

**Rycar Limited**  
**(formerly Howells of Cardiff Limited)**

**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**Registered number: 2590871**



**Rycar Limited**  
**(formerly Howells of Cardiff Limited)**  
**Year ended 31 December 1998**

**Index**

Directors' report	3
Report of the auditors	5
Profit and Loss account	6
Balance Sheet	7
Notes to the financial statements	8

**Rycar Limited**  
**(formerly Howells of Cardiff Limited)**

**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Directors' report**

The directors present their report and the financial statements for the year ended 31 December 1998. The company changed its name to Rycar Limited on 28 May 1999.

**Principal activities**

The Company carries on the full range of activities of a quality car dealership and showroom.

**Business Review**

Turnover for the year was £9,899,639 (1997:£11,164,334) with a pre-tax loss of £244,537 (1997:profit £110,831).

On 1 January 1998 the Company's bodyshop business and certain assets were transferred to Ryland Accident Repair Centre Limited, a fellow subsidiary undertaking. As this business was not a material part of the Company's trade, and as its results and assets were not clearly distinguishable from the other trading operations of the Company, it has not been treated as a discontinued operation in the accounts.

On 1 January 1999 the trade and net assets of Culver West Limited, a fellow subsidiary undertaking, were transferred to the Company.

On 26 April 1999 the ultimate holding company, Wyndham Motor Group PLC, was acquired by Ryland Group plc.

**Dividends and transfer to reserves**

The loss for the period retained in the Company is £138,073 (1997:profit £46,473).

The directors do not propose a final dividend (1997:£Nil).

**Directors and directors' interests**

The directors who held office during the year were as follows:-

P.W.Whale	Chairman (Appointed 27th April 1999)
K.Hampson	(Appointed 27th April 1999)
M.J.Thompson	
J.C.M.Biles	(Resigned 27th April 1999)
L.S.Stephenson	(Resigned 27th April 1999)

None of the directors holds any shares in the Company.

The interests in group companies of Messrs. J.C.M. Biles, L.S. Stephenson and M.J. Thompson are disclosed in the directors' report of Wyndham Motor Group PLC.

**Year 2000**

Ryland Group plc has undertaken a group wide review which is scheduled to leave all main operating systems Year 2000 compliant during the course of 1999. Assurances are being sought from Ryland Group's main suppliers and business partners that communication systems between the parties will also be adapted as necessary. The overall costs associated with this review are not considered significant and fall within each subsidiary company's normal expenditure budgets.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company, is to be proposed at the forthcoming Annual General Meeting.

**Rycar Limited**  
**(formerly Howells of Cardiff Limited)**

**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Directors' report (continued)**

**Donations**

During the period the Company made no charitable donations and no political contributions.

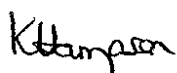
**Statement of Directors' Responsibilities**

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;
- . 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 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the board



**K.Hampson**  
Secretary  
29 July 1999

**Rycar Limited**  
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**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Report of the auditors, KPMG Audit Plc**  
**To the Members of Rycar Limited.**

We have audited the financial statements on pages 6 to 14.

**Respective responsibilities of directors and auditors**

As described on page 4 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 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 assurances 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 affairs of the Company as at 31 December 1998 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
Cardiff  
29 July 1999

*KfAL Audit Plc*

**Rycar Limited**  
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**Profit & Loss Account**  
**Year ended 31 December 1998**

	<b>Note</b>	<b>1998</b> <b>£</b>	<b>1997</b> <b>£</b>
<b>Turnover</b>	1	9,899,639	11,164,334
<b>Cost of sales</b>		<u>(9,843,595)</u>	<u>(10,552,408)</u>
<b>Gross Profit</b>		56,044	611,926
<b>Administrative expenses</b>		<u>(294,482)</u>	<u>(488,860)</u>
<b>Operating (loss)/profit</b>		(238,438)	123,066
<b>Interest receivable and similar income</b>	5	148	26,600
<b>Interest payable and similar charges</b>	6	<u>(86,897)</u>	<u>(38,835)</u>
		(325,187)	110,831
<b>Profit on disposal of long leasehold land and buildings</b>		<u>80,650</u>	<u>-</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	2	(244,537)	110,831
<b>Tax on (loss)/profit on ordinary activities</b>	7	<u>106,464</u>	<u>(34,358)</u>
<b>(Loss)/profit for the financial year</b>		(138,073)	76,473
<b>Dividends-paid</b>		<u>-</u>	<u>(30,000)</u>
<b>Retained (loss)/profit</b>	16	<u>(138,073)</u>	<u>46,473</u>

There were no discontinued operations or acquisitions during the year.

