

LATHAM OF TORBAY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1995



LATHAM OF TORBAY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1995

Company registration number: 2530637

Registered office: Motors Secretaries Limited
27 Chancery Lane
London
WC2A 1NF

Directors: Motors Directors Limited
S M Latham

Secretary: Motors Secretaries Limited
27 Chancery Lane
London
WC2A 1NF

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

Auditors: Grant Thornton
Registered auditors
Chartered accountants

LATHAM OF TORBAY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1995

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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 1995.

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 £36,394 (1994: profit £38,018). The directors recommend dividends absorbing £30,869 (1994: £24,467), leaving £5,525 retained (1994: £13,551 retained).

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 1995 and 1 January 1995, were as follows:

	Ordinary shares		Preference shares	
	31 December 1995	1 January 1995	31 December 1995	1 January 1995
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 1 January 1995 and at 31 December 1995.

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 keeping 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

Auditors

On 11 August 1995 Messrs Bishop Fleming resigned as auditors. Grant Thornton were appointed in their place. Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Managing Director

Date

27/3/96.

**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 the 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.

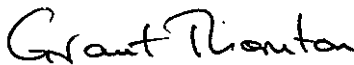
Basis of opinion

We conducted our audit in accordance with 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 1995 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**

Date 27 March 1996

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 except as 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 the consignment period. Where the nature of this supply agreement 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 this stock 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, this stock is not included in the balance sheet. Both the terms under which stock is held, and the financial commitment in respect of this stock is disclosed in the notes to the financial statements.

In previous years, all consignment vehicles were excluded from the balance sheet. Where the re-appraisal of risk and reward has led to assets being included in the balance sheet as at 31 December 1995, corresponding adjustments in the comparative figures have been made.

DEFERRED TAXATION

Deferred tax is provided for under the liability method 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.

LATHAM OF TORBAY LIMITED

PRINCIPAL ACCOUNTING POLICIES

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.

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 a predetermined residual price upon the expiry of 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.

In previous years no asset or corresponding liability has been recorded. The policy has now been changed as set out above.

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

For the year ended 31 December 1995

	Note	1995 £	1994 £
Turnover	1	5,577,964	4,904,761
Cost of sales		4,908,116	4,272,191
Gross profit		669,848	632,570
Administrative expenses		667,113	633,647
Other operating income		(74,308)	(65,370)
Operating profit		77,043	64,293
Net interest	2	26,681	24,070
Profit on ordinary activities before taxation	1	50,362	40,223
Tax on profit on ordinary activities	4	13,968	2,205
Profit for the financial year	13	36,394	38,018
Dividends	5	30,869	24,467
Profit transferred to reserves	12	5,525	13,551

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 1995

	Note	1995 £	1995 £	1994 £ (as restated)	1994 £ (as restated)
Fixed assets					
Tangible assets	6		405,482		406,292
Current assets					
Stocks	7	1,230,654		1,102,928	
Debtors	8	180,488		139,290	
Cash at bank and in hand		44,304		206,137	
		<u>1,455,446</u>		<u>1,448,355</u>	
Creditors: amounts falling due within one year	9	<u>657,025</u>		<u>710,605</u>	
Net current assets			<u>798,421</u>		<u>737,750</u>
Total assets less current liabilities			<u>1,203,903</u>		<u>1,144,042</u>
Creditors: amounts falling due after more than one year	10		<u>840,315</u>		<u>770,885</u>
			<u>363,588</u>		<u>373,157</u>
Capital and reserves					
Called up share capital	11		341,212		356,306
Capital redemption reserve	12		19,788		4,694
Profit and loss account	12		2,588		12,157
Shareholders' funds	13		<u>363,588</u>		<u>373,157</u>
Equity shareholders' funds			82,376		76,851
Non-equity shareholders' funds			281,212		296,306
			<u>363,588</u>		<u>373,157</u>

The financial statements were approved by the Board of Directors on 27 March 1996

Motors Directors Limited

Director

A. Kenworthy

Mr S M Latham

Director

Stephen Latham

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 1995

	Note	1995 £	1994 £
Net cash outflow from operating activities	14	(35,469)	192,002
Returns on investments and servicing of finance			
Interest received		3,788	4,833
Interest paid		(30,469)	(28,903)
Dividends paid		(47,185)	(8,151)
Net cash outflow from returns on investments and servicing finance		(73,866)	(32,221)
Taxation			
UK corporation tax paid		(8,819)	(1,851)
Investing activities			
Purchase of tangible fixed assets		(17,656)	(10,170)
Sale of tangible fixed assets		-	1,361
Net cash outflow from investing activities		(17,656)	(8,809)
Net cash outflow before financing		(135,810)	149,121
Financing			
Repayment of borrowings		(10,929)	(65,743)
Purchase of own shares		(15,094)	(4,694)
Net cash outflow from financing	15	(26,023)	(70,437)
Decrease in cash and cash equivalents	16	(161,833)	78,684

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 1995

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:

