



LATHAM OF TORBAY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1999

LATHAM OF TORBAY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1999

Company registration number: 2530637

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

Directors: Motors Directors Limited
S M Latham

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 1999

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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 1999.

Principal activities

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

Business review

There was a profit for the year after taxation amounting to £50,914. The directors recommend payment of dividends of £27,795.

Post year end the Company entered into negotiations for the purchase of land in Kingsteignton with a view to developing the business further. At the date of signing these accounts the contract for the purchase of the land has not been completed.

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 1999 and 1 January 1999, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares		Preference shares	
	31 December 1999	1 January 1999	31 December 1999	1 January 1999
Motor 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 1999 and 1 January 1999.

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
- 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

Year 2000 Compliance

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

Auditors

Grant Thornton having offered themselves for reappointment as auditors shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Mr S Latham

Director

Date

20/5/00

**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 1 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.

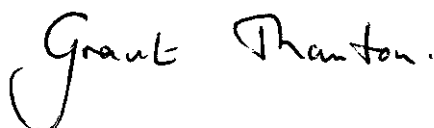
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 1999 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**

PLYMOUTH
20 May 2000

LATHAM OF TORBAY LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 rates generally applicable are:

Freehold buildings	2% on cost
Plant and machinery	20%, 33% and 50% on cost
Fixtures and fittings	10%, 20%, 33% and 50% on cost

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 where significant is disclosed as a contingent liability.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other 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 1999

	Note	1999 £	1998 £
Turnover	1	7,636,969	6,667,885
Cost of sales		6,478,379	5,686,141
Gross profit		1,158,590	981,744
Administrative expenses		1,183,958	983,375
Other operating income		(126,281)	(92,010)
Operating profit		100,913	90,379
Net interest	2	20,329	37,002
Profit on ordinary activities before taxation	1	80,584	53,377
Tax on profit on ordinary activities	4	29,670	25,969
Profit for the financial year	13	50,914	27,408
Dividends Non-equity	5	27,795	10,663
Profit transferred to reserves	12	23,119	16,745

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 1999

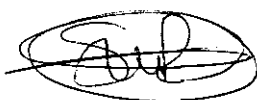
	Note	1999 £	1999 £	1998 £	1998 £
Fixed assets					
Tangible assets	6		416,173		394,350
Current assets					
Stocks	7	1,483,895		1,544,444	
Debtors	8	227,656		289,870	
Cash at bank and in hand		700		700	
		<u>1,712,251</u>		<u>1,835,014</u>	
Creditors: amounts falling due within one year	9	<u>1,139,934</u>		<u>872,672</u>	
Net current assets			<u>572,317</u>		<u>962,342</u>
Total assets less current liabilities			<u>988,490</u>		<u>1,356,692</u>
Creditors: amounts falling due after more than one year	10		<u>619,868</u>		<u>980,614</u>
			<u>368,622</u>		<u>376,078</u>
Capital and reserves					
Called up share capital	11		307,020		337,595
Other reserves	12		53,980		23,405
Profit and loss account	12		7,622		15,078
Shareholders' funds	13		<u>368,622</u>		<u>376,078</u>
Equity shareholders' funds			121,602		98,483
Non-equity shareholders' funds			247,020		277,595
			<u>368,622</u>		<u>376,078</u>

The financial statements were approved by the Board of Directors on

20 MAY 2000

Mr S Latham
Director

Motors Directors Limited
Director




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

LATHAM OF TORBAY LIMITED**CASH FLOW STATEMENT**

For the year ended 31 December 1999

	Note	1999 £	1998 £
Net cash inflow from operating activities	16	105,379	86,057
Returns on investments and servicing of finance			
Interest received		913	132
Interest paid		(21,643)	(37,134)
Non-equity dividends paid		(14,222)	(10,663)
Net cash outflow from returns on investments and servicing of finance		<u>(34,952)</u>	<u>(47,665)</u>
Taxation		<u>(23,811)</u>	<u>(13,270)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(10,009)	(15,712)
Sale of tangible fixed assets		1,463	-
Net cash outflow from capital expenditure and financial investment		<u>(8,546)</u>	<u>(15,712)</u>
Financing			
Repayment of borrowings		(22,254)	(16,955)
Redemption of shares		(30,575)	(2,950)
Capital element of finance lease rentals		(1,078)	-
Net cash outflow from financing		<u>(53,907)</u>	<u>(19,905)</u>
Decrease in cash	18	<u>(15,837)</u>	<u>(10,495)</u>