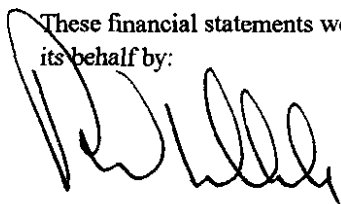
The above results represent the total recognised gains and losses in both years.

**Rycar Limited**  
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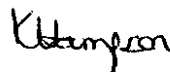
**Balance Sheet**  
**At 31 December 1998**

	Note	£	1998 £	£	1997 £
<b>Fixed Assets</b>					
Tangible Assets	8		20,860		1,140,595
Investments	9		<u>1,000</u>		<u>1,000</u>
			21,860		1,141,595
<b>Current Assets</b>					
Stocks	10	1,692,839		979,782	
Debtors	11	2,458,462		719,663	
Cash in hand		<u>310</u>		<u>-</u>	
		4,151,611		1,699,445	
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,865,942)</u>		<u>(1,849,636)</u>	
<b>Net Current Assets/(Liabilities)</b>			<u>285,669</u>		<u>(150,191)</u>
<b>Total assets less current liabilities</b>			307,529		991,404
<b>Creditors :amounts falling due after more than one year</b>	13		<u>-</u>		<u>(545,802)</u>
<b>Net assets</b>			<u>307,529</u>		<u>445,602</u>
<b>Capital and Reserves</b>					
Called up share capital	14		350,000		350,000
Profit and loss account	16		<u>(42,471)</u>		<u>95,602</u>
Attributable to equity interests		107,529		245,602	
Attributable to non equity interests		<u>200,000</u>		<u>200,000</u>	
<b>Shareholders' funds</b>	17		<u>307,529</u>		<u>445,602</u>

These financial statements were approved by the board of directors on 29 July 1999 and were signed on its behalf by:



**P.W. Whale**  
Director



**K. Hampson**  
Director

**Rycar Limited**  
**(formerly Howells of Cardiff Limited)**

**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Notes to the financial statements**

**1 Accounting policies**

No consolidated accounts have been prepared as the Company is exempt from the requirement to produce group accounts under section 228 of the Companies Act 1985.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

**Basis of preparation**

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

**Fixed assets and depreciation**

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Long leasehold land & buildings	-	over the term of the lease
Plant and machinery	-	16.2/3% per annum
Fixtures and fittings	-	10% to 33.1/3% per annum
Motor vehicles	-	20% per annum

**Stocks**

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

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**Turnover**

Turnover represents the amounts derived from the provision of goods and services falling within the Company's ordinary activities after deducting trade discounts, VAT and other taxes.

**Pensions**

The pension charge represents the contributions payable by the Company to the personal pension plans of eligible employees.

**Leasing**

Finance leases of significant items of plant, machinery and vehicles have been capitalised in accordance with SSAP 21.

Payments under operating leases are charged to the profit and loss account in the year in which they are incurred.



**Rycar Limited**  
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**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Notes to the financial statements (continued)**

**1 Accounting policies (continued)**

**Cash Flow statement**

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

**2 (Loss)/profit on ordinary activities before taxation**

	1998	1997
	£	£
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration- as auditors	7,906	3,000
Hire of Equipment	10,545	125,186
Depreciation of tangible fixed assets		
Owned	12,208	54,913
Hire purchase	<u>-</u>	<u>22,328</u>

**3 Remuneration of directors**

No remuneration was paid to any director during the year (1997:£Nil).

