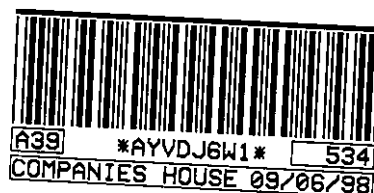


**LATHAM OF TORBAY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1997



Company no 2530637

**LATHAM OF TORBAY LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 December 1997

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Company registration number: 2530637

Registered office: 6th Floor  
Thavies Inn House  
3 - 4 Holborn Circus  
LONDON  
EC1N 2HL

Directors: SM Latham  
Motors Directors Limited

Secretary: Motors Secretaries Limited

Bankers: Royal Bank of Scotland Plc  
27 Park Row  
Leeds  
LS1 2QB

Solicitors: Geisler Laws Manning  
6th Floor  
Thavies Inn House  
3 - 4 Holborn Circus  
LONDON  
EC1N 2HL

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants

# **LATHAM OF TORBAY LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 1997

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# LATHAM OF TORBAY LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1997.

### Principal activities

The company is principally engaged in purchasing, selling and repairing of motor vehicles and other ancillary services.

### Business review

There was a profit for the year after taxation amounting to £11,454 (1996: loss £9,304). The directors recommend payment of dividends of £- (1996: £2,787), leaving £11,454 retained (1996: £12,091 transferred from reserves).

### Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 1997 and 1 January 1997, were as follows:

	Ordinary shares		Preference shares	
	31 December 1997	1 January 1997	31 December 1997	1 January 1997
Motors Directors Limited	-	-	-	-
S M Latham	60,000	60,000	1	1

Motors Directors Limited is a company related to Vauxhall Motors Limited who own all the remaining preference shares at 31 December 1997 and 1 January 1997.

### Directors' responsibilities for the financial statements

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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**LATHAM OF TORBAY LIMITED**

**REPORT OF THE DIRECTORS**

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**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Director

A handwritten signature in black ink, appearing to read 'Stephen Carter', written over a horizontal line.

16<sup>th</sup> March 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
LATHAM OF TORBAY LIMITED**

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on pages 4 to 5.

**Respective responsibilities of directors and auditors**

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



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

16 March 1998

# **LATHAM OF TORBAY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **DEPRECIATION**

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are:

Freehold buildings	2%
Plant and equipment	20-33%
Fixtures and fittings	20%

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

Under supply agreements with General Motors, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the balance sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the balance sheet. Both the terms under which stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

### **DEFERRED TAXATION**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

## **LATHAM OF TORBAY LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **LEASED ASSETS**

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

#### **MOTABILITY REPURCHASE ARRANGEMENTS**

The company has certain obligations to repurchase vehicles at predetermined residual prices upon the expiry of the contracts, usually after three years, under agreements with Motability Finance Limited. The assets and corresponding liabilities have been disclosed in the balance sheet at the repurchase price. Where there is no obligation to repurchase vehicles, no disclosure is made.



**LATHAM OF TORBAY LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 1997

	Note	1997 £	1996 £
Turnover	1	6,489,451	5,581,482
Cost of sales		5,761,090	4,942,446
Gross profit		728,361	639,036
Administrative expenses		783,640	706,458
Other operating income		(103,392)	(85,591)
Operating profit		48,113	18,169
Net interest	2	30,773	27,473
Profit on ordinary activities before taxation	1	17,340	(9,304)
Tax on profit on ordinary activities	4	5,886	-
Profit for the financial year	13	11,454	(9,304)
Dividends	5	-	2,787
Non-equity		-	(2,787)
Profit transferred to reserves	12	11,454	(12,091)