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 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

The profit on ordinary activities is stated after:

	1999 £	1998 £
Auditors' remuneration:		
Audit services	4,400	3,600
Non-audit services	2,060	1,200
Depreciation and amortisation:		
Tangible fixed assets, owned	17,744	17,540
Tangible fixed assets, held under finance leases and hire purchase contracts	1,197	46
Other operating lease rentals	14,378	14,832
Other operating income includes:		
Manufacturers receivables	126,281	92,010

2 NET INTEREST

	1999 £	1998 £
On bank loans and overdrafts	17,451	25,870
Interest payable to group undertakings	3,791	11,264
	21,242	37,134
Other interest receivable and similar income	(913)	(132)
	20,329	37,002

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	641,469	569,005
Social security costs	60,439	52,258
Other pension costs	2,039	2,031
	703,947	623,294

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

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

	1999 Number	1998 Number
Production	16	15
Selling and distribution	22	20
Administration	6	6
Management	6	4
	<u>50</u>	<u>45</u>

Remuneration in respect of directors was as follows:

	1999 £	1998 £
Emoluments	<u>39,586</u>	<u>33,970</u>

During the year one director (1998: one) participated in defined benefit pension schemes.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	1999 £	1998 £
UK Corporation tax at 31%/30% (1998: 33%/31%%)	30,290	21,376
Adjustments in respect of prior periods:		
Corporation tax	(620)	4,593
	<u>29,670</u>	<u>25,969</u>

5 DIVIDENDS

	1999 £	1998 £
Non-equity dividends:		
Preference dividend - formula per Articles of Association (due to Vauxhall Motors Limited)	<u>27,795</u>	<u>10,663</u>
Paid and proposed	<u>27,795</u>	<u>10,663</u>

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 1999	409,858	80,560	21,112	511,530
Additions	-	37,155	5,073	42,228
	409,858	117,715	26,185	553,758
Disposals	-	(1,952)	-	(1,952)
At 31 December 1999	409,858	115,763	26,185	551,806
Depreciation				
At 1 January 1999	50,610	52,506	14,064	117,180
Provided in the year	6,197	11,201	1,543	18,941
	56,807	63,707	15,607	136,121
Eliminated on disposals	-	(488)	-	(488)
At 31 December 1999	56,807	63,219	15,607	135,633
Net book amount at 31 December 1999	353,051	52,544	10,578	416,173
Net book amount at 31 December 1998	359,248	28,054	7,048	394,350

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £
Net book amount at 31 December 1999	40,106
Net book amount at 31 December 1998	5,504
Depreciation provided during year	1,197

LATHAM OF TORBAY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1999

7 STOCKS

	1999 £	1998 £
Motability repurchase commitment vehicles	784,075	1,100,472
Vehicle consignment stock	194,498	-
Short-term work in progress	572	346
Finished goods and goods for resale	504,750	443,626
	<u>1,483,895</u>	<u>1,544,444</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 £438,007 (1998: £791,548).

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.

8 DEBTORS

	1999 £	1998 £
Trade debtors	140,828	207,197
Amounts owed by group undertakings	70,722	56,752
Prepayments and accrued income	16,106	25,921
	<u>227,656</u>	<u>289,870</u>

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

	1999 £	1998 £
Vehicle related transactions due from Vauxhall Motors Limited	53,653	40,925
Vehicle related transaction due from GMAC (UK) Limited	17,069	15,827
	<u>70,722</u>	<u>56,752</u>

LATHAM OF TORBAY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1999

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank loans and overdrafts	78,848	57,829
Trade creditors	135,595	147,844
Amounts owed to group undertakings	434,547	230,231
Motability repurchase commitments	346,068	308,924
Corporation tax	24,590	18,731
Social security and other taxes	6,601	8,997
Proposed dividends	13,573	-
Other creditors	1,368	20,779
Accruals and deferred income	86,154	77,656
Amounts due under finance leases	12,590	1,681
	<u>1,139,934</u>	<u>872,672</u>