**4 Staff numbers and costs**

The average number of persons employed by the Company during the year , analysed by category, was as follows:

	Number of employees	
	1998	1997
Management and administration	12	17
Sales	8	6
Parts and Service	21	64
	<u>41</u>	<u>87</u>

The aggregate payroll costs of these persons were as follows:

	1998	1997
	£	£
Wages and salaries	555,162	1,213,872
Social security costs	52,596	112,324
Other pension costs	3,157	4,050
	<u>610,915</u>	<u>1,330,246</u>

**Rycar Limited**  
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**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Notes to the financial statements (continued)**

**5 Interest receivable and similar income**

	1998 £	1997 £
Bank interest received	<u>148</u>	<u>26,600</u>

**6 Interest payable and similar charges**

	1998 £	1997 £
On bank overdrafts wholly repayable within five years	26,516	-
Finance charges payable in respect of hire purchase and demonstration vehicle finance contracts	<u>60,381</u>	<u>38,835</u>
	<u>86,897</u>	<u>38,835</u>

**7 Taxation**

The credit/(charge) to taxation comprises:

	1998 £	1997 £
Group relief receivable	106,464	-
Group relief payable	<u>-</u>	<u>(34,358)</u>
	<u>106,464</u>	<u>(34,358)</u>

**8 Tangible fixed assets**

	Long leasehold land and buildings £	Body Shop £	Plant and machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>						
At 1 January 1998	790,266	459,271	154,997	7,806	-	1,412,340
Additions	834,975	-	8,385	-	9,762	853,122
Group Transfers	<u>(1,625,241)</u>	<u>(459,271)</u>	<u>(49,157)</u>	<u>(7,806)</u>	<u>-</u>	<u>(2,141,475)</u>
At 31 December 1998	<u>-</u>	<u>-</u>	<u>114,225</u>	<u>-</u>	<u>9,762</u>	<u>123,987</u>
<b>Depreciation and diminution in value</b>						
At 1 January 1998	-	130,664	138,012	3,069	-	271,745
Charge for the year	5,892	-	5,507	-	809	12,208
Group Transfers	<u>(5,892)</u>	<u>(130,664)</u>	<u>(41,201)</u>	<u>(3,069)</u>	<u>-</u>	<u>(180,826)</u>
At 31 December 1998	<u>-</u>	<u>-</u>	<u>102,318</u>	<u>-</u>	<u>809</u>	<u>103,127</u>
<b>Net book value</b>						
At 31 December 1998	<u>-</u>	<u>-</u>	<u>11,907</u>	<u>-</u>	<u>8,953</u>	<u>20,860</u>
At 31 December 1997	<u>790,266</u>	<u>328,607</u>	<u>16,985</u>	<u>4,737</u>	<u>-</u>	<u>1,140,595</u>

**Rycar Limited**  
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**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Notes to the financial statements (continued)**

**8 Tangible fixed assets (continued)**

	Long leasehold land and buildings £	Body Shop £	Plant and machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Assets held under hire purchase or finance leases						
<i>Net book value</i>						
At 31 December 1998	-	-	-	-	-	-
At 31 December 1997	-	98,530	-	-	-	98,530
Depreciation charged in the year	-	-	-	-	-	-

**9 Investments**

	1998 £	1997 £
Investment in subsidiary undertaking	1,000	1,000

The Company owns the entire share capital of Ryland Accident Repair Centre Limited, a company which commenced trading as a motor vehicle bodyshop on 1 January 1998, as a result of a transfer from the Company of its bodyshop operations and certain related assets.

**10 Stocks**

	1998 £	1997 £
Vehicles	1,678,576	867,339
Work in progress	120	11,144
Parts/other	14,143	101,299
	<u>1,692,839</u>	<u>979,782</u>

**11 Debtors**

	1998 £	1997 £
Trade debtors	138,440	596,505
Amounts owed by group undertakings	2,133,748	45,777
Group relief receivable	106,464	-
Other debtors	28,974	1,800
Prepayments and accrued income	50,836	75,581
	<u>2,458,462</u>	<u>719,663</u>

**Rycar Limited**  
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**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Notes to the financial statements (continued)**

**12 Creditors falling due within one year**

	1998	1997
	£	£
Bank Loan	-	18,103
Bank overdraft	558,490	288,061
Stocking loan	-	173,029
Trade creditors	1,658,384	882,367
Obligations under hire purchase contracts	271,966	204,077
Amounts owed to group undertakings	1,057,572	90,553
Group relief payable	-	34,358
Other creditors including taxation and social security:		
Other taxes and social security	228,697	75,432
Other creditors	<u>25,459</u>	<u>1,142</u>
	254,156	76,574
Accruals	<u>65,374</u>	<u>82,514</u>
	<u>3,865,942</u>	<u>1,849,636</u>

The bank overdraft is secured by fixed and floating charges over the assets of the Company.  
The stocking loan was secured by floating charge over the Company's vehicles.