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

# LATHAM OF TORBAY LIMITED

BALANCE SHEET AT 31 DECEMBER 1997

	Note	1997 £	1997 £	1996 £	1996 £
<b>Fixed assets</b>					
Tangible assets	6		390,674		400,287
<b>Current assets</b>					
Stocks	7	1,520,042		1,290,286	
Debtors	8	301,616		329,357	
Cash at bank and in hand		700		650	
		<u>1,822,358</u>		<u>1,620,293</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>948,977</u>		<u>888,720</u>	
<b>Net current assets</b>			<u>873,381</u>		<u>731,573</u>
<b>Total assets less current liabilities</b>			<u>1,264,055</u>		<u>1,131,860</u>
<b>Creditors: amounts falling due after more than one year</b>	10		<u>901,772</u>		<u>781,030</u>
			<u>362,283</u>		<u>350,830</u>
<b>Capital and reserves</b>					
Called up share capital	11		340,545		340,545
Capital redemption reserve	12		20,455		20,455
Profit and loss account	12		1,283		(10,170)
<b>Shareholders' funds</b>	13		<u>362,283</u>		<u>350,830</u>
Equity shareholders' funds			81,738		70,285
Non-equity shareholders' funds			280,545		280,545
			<u>362,283</u>		<u>350,830</u>

The financial statements were approved by the Board of Directors on 16 March 1998

For and on behalf of  
Motors Directors Limited

*N. Kenworthy*

Director

Mr S M Latham

*S M Latham*

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**LATHAM OF TORBAY LIMITED****CASHFLOW STATEMENT**

For the year ended 31 December 1997

	Note	1997 £	1996 £
<b>Net cash inflow from operating activities</b>	14	156,084	(103,563)
<b>Returns on investments and servicing of finance</b>			
Interest received		589	1,180
Interest paid		(31,362)	(28,653)
Non-equity dividends paid		-	(2,787)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(30,773)	(30,260)
<b>Taxation</b>		146	(5,503)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(8,603)	(11,828)
Sale of tangible fixed assets		-	2
<b>Net cash outflow from capital expenditure and financial investment</b>		(8,603)	(11,826)
<b>Financing</b>			
Receipts from borrowings		(17,177)	(20,032)
Purchase of own shares/Redemption of shares		-	(667)
<b>Net cash inflow from financing</b>		(17,177)	(20,699)
<b>Increase in cash</b>	15	99,677	(171,851)

The accompanying accounting policies and notes form an integral part of these financial statements.

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to one activity; the purchasing, selling and repairing of motor vehicles, and other ancillary services.

The profit on ordinary activities is stated after:

	1997 £	1996 £
Auditors' remuneration:		
Non-audit services	1,200	1,200
Auditors' remuneration	2,750	2,300
Depreciation and amortisation:		
Tangible fixed assets, owned	18,216	17,021
Other operating lease rentals	9,745	10,776
Other operating income includes:		
Manufacturers receivables.	103,392	85,591

### 2 NET INTEREST

	1997 £	1996 £
Repayable wholly or partly in more than 5 years	24,295	21,851
Interest payable to group undertakings	7,067	6,802
Other interest receivable and similar income	31,362 (589)	28,653 (1,180)
	30,773	27,473

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1997 £	1996 £
Wages and salaries	417,287	391,306
Social security costs	39,838	36,889
Other pension costs	2,021	1,669
	459,146	429,864

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

The average number of employees of the company during the year were as follows:

	1997 Number	1996 Number
Mechanical	11	12
Sales and distribution	10	11
Administration	6	6
Management	4	4
	<u>31</u>	<u>33</u>

Remuneration in respect of directors was as follows:

	1997 £	1996 £
Management remuneration	<u>32,063</u>	<u>33,509</u>

## TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1997 £	1996 £
UK Corporation tax at 33%/31% (1996: .33%)	6,032	-
Adjustments in respect of prior periods:		
Corporation tax	<u>(146)</u>	<u>-</u>
	<u>5,886</u>	<u>-</u>

## DIVIDENDS

	1997 £	1996 £
Non-equity dividends:		
Preference dividend - formula per Articles of Association (due to Vauxhall Motors Limited)	-	2,787
30 June (paid)	<u>-</u>	<u>2,787</u>
	<u>-</u>	<u>2,787</u>

