

Howells of Cardiff Limited

**REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 1997**

**Registered number: 2590871**



**Howells of Cardiff Limited**  
**Year ended 31st December 1997**

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## **Howells of Cardiff Limited**

### **Directors report and financial statements**

**Year ended 31st December 1997**

#### **Directors' report**

The directors present their report and the financial statements for the year ended 31 December 1997

#### **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 £11,164,334 (1996:£11,449,051) with a pre-tax profit of £ 110,831 (1996:Profit £883,192).

#### **Dividends and transfer to reserves**

The profit for the period retained in the company is £46,473 (1996: £433,192).

The directors do not propose a final dividend (1996 :£250,000).

#### **Directors and directors interests**

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

J.C.M.Biles  
L.S.Stephenson  
M.J.Thompson

None of the directors holds any shares in the Company.

The interests in group companies of the directors are disclosed in the directors' report of Wyndham Motor Group Plc.

#### **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.

#### **Donations**

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

**Howells of Cardiff Limited**

**Directors report and financial statements**

**Year ended 31st December 1997**

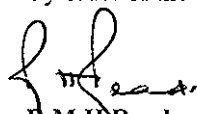
**Statement of Directors' Responsibilities**

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

  
R.M.H. Read  
Secretary

13 July 1998

Llanmaes  
St Fagans  
Cardiff  
CF5 6DU

**Howells of Cardiff Limited**

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

We have audited the financial statements on pages 6 to 13

**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 statement and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practises 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 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG Audit Plc  
Chartered Accountants  
Registered Auditor**

*KPMG Audit Plc*  
\_\_\_\_\_

Cardiff  
15/7 1998

**Howells of Cardiff Limited**

**Profit & Loss Account**

**Year ended 31st December 1997**

	Note	1997 £	1996 £
<b>Turnover</b>	1	11,164,334	11,449,051
Cost of sales		<u>(10,552,408)</u>	<u>(10,643,954)</u>
<b>Gross Profit</b>		611,926	805,097
Administrative expenses		<u>(488,860)</u>	<u>(496,952)</u>
<b>Operating profit</b>		123,066	308,145
Interest receivable and similar income	5	26,600	-
Interest payable and similar charges	6	<u>(38,835)</u>	<u>(54,953)</u>
		110,831	253,192
Profit on sale property	7	<u>-</u>	<u>630,000</u>
<b>Profit on ordinary activities before taxation</b>	2	110,831	883,192
Tax on profit on ordinary activities	8	<u>(34,358)</u>	<u>-</u>
<b>Profit for the financial year</b>		76,473	883,192
Dividends-paid		(30,000)	(200,000)
-proposed		<u>-</u>	<u>(250,000)</u>
<b>Retained profit</b>	17	<u>46,473</u>	<u>433,192</u>

There were no discontinued operations or acquisitions during the year.

There were no other recognised gains and losses arising in this financial period.

**Howells of Cardiff Limited**

**Balance Sheet**

**Year ended 31st December 1997**

	Note	£	1997 £	£	1996 £
<b>Fixed Assets</b>					
Tangible Assets	9		1,140,595		417,489
Investments	10		<u>1,000</u>		<u>1,000</u>
			1,141,595		418,489
<b>Current Assets</b>					
Stocks	11	979,782		1,523,823	
Debtors	12	719,663		761,610	
Cash in hand		-		<u>560,069</u>	
		1,699,445		2,845,502	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,849,636)</u>		<u>(2,800,473)</u>	
<b>Net current (liabilities)/assets</b>			<u>(150,191)</u>		<u>45,029</u>
<b>Total assets less current liabilities</b>			991,404		463,518
<b>Creditors :amounts falling due after more than one year</b>	14		<u>(545,802)</u>		<u>(64,389)</u>
<b>Net assets</b>			<u>445,602</u>		<u>399,129</u>
<b>Capital and Reserves</b>					
Called up share capital	15		350,000		350,000
Profit and loss account	17		<u>95,602</u>		<u>49,129</u>
Attributable to equity interests		245,602		199,129	
Attributable to non equity interests		<u>200,000</u>		<u>200,000</u>	
<b>Shareholders' funds</b>	18		<u>445,602</u>		<u>399,129</u>