The bank loan and overdraft 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:

	1999 £	1998 £
Vehicle related transactions due to General Motors Acceptance Corporation	378,698	176,876
Vehicle related transactions due to Vauxhall Motors Limited	55,835	53,355
Vehicle related transactions due to fellow-controlled retailers	14	-
	<u>434,547</u>	<u>230,231</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Bank loans	157,760	185,197
Motability repurchase commitments	438,007	791,548
Amounts due under finance leases	24,101	3,869
	<u>619,868</u>	<u>980,614</u>

Motability repurchase commitments are spread monthly throughout financial periods.

Bank loans

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 2% above base rate and is repayable in equal monthly instalments of £3,050.82 to March 2006.

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

Borrowings are repayable as follows:

	1999 £	1998 £
Within one year		
Bank and other borrowings	78,848	57,829
Finance leases	12,590	1,681
After one and within two years		
Bank and other borrowings	25,802	20,405
Finance leases	12,591	1,850
After two and within five years		
Bank and other borrowings	90,037	72,567
Finance leases	11,510	2,019
After five years		
Bank and other borrowings	41,921	92,225
	<u>273,299</u>	<u>248,576</u>

Bank and other borrowings repayable after five years comprise:

	1999 £	1998 £
Bank loans	<u>41,921</u>	<u>92,225</u>

11 SHARE CAPITAL

	1999 £	1998 £
Authorised		
60,000 ordinary shares of £1 each	60,000	60,000
5% redeemable 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	247,020	277,595
	<u>307,020</u>	<u>337,595</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 winding up are dependant 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.

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

Ordinary shares

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

Redemptions

During the year the company redeemed 30,575 (1998: 2,950) £1 preference shares at par.

12 RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 January 1999	23,405	15,078
Retained profit for the year	-	23,119
Share redemptions in year - Vauxhall Motors Limited preference shares	30,575	(30,575)
At 31 December 1999	<u>53,980</u>	<u>7,622</u>

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

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	50,914	27,408
Dividends	(27,795)	(10,663)
	<u>23,119</u>	<u>16,745</u>
Redemption of shares	(30,575)	(2,950)
	<u>(7,456)</u>	<u>13,795</u>
Net decrease in shareholders' funds		
Shareholders' funds at 1 January 1999	376,078	362,283
Shareholders' funds at 31 December 1999	<u>368,622</u>	<u>376,078</u>

14 CAPITAL COMMITMENTS

	1999 £	1998 £
Contracted for but not provided in these statements	-	22,500

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

15 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1999 or 31 December 1998.

16 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	100,913	90,379
Depreciation	18,941	17,586
Decrease in stocks	60,549	(24,402)
Decrease in debtors	62,214	11,746
Decrease in creditors	(137,238)	(9,252)
Net cash inflow from continuing operating activities	105,379	86,057

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 1999 £	Cash flow £	Non - cash items £	At 31 December 1999 £
Cash in hand, at bank	700	-	-	700
Overdrafts	(39,066)	(15,836)	-	(54,902)
Debt	(203,960)	22,254	-	(181,706)
Finance leases	(5,550)	1,078	(32,219)	(36,691)
	(247,876)	7,496	(32,219)	(272,599)

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £	1998 £
Decrease in cash in the year	(15,836)	(10,495)
Cash outflow from financing in the year	22,254	16,955
Cash outflow from finance leases in the year	1,078	-
Change in net debt resulting from cashflows	7,496	6,460
Inception of finance leases	(32,219)	(5,550)
Movement in net debt in the year	(24,723)	910
Net debt at 1 January 1999	(247,876)	(248,786)
Net debt at 31 December 1999	(272,599)	(247,876)

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

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 £35,000 (1998: £35,000) are due within one year. The leases to which these amounts relate expire as follows:

	1999	1998
	Land and	Land and
	buildings	buildings
	£	£
Between one and five years	35,000	35,000

21 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.