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Furniture and fittings £	Total £
Cost or valuation				
At 1 January 1997	409,858	57,735	14,072	481,665
Additions	-	8,603	-	8,603
	<u>409,858</u>	<u>66,338</u>	<u>14,072</u>	<u>490,268</u>
Depreciation				
At 1 January 1997	38,216	33,989	9,173	81,378
Provided in the year	6,197	8,854	3,165	18,216
	<u>44,413</u>	<u>42,843</u>	<u>12,338</u>	<u>99,594</u>
Net book amount at 31 December 1997	<u>365,445</u>	<u>23,495</u>	<u>1,734</u>	<u>390,674</u>
Net book amount at 31 December 1996	<u>371,642</u>	<u>23,746</u>	<u>4,899</u>	<u>400,287</u>

The gross amounts of land and buildings on which depreciation is being provided is as follows:

	£
Freehold buildings	<u>309,858</u>

### STOCKS

	1997 £	1996 £
Motability repurchase commitment vehicles	1,076,581	833,662
Vehicle consignment stock	-	61,690
Short term work in progress	491	371
Finished goods and goods for resale	442,970	394,563
	<u>1,520,042</u>	<u>1,290,286</u>

The company has an obligation to repurchase vehicles under agreements with Motability Finance Limited, such repurchase is usually required after three years. The assets and corresponding liabilities have been recorded at the repurchase price. The value of repurchase vehicles due after more than one year is £697,033 (1996 £561,096).

Consignment vehicles included in the balance sheet relate to categories of stock where allocation has in principal been made to customer order. All other consignment vehicles are available for allocation to other Vauxhall Retailers.

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### DEBTORS

	1997 £	1996 £
Trade debtors	178,155	177,296
Amounts owed by group undertakings ( see also note 21)	105,042	135,766
Other debtors	5,573	7,277
Prepayments and accrued income	12,846	9,018
	<u>301,616</u>	<u>329,357</u>

An analysis of amounts owed by group undertakings, being related parties, is as follows:

	1997 £	1996 £
Vehicle related transactions due from Vauxhall Motors Limited	86,067	38,717
Vehicle related transactions due from fellow-controlled retailers	18,975	10,528
Vehicle related transactions due form GMAC (UK) Limited	-	86,521
	<u>105,042</u>	<u>135,766</u>

### CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank loans and overdrafts	44,747	146,355
Trade creditors	217,908	160,984
Amounts owed to group undertaking ( see also note 21)	216,207	244,900
Motability repurchase commitments ( see note 10)	379,548	272,566
Corporation tax	6,032	-
Social security and other taxes	8,679	9,580
Other creditors	4,378	-
Accruals and deferred income	71,478	54,335
	<u>948,977</u>	<u>888,720</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

An analysis of amounts owed to group undertakings, being related parties, is as follows:

	1997 £	1996 £
Vehicle related transactions due to General Motors Acceptance Corporation	92,129	112,648
Consignment vehicles on a General Motors Acceptance Corporation plan	-	61,690
Vehicle related transactions due to Vauxhall Motors Limited	124,078	69,234
Vehicle related transactions due to fellow-controlled retailers	-	1,328
	<u>216,207</u>	<u>244,900</u>

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Bank loans	204,739	219,934
Motability repurchase commitments	697,033	561,096
	<u>901,772</u>	<u>781,030</u>

Motability repurchase commitments are spread monthly throughout financial periods.

#### Borrowings are repayable as follows:

	1997 £	1996 £
Within one year	44,747	146,355
After one and within two years	17,672	19,565
After two and within five years	63,442	68,272
After five years	123,625	132,097
	<u>249,486</u>	<u>366,289</u>

#### Borrowings repayable after five years comprise:

	1997 £	1996 £
Repayable by instalments		
Bank loans	<u>123,625</u>	<u>132,097</u>

The total value of borrowings repayable by instalments any part of which falls due after five years is as follows:

	1997 £	1996 £
Bank loans	<u>220,915</u>	<u>238,092</u>

The bank loan is secured by a first legal charge over the freehold property and a fixed charge over book debts. The bank loan carries interest at commercial rates and is repayable in a period in excess of 10 years.



# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 1 SHARE CAPITAL

	1997 £	1996 £
Authorised		
60,000 ordinary shares of £1 each	60,000	60,000
5% redeemable participating preference shares of £1 each	301,000	301,000
	<u>361,000</u>	<u>361,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	60,000	60,000
£1 redeemable preference shares	280,545	280,545
	<u>340,545</u>	<u>340,545</u>

#### Rights

#### Preference shares

The redeemable preference shares are non-equity shares. The basic entitlement to a dividend at the rate of 1% net per share is waived and instead these shares are entitled to a balance of any post tax profits remaining after redemption of the preference shares in accordance with the formula included in the company's Articles of Association. The redemption is made quarterly. Holders of preference shares have one vote for every share held. The rights of preference shareholders on a winding up are dependent upon a calculation determining funds in excess of 85% of the original total share capital, and such rights are ranked before those of ordinary shareholders.

#### Ordinary shares

The ordinary shares carry no voting rights until all preference shares have been redeemed.

During the year the company redeemed £ nil (1996: 667) £1 preference shares at par.

### 2 RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 January 1997	20,455	(10,171)
Retained profit for the year	-	11,454
At 31 December 1997	<u>20,455</u>	<u>1,283</u>

The balance on the capital redemption reserve represents a non distributable reserve.

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	11,454	(9,304)
Dividends	-	(2,787)
	<u>11,454</u>	<u>(12,091)</u>
Redemption of shares	-	(667)
Net increase in shareholders' funds	11,454	(12,758)
Shareholders' funds at 1 January 1997	350,829	363,587
Shareholders' funds at 31 December 1997	<u>362,283</u>	<u>350,829</u>

### 14 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	48,113	18,169
Depreciation	18,216	17,021
Increase in stocks	(229,756)	(59,632)
Decrease in debtors	27,741	(148,869)
Increase in creditors	291,770	69,748
Net cash inflow from continuing operating activities	<u>156,084</u>	<u>(103,563)</u>

### 15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1997 £	1996 £
Increase in cash in the year	99,676	(171,851)
Cash outflow from financing in the year	17,177	20,032
Change in net debt resulting from cashflows	<u>116,853</u>	<u>(151,819)</u>
Movement in net debt in the year	116,853	(151,819)
Net debt at 1 January 1997	(365,639)	(213,820)
Net debt at 31 December 1997	<u>(248,786)</u>	<u>(365,639)</u>

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 16 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 1997 £	Cash flow £	At 31 December 1997 £
Cash in hand, at bank	650	50	700
Overdrafts	(128,197)	99,626	(28,571)
Debt	(238,092)	17,177	(220,915)
	<u>(365,639)</u>	<u>116,853</u>	<u>(248,786)</u>

### 17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1997 or 31 December 1996.

### 18 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1997 or 31 December 1996.

### 19 PENSIONS

#### Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

### 20 LEASING COMMITMENTS

Operating lease payments amounting to £9,745 (1996: £10,776) are due within one year. The leases to which these amounts relate expire as follows:

	1997 Other £	1996 Other £
Between one and five years	9,745	10,776
	<u>9,745</u>	<u>10,776</u>

# LATHAM OF TORBAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 21 TRANSACTIONS WITH DIRECTORS/RELATED PARTIES

Name of related party	Value of transactions		Amounts written off or provided in the year £
	1997 £	1996 £	
Vauxhall Motors Limited. Subsidiary of General Motors Corporation - vehicle related purchase transactions.	4,243,034	3,369,864	-
General Motors Acceptance Corporation. Subsidiary of General Motors Corporation - vehicle financing sales transactions.	931,911	846,369	-
General Motors Acceptance Corporation. Subsidiary of General Motors Corporation - vehicle related purchase transactions.	273,021	256,965	-

### 22 ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking of this company is General Motors Corporation incorporated in the United States of America.

Vauxhall Motors Limited is the company's controlling related party by virtue of its holding of redeemable preference shares. The ultimate controlling related party of the company is General Motors Corporation, as a result of Vauxhall Motors Limited being one of its subsidiary companies.

On the grounds of materiality, no group accounts have been drawn up which include this company's results.