These financial statements were approved by the board of directors on 13 July 98 and were signed on its behalf by:

*L.S. Stephenson*

**L.S. Stephenson**  
Director

*M.J. Thompson*

**M.J. Thompson**  
Director

Notes to the financial statements

**1 Accounting policies**

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:

Plant and machinery	-	16.2/3% per annum
Motor vehicles	-	20% per annum

No depreciation has been charged on the long leasehold land & building as the asset had not been brought into use at 31 December 1997.

**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 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.

**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.



# Howells of Cardiff Limited

## Directors report and financial statements Year ended 31st December 1997

### Notes to the financial statements (continued)

#### 2 Profit on ordinary activities before taxation.

	1997 £	1996 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration- as auditors	3,000	8,000
Hire of Equipment	125,186	-
Loss on Disposal of fixed assets	-	14,338
Depreciation of tangible fixed assets		
Owned	54,913	71,894
Hire purchase	<u>22,328</u>	<u>19,627</u>

#### 3 Remuneration of directors

No remuneration was paid to any director during the year (1996:£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	
	1997	1996
Management and administration	17	18
Sales	6	8
Parts and Service	<u>64</u>	<u>53</u>
	<u>87</u>	<u>79</u>

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	1,213,872	1,114,257
Social security costs	112,324	106,258
Other pension costs	<u>4,050</u>	<u>4,050</u>
	<u>1,330,246</u>	<u>1,224,565</u>

#### 5 Interest receivable and similar income

	1997 £	1996 £
Bank interest received	<u>26,600</u>	<u>-</u>

#### 6 Interest payable and similar charges

	1997 £	1996 £
On bank overdrafts wholly repayable within five years	-	18,758
Finance charges payable in respect of hire purchase and demonstration vehicle finance contracts	<u>38,835</u>	<u>36,195</u>
	<u>38,835</u>	<u>54,953</u>

#### 7 Exceptional items

	1997 £	1996 £
Profit arising on sale of Freehold Property	<u>-</u>	<u>630,000</u>

#### 8 Taxation

The charge to taxation comprises:

	1997 £	1996 £
Group relief payable-current year	<u>(34,358)</u>	<u>-</u>

# Howells of Cardiff Limited

## Directors report and financial statements Year ended 31st December 1997

### Notes to the financial statements (continued)

#### 9 Tangible fixed assets

	Long leasehold land & buildings £	Body Shop £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost/valuation</i>					
at 1 January 1997	-	459,271	144,916	7,806	611,993
Additions	790,266	-	10,081	-	800,347
At 31 December 1997	790,266	459,271	154,997	7,806	1,412,340

#### *Depreciation and diminution in value*

At 1 January 1997	-	77,553	115,338	1,613	194,504
Charge for the year	-	53,111	22,674	1,456	77,241
At 31 December 1997	-	130,664	138,012	3,069	271,745

#### *Net book value*

At 31 December 1997	790,266	328,607	16,985	4,737	1,140,595
At 31 December 1996	-	381,718	29,578	6,193	417,489

Assets held under hire purchase  
or finance leases

#### *Net book value*

At 31 December 1997	-	98,530	-	-	98,530
At 31 December 1996	-	120,858	-	-	120,858

Depreciation charged in the year	-	22,328	-	-	22,328
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No depreciation has been charged on the long leasehold land and building as the asset had not been brought into use at 31st December 1997.

#### 10 Investments

	1997 £	1996 £
Investment in subsidiary undertaking	1,000	1,000

The company owns the entire share capital of Wyndham Accident Repair Centre Limited, which did not trade during the year.

#### 11 Stocks

	1997 £	1996 £
Vehicles	867,339	1,444,972
Work in progress	11,144	5,895
Parts/other	101,299	72,956
	979,782	1,523,823

Included in the total value of vehicles are consignment stocks of £Nil (1996:£941,011) with the corresponding liability included in trade creditors.