	1995 £	1994 £
Auditors' remuneration	3,500	3,500
Depreciation and amortisation:		
Tangible fixed assets, owned	18,466	15,995
Other operating lease rentals	8,062	15,274
Other operating income comprises:		
Manufacturers receivables.	74,308	65,370

2 NET INTEREST

	1995 £	1994 £
Repayable wholly or partly in more than 5 years	22,839	20,758
Interest payable to group undertakings	7,630	8,145
Other interest receivable and similar income	(3,788)	(4,833)
	26,681	24,070

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1995 £	1994 £
Wages and salaries	364,601	367,819
Social security costs	33,629	28,547
Other pension costs	2,049	1,900
	400,279	398,266

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

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

	1995 Number	1994 Number
Mechanical	8	6
Sales and distribution	15	16
Administration	6	6
Management	4	4
	<u>33</u>	<u>32</u>

Remuneration in respect of directors was as follows:

	1995 £	1994 £
Management remuneration	<u>37,641</u>	<u>43,550</u>

The emoluments of the directors, excluding pension contributions, fell within the following ranges:

	1995 Number	1994 Number
Nil - £5,000	1	-
£35,001 - £40,000	1	-

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	1995 £	1994 £
UK Corporation tax at 33% (1994: .33%)	<u>13,968</u>	<u>2,205</u>

5 DIVIDENDS

	1995 £	1994 £
Non-equity dividends:		
Preference dividend - formula per articles	<u>30,869</u>	<u>24,467</u>

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Furniture and fittings £	Total £
Cost or valuation				
At 1 January 1995	409,858	33,062	11,371	454,291
Additions	-	14,955	2,701	17,656
	<u>409,858</u>	<u>48,017</u>	<u>14,072</u>	<u>471,947</u>
Depreciation				
At 1 January 1995	25,821	19,262	2,916	47,999
Provided in the year	6,198	9,176	3,092	18,466
	<u>32,019</u>	<u>28,438</u>	<u>6,008</u>	<u>66,465</u>
Net book amount at 31 December 1995	<u>377,839</u>	<u>19,579</u>	<u>8,064</u>	<u>405,482</u>
Net book amount at 31 December 1994	<u>384,037</u>	<u>13,800</u>	<u>8,455</u>	<u>406,292</u>

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

	£
Freehold buildings	<u>309,858</u>

7 STOCKS

	1995 £	1994 £ (as restated)
Short term work in progress	902	2,267
Finished goods and goods for resale	354,441	395,734
Vehicle consignment stock	62,841	102,519
Motability repurchase commitment vehicles	812,470	602,408
	<u>1,230,654</u>	<u>1,102,928</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. This represents a change in accounting policy, and the comparative figures have been restated. The amounts disclosed above as Motability repurchase commitment vehicles represent the effect on assets of the change in accounting policy for both financial years. There is no impact on the results for either financial year. The value of repurchase vehicles due after more than one year is £207,202 (1994 £77,499).

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

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. Consignment vehicles excluded from the balance sheet at 31 December 1995 had a cost of £293,263 (1994 £358,157).

There were no significant differences between the replacement cost and the values disclosed above.

8 DEBTORS

	1995 £	1994 £
Trade debtors	109,023	101,760
Amounts owed by group undertakings	54,106	20,773
Other debtors	4,595	7,897
Prepayments and accrued income	12,764	8,860
	<u>180,488</u>	<u>139,290</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £ (as restated)
Bank loans and overdrafts	23,077	23,077
Trade creditors	139,560	115,179
Amounts owed to group undertaking	218,089	389,223
Motability repurchase commitments (Note 10)	207,202	77,499
Corporation tax	5,503	354
Social security and other taxes	23,363	23,821
Proposed dividends	-	16,316
Other creditors	-	5,487
Accruals and deferred income	40,231	59,649
	<u>657,025</u>	<u>710,605</u>

Amounts due to group undertakings include £117,240 (1994 £109,693) in respect of vehicles held under the GMAC demonstrator and daily rental plans, and £62,841 (1994 £102,460) in respect of consignment stock creditors.

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

For the year ended 31 December 1995

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £ (as restated)
Bank loans	235,047	245,976
Motability repurchase commitments	605,268	524,909
	<u>840,315</u>	<u>770,885</u>

The amounts disclosed as Motability repurchase commitments represent the effect on liabilities of the change in accounting policy (see also note 7). Motability repurchase commitments are spread monthly throughout financial periods.

Borrowings are repayable as follows:	1995 £	1994 £
Within one year	23,077	23,077
After one and within two years	23,077	23,077
After two and within five years	69,231	69,231
After five years	142,739	153,668
	<u>258,124</u>	<u>269,053</u>

The aggregate values of borrowings repayable partly after five years are as follows:

Repayable by instalments	<u>258,124</u>	<u>269,053</u>
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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 1995

11 SHARE CAPITAL

	1995 £	1994 £
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		
£1 redeemable preference shares	281,212	296,306
ordinary shares of £1 each	60,000	60,000
	<u>341,212</u>	<u>356,306</u>

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.