**13 Creditors: amounts falling due after more than one year**

	1998	1997
	£	£
Bank loan	-	506,897
Obligations under hire purchase agreements	<u>-</u>	<u>38,905</u>
	<u>-</u>	<u>545,802</u>
Bank loan is repayable as follows:		
Within one year	-	18,103
In the second to fifth years	-	144,828
Over five years	<u>-</u>	<u>362,069</u>
	<u>-</u>	<u>506,897</u>
	<u>-</u>	<u>525,000</u>

The bank loan was secured by means of a legal mortgage over the Company's long leasehold land and buildings.

**Rycar Limited**  
**(formerly Howells of Cardiff Limited)**

**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Notes to the financial statements (continued)**

**14 Called up share capital**

	1998 £	1997 £
<i>Authorised, allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000
149,000 redeemable ordinary shares of £1 each	149,000	149,000
200,000 redeemable preference shares of £1 each	<u>200,000</u>	<u>200,000</u>
	<u>350,000</u>	<u>350,000</u>

The redeemable ordinary shares have the same rights as to income and capital as the ordinary shares but are redeemable in whole or in part at any date after 31 December 1996 provided the holder has attained the age of 60 or at any time after the holder has attained the age of 67. The price payable on redemption is a fair value as determined by the Company's auditors and pro rata to the value of all the ordinary share capital in issue.

The preference shares are redeemable in equal annual instalments of 50,000 shares commencing on the fifth anniversary of the date of issue, or in full on the eighth anniversary of the date of issue. The preference shares are entitled to a fixed cumulative preferential dividend at a rate of 14 per cent per annum net of any associated tax credit. On a winding up the preference shares are entitled to repayment of capital together with any premium paid and arrears of dividend. All arrears of preference dividend at 31 December 1998 have been waived.

**15 Commitments**

There were no capital commitments unprovided at 31 December 1998 (1997:£nil).

**16 Reserves statement**

	Profit and loss account £
At 1 January 1998	95,602
Retained loss for the year	<u>(138,073)</u>
<b>At 31 December 1998</b>	<u><b>(42,471)</b></u>

**Rycar Limited**  
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**Directors' report and financial statements**  
**Year ended 31 December 1998**

**Notes to the financial statements (continued)**

**17 Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
(Loss)/profit for the financial year	(138,073)	76,473
Dividends-paid	-	(30,000)
(Decrease)/increase in shareholders' funds	<u>(138,073)</u>	<u>46,473</u>
Opening shareholders' funds	445,602	399,129
Closing shareholders' funds	<u>307,529</u>	<u>445,602</u>

**18 Contingent Liabilities**

The Company has cross guaranteed certain bank loans, overdrafts and vehicle stocking facilities of the parent and fellow subsidiary undertakings (and of Culver Holdings Plc and its subsidiary undertakings as at 31 December 1997). At 31 December 1998 the total liability under these guarantees was £Nil (1997: £7,297,000) of which £Nil (1997: £288,061) is dealt with in these financial statements.

Under a group registration, the Company is jointly and severally liable for value added tax due by Wyndham Motor Group PLC and its subsidiaries (and by Culver Holdings Plc and its subsidiaries as at 31 December 1997). At 31 December 1998 the total liability under this registration amounted to £Nil (1997: £Nil) of which £Nil (1997: £Nil) is dealt with in these financial statements.

**19 Pensions**

The Company contributes to personal pension plans in respect of eligible employees and its liability is limited to those contributions. The assets of the plans are held separately from those of the Company and are administered by Scottish Life Assurance Company Limited. The pension costs charge represents contributions payable by the Company and amounted to £ 3,157 (1997: £4,050). Contributions totalling £Nil (1997:£Nil) were payable at the year end.

**20 Ultimate Holding Company**

The company is a subsidiary undertaking of WMG Cardiff Limited, a company incorporated and registered in England and Wales. On 26 April 1999 Ryland Group plc, a company registered in England and Wales, became the ultimate parent undertaking. Copies of the report and accounts of Ryland Group plc can be obtained from the Company Secretary at School House, St Philip's Court, Church Hill, Coleshill, Birmingham, B46 3AD.

**21 Related Party Transactions**

The exemption given under Financial Reporting Standard 8 from the requirement to disclose transactions with related parties where 90% of the voting rights are controlled by the same group has been adopted.