**Howells of Cardiff Limited**

**Directors report and financial statements**  
**Year ended 31st December 1997**

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

12	Debtors	1997 £	1996 £
	Trade debtors	596,505	634,005
	Amounts owed by group undertakings	45,777	25,022
	Group relief receivable	-	42,000
	Other debtors	1,800	50,107
	Prepayments and accrued income	75,581	10,476
		<u>719,663</u>	<u>761,610</u>

13	Creditors falling due within one year	1997 £	1996 £
	Bank loan	18,103	-
	Bank overdrafts	288,061	-
	Stocking loan	173,029	144,605
	Trade creditors	882,367	1,302,504
	Obligations under hire purchase contracts	204,077	382,900
	Amounts owed to group undertakings	90,553	159,496
	Group relief payable	34,358	-
	Other creditors including taxation and social security:		
	Other taxes and social security	75,432	484,826
	Other creditors	<u>1,142</u>	<u>1,234</u>
		76,574	486,060
	Proposed dividend	-	250,000
	Accruals	<u>82,514</u>	<u>74,908</u>
		<u>1,849,636</u>	<u>2,800,473</u>

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

14	Creditors: amounts falling due after more than one year	1997 £	1996 £
	Bank loan	506,897	-
	Obligations under hire purchase agreements	<u>38,905</u>	<u>64,389</u>
		<u>545,802</u>	<u>64,389</u>

Bank loan is repayable as follows:

	1997 £	1996 £
Within one year	18,103	-
In the second to fifth years	144,828	-
Over five years	<u>362,069</u>	<u>-</u>
	<u>506,897</u>	<u>-</u>
	<u>525,000</u>	<u>-</u>

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

Howells of Cardiff Limited

Directors report and financial statements

Year ended 31st December 1997

Notes to the financial statements (continued)

15 Called up share capital

	1997 £	1996 £
<i>Authorised, allotted, called up and fully paid</i>		
1000 ordinary shares of £1 each	1,000	1,000
149,000 redeemable ordinary shares of £1 each	149,000	149,000
200,000 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 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 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 1997 have been waived.

16 Commitments

There were no capital commitments unprovided at 31 December 1997 (1996:£nil).

17 Reserves statement

	Profit and loss account £
At 1 January 1997	49,129
Retained profit for the year	<u>46,473</u>
At 31 December 1997	<u>95,602</u>

## Howells of Cardiff Limited

### Directors report and financial statements Year ended 31st December 1997

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

#### 18 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	76,473	883,192
Dividends- paid	(30,000)	(200,000)
-proposed	-	(250,000)
Net increase in shareholders' funds	46,473	433,192
Opening shareholders' funds	399,129	(34,063)
Closing shareholders' funds	445,602	399,129

#### 19 Contingent Liabilities

The Company has cross guaranteed certain bank loans, overdrafts and vehicle stocking facilities of the parent and fellow subsidiary undertakings. At 31 December 1997 the total liability under these guarantees was £7,297,000 (1996: £5,846,227) of which £288,061 (1996: £144,605) 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 subsidiary and Culver Holdings Plc and its subsidiaries. At 31 December 1997 the total liability under this registration amounted to £Nil (1996:£559,006) of which £Nil (1996:£448,174) is dealt with in these financial statements.

#### 20 Pensions

The Company contributes to personal pension plans in respect of eligible employees and its liability is limited to these 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 cost charge represents contributions payable by the Company and amounted to £4,050 (1996: £4,050). Contributions totalling £Nil (1996:£Nil) were payable at the year end and are included in creditors.

#### 21 Ultimate Holding Company

The company is a subsidiary undertaking of WMG Cardiff Limited, a company incorporated and registered in England and Wales. Wyndham Motor Group Plc, a company incorporated in England and Wales is the ultimate parent undertaking and heads the largest and only group for which group financial statements are prepared and of which the Company is a member. The financial statements of Wyndham Motor Group Plc can be obtained from the Registrar of Companies or from the Company Secretary at Llanmaes, St Fagans, Cardiff CF5 6DU.

#### 22 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.