12 RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 January 1995	4,694	12,157
Retained profit for the year	-	5,525
Other transfers	15,094	(15,094)
At 31 December 1995	<u>19,788</u>	<u>2,588</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 1995

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	36,394	38,018
Dividends	(30,869)	(24,467)
	5,525	13,551
Other recognised gains and losses	-	-
Purchase of shares	(15,094)	(4,694)
	(9,569)	8,857
Net decrease in shareholders' funds	373,157	364,300
Shareholders' funds at 1 January 1995		
	363,588	373,157

14 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	1995 £	1994 £ (as restated)
Operating profit	77,043	64,293
Depreciation	18,466	15,995
Increase in stocks	(127,726)	(53,384)
Increase in debtors	(41,198)	38,752
Increase in creditors	37,946	126,346
	(35,469)	192,002
Net cash outflow from continuing operating activities		

15 ANALYSIS OF CHANGES IN FINANCING

	Share capital		Loans and amounts due under finance leases	
	1995 £	1994 £	1995 £	1994 £
At 1 January 1995	356,306	361,000	269,053	334,796
Net cash inflow/(outflow) from financing	(15,094)	(4,694)	(10,929)	(65,743)
At 31 December 1995	341,212	356,306	258,124	269,053

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

16 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1995 £	1994 £
At 1 January 1995	206,137	127,453
Net cash outflow	(161,833)	78,684
At 31 December 1995	<u>44,304</u>	<u>206,137</u>

17 ANALYSIS OF CASH AND CASH EQUIVALENTS

	1995 £	1994 £	1993 £	Change in 1995 £	Change in 1994 £
Cash and cash equivalents comprise:					
Cash at bank and in hand	<u>44,304</u>	<u>206,137</u>	<u>127,453</u>	<u>(161,833)</u>	<u>78,684</u>

18 CAPITAL COMMITMENTS

	1995 £	1994 £
Contracted for but not provided in these statements	-	16,690
The company had no capital commitments at 31 December 1995.		

19 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1995 or 31 December 1994.

20 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.

LATHAM OF TORBAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

21 LEASING COMMITMENTS

Operating lease payments amounting to £10,776(1994: £4,456) are due within one year. The leases to which these amounts relate expire as follows:

	1995	1994
	Other	Other
	£	£
Between two and five years	10,776	4,456
	<u>10,776</u>	<u>4,456</u>

22 ULTIMATE PARENT UNDERTAKING

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

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

For the year ended 31 December 1995

	1995 £	1995 £	1994 £	1994 £
Turnover				
New vehicle sales		2,568,960		2,063,278
Used vehicle sales		2,061,888		1,883,729
Service department		380,748		337,837
Parts department		512,759		558,901
Other operations		9,777		14,068
Vehicle rental		43,832		46,948
		<u>5,577,964</u>		<u>4,904,761</u>
Cost of sales				
New vehicles	2,414,744		1,934,668	
Used vehicles	1,946,467		1,789,904	
Service department	192,076		160,023	
Parts department	384,159		405,181	
Parts and service internal costs	28,966		23,384	
Vehicle rental	39,394		37,719	
Internal sales contra	(97,690)		(78,688)	
		<u>4,908,116</u>		<u>4,272,191</u>
Gross profit		669,848		632,570

THIS PAGE DOES NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

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

For the year ended 31 December 1995

	1995 £	1995 £	1994 £	1994 £
Administration expenses				
Vehicle preparation	36,017		28,374	
Policy adjustments	22,580		18,330	
Training	8,740		13,392	
Vehicle costs	48,155		52,094	
General supplies	1,079		1,762	
Advertising and promotions	57,560		55,398	
Miscellaneous costs	29,968		27,794	
Canteen and welfare	71		611	
Stationery and office	11,531		9,993	
Postage and carriage	3,690		4,007	
Computer expenses	8,297		4,614	
Outside services	6,514		5,930	
Subscriptions and donations	5,989		616	
Legal and audit	5,576		6,355	
Telephone and fax	11,983		12,366	
Rates	16,693		15,095	
Building maintenance	78		1,983	
Maintenance of equipment	21,180		16,698	
Insurance	13,607		12,372	
Utilities	10,334		9,842	
Depreciation	18,465		15,995	
Credit card charges	2,834		4,093	
Bad debts	(465)		2,047	
Cash discounts	1,512		2,202	
Wages and salaries	281,155		270,454	
National insurance	33,629		28,547	
Pension costs	2,049		1,900	
Bank charges	8,292		10,783	
		667,113		633,647
Trading profit		2,735		(1,077)
Other Operating Income				
Manufacturers receivables	(74,308)		(65,370)	
		(74,308)		(65,370)
Net Interest				
Stocking Interest	7,630		8,145	
Mortgage Interest	22,839		20,758	
Interest Received	(3,788)		(4,833)	
		26,681		24,070
Net profit for the year before taxation		50,362		40,223

THIS PAGE DOES NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS