

2590871

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995



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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 1995.

The comparative figures used throughout these financial statements are for the year ended 31 December 1994.

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 £11,176,293 (1994: £9,914,679) with a pre tax loss of (£235,616) (1994: Profit £108,529).

Dividends and transfer to reserves

The loss for the period retained in the Company is (£195,616). (1994: Profit £108,529).

Significant changes in fixed assets

Details of changes in the Company's fixed assets during the period are set out in note 7 to the financial statements.

Directors and directors' interests

The directors who held office during the period were:

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 Messrs. J.C.M. Biles and L.S. Stephenson are disclosed in the directors' report of Culver Holdings plc.

The interests in group companies of Mr M J Thompson are disclosed in the directors' report of Wyndham Motor Group Limited.

Donations

During the period the Company made no charitable donations and no political contributions (1994: £nil).

Directors' report (*continued*)


Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period 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

Llanmaes
St. Fagans
Cardiff
CF5 6DU
27 June 1996

Report of the auditors to the members of Howells of Cardiff 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 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
*Chartered Accountants
Registered Auditors*

Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff

28 June 1996

**Profit and loss account
 for the year ended 31 December 1995**

	Note	1995 £	1994 £
Turnover	1	11,176,293	9,914,679
Cost of sales		<u>(10,797,436)</u>	<u>(9,449,248)</u>
Gross profit		378,857	465,431
Administrative expenses		<u>(508,200)</u>	<u>(318,752)</u>
Operating (loss)/profit		(129,343)	146,679
Interest payable and similar charges	5	<u>(106,273)</u>	<u>(38,150)</u>
(Loss)/profit on ordinary activities before taxation	2	(235,616)	108,529
Tax on (loss)/profit on ordinary activities	6	<u>40,000</u>	<u>—</u>
(Loss)/profit for the financial period		(195,616)	108,529
Retained (loss)/profit	16	<u>(195,616)</u>	<u>108,529</u>

There are no other recognised gains or losses arising in either period and there were no discontinued operations or acquisitions during the year.

Balance sheet
at 31 December 1995

	Note	1995	1994
		£	£
Fixed Assets			
Tangible assets	7	443,525	378,621
Investments	8	<u>1,000</u>	<u>1,000</u>
		444,525	379,621
Current Assets			
Stocks	9	989,223	701,713
Debtors	10	3,790,284	735,563
Cash in hand		<u>790</u>	<u>760</u>
		4,780,297	1,438,036
Creditors: amounts falling due within one year	11	<u>(5,212,765)</u>	<u>(1,656,104)</u>
Net Current Liabilities		<u>(432,468)</u>	<u>(218,068)</u>
Total Assets less Current Liabilities		<u>12,057</u>	<u>161,553</u>
Creditors: amounts falling due after more than one year	12	<u>(46,120)</u>	<u>-</u>
Net (liabilities) assets		<u>(34,063)</u>	<u>161,553</u>
Capital and reserves			
Called up share capital	14	350,000	350,000
Profit and loss account	16	<u>(384,063)</u>	<u>(188,447)</u>
Attributable to equity interests		(234,063)	(38,447)
Attributable to non equity interests		<u>200,000</u>	<u>200,000</u>
Shareholders' funds	17	<u>(34,063)</u>	<u>161,553</u>

These financial statements were approved by the board of directors on 27 June 1996 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.

The comparative figures in the 1994 profit and loss account have been restated on a basis consistent with the classifications used for the results of the current year.

Fixed assets and depreciation

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

Plant and machinery	-	16.2/3% 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 period 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 deduction of trade discounts, VAT and other taxes.

Pensions

The pension charge represents the contributions payable by the Company to the pension scheme.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

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 period 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.

2. Profit (loss) on ordinary activities before taxation

	1995 £	1994 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration - as auditors	10,200	4,200
Depreciation of tangible fixed assets		
- owned	55,826	32,526
- hire purchase	10,181	2,649

3. Remuneration of directors

No remuneration was paid to any director during the year (1994: £Nil).

4. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	<i>Number of employees</i>	
	1995	1994
Management and administrations	18	18
Sales	9	8
Parts, service and bodyshop	<u>45</u>	<u>45</u>
	<u>72</u>	<u>71</u>

Notes to the financial statements (*continued*)

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	922,991	856,175
Social security costs	87,369	80,495
Other pension costs	<u>3,679</u>	<u>8,946</u>
	<u>1,014,039</u>	<u>945,616</u>

5. Interest payable and similar charges

	1995 £	1994 £
On bank overdrafts and other loans wholly repayable within five years	40,316	-
Finance charges payable in respect of hire purchase and demonstration vehicle finance contracts	<u>65,957</u>	<u>38,150</u>
	<u>106,273</u>	<u>38,150</u>

6. Taxation

The charge to taxation comprises:

	1995 £	1994 £
Group relief receivable - current year	5,500	-
- prior year	<u>34,500</u>	<u>-</u>
	<u>40,000</u>	<u>-</u>

At 31 December 1995, subject to group relief, the Company had tax losses in excess of £385,000 (1994 £167,000) available to offset against future profits.

Notes to the financial statements (*continued*)

7. Tangible fixed assets

	Freehold Land and Buildings	Body Shop	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<i>Cost</i>					
At 1 January 1995	-	179,540	182,396	105,095	467,031
Additions	-	216,795	7,210	-	224,005
Disposals	(2,800,000)	-	-	-	(2,800,000)
Group Transfers	<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>(99,716)</u>	<u>2,700,284</u>
At 31 December 1995	<u>-</u>	<u>396,335</u>	<u>189,606</u>	<u>5,379</u>	<u>591,320</u>
<i>Depreciation and diminution in value</i>					
At 1 January 1995	-	33	83,402	4,975	88,410
Charge for the year	-	24,674	36,370	4,963	66,007
Disposals	-	-	-	-	-
Group Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,622)</u>	<u>(6,622)</u>
At 31 December 1995	<u>-</u>	<u>24,707</u>	<u>119,772</u>	<u>3,316</u>	<u>147,795</u>
<i>Net book value</i>					
At 31 December 1995	<u>-</u>	<u>371,628</u>	<u>69,834</u>	<u>2,063</u>	<u>443,525</u>
At 31 December 1994	<u>-</u>	<u>179,507</u>	<u>98,994</u>	<u>100,120</u>	<u>378,621</u>
Assets subject to hire purchase					
Net book value					
31 December 1995	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1994	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,067</u>	<u>97,067</u>

8. Investments

	1995	1994
Investment in subsidiary undertaking	<u>1,000</u>	<u>1,000</u>

The Company owns the whole of the issued ordinary share capital of Howells Body Repair Centre Limited, a company registered in England and Wales, which acts as the Company's agent in respect of the Company's bodyshop business.

Notes to the financial statements (continued)

9. Stocks

	1995	1994
	£	£
Vehicle	911,980	640,971
Work in progress	6,564	4,660
Parts/Other	<u>70,679</u>	<u>56,082</u>
	<u>989,223</u>	<u>701,713</u>

Included in the total value of vehicles are appropriate consignment stocks of £488,655 (1994: £45,013) with the corresponding liability included in trade creditors. In addition the Company had been allocated stock with a value of £49,568 (1994: £84,000) in respect of which the risks and rewards of owning the stock had not passed to the Company.

10. Debtors

	1995	1994
	£	£
Trade debtors	477,095	349,188
Amounts owed by group undertakings	235,178	160,668
Group relief receivable	42,000	2,000
Other debtors	2,836,442	55,085
Prepayments and accrued income	<u>199,569</u>	<u>168,622</u>
	<u>3,790,284</u>	<u>735,563</u>

11. Creditors: amounts falling due within one year

	1995	1994
	£	£
Bank overdrafts	694,711	568,351
Stocking loan	197,250	285,520
Obligations under hire purchase contracts	167,640	97,070
Trade creditors	952,944	422,948
Amounts owed to group undertakings	2,968,145	128,257
Group relief payable	-	-
Other creditors including taxation and social security:		
Other taxes and social security	68,269	85,884
Other creditors	<u>21,402</u>	<u>4,370</u>
	159,671	90,254
Proposed dividend	-	-
Accruals	<u>72,403</u>	<u>63,704</u>
	<u>5,212,765</u>	<u>1,656,104</u>

The bank overdraft is secured by fixed and floating charges over the assets of the Company.

The stocking loan is secured by a floating charge over the Company's vehicle stock.

Notes to the financial statements (*continued*)

12. Creditors: amounts falling due after more than one year

Obligations under hire purchase contracts

	1995	1994
	£	£
HP	<u>46,120</u>	<u>-</u>

They are repayable as follows:

	£	1995	£	1994	£
Within one year	14,172		-		
In the second to fifth years	<u>46,120</u>		-		
		<u>60,293</u>			<u>-</u>
		<u>60,293</u>			<u>-</u>

13. Provision for liabilities and charges

The following deferred tax (liability) asset has not been recognised:

	1995	1994
	£	£
Difference between accumulated depreciation and capital allowances	<u>-</u>	<u>26,531</u>

14. Called up share capital

	1995	1994
	£	£
<i>Authorised, Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000	1,000
Redeemable Ordinary shares of £1 each	149,000	149,000
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 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 1994 have been waived.

Notes to the financial statements (*continued*)

15. Commitments

There were no capital commitments unprovided at 31 December 1995 (*1994: £Nil*).

16. Reserves

	Profit and loss account
At 1 January 1995	(188,447)
Retained loss for the year	(195,616)
At 31 December 1995	(384,063)

17. Reconciliation of movements in shareholders' funds

	1995 £	1994 £
(Loss)/profit for the financial year	(195,616)	108,529
Opening shareholders' funds	<u>161,553</u>	<u>53,024</u>
Closing shareholders' funds	<u>(34,063)</u>	<u>161,553</u>

18. Contingent liabilities

The Company has cross guaranteed certain bank overdrafts, bank loans and vehicle stocking facilities of the parent and fellow subsidiary undertakings. At 31 December 1995 the total liability under these guarantees was £7,521,997 (*1994: £4,272,787*) of which £891,171 (*1994: £853,871*) is dealt with in these financial statements.

Under a group registration the Company is jointly and severally liable for value added tax due by Culver Holdings plc and certain of its subsidiaries. At 31 December 1995, the total liability under this registration amounted to £16,828 (*1994: £66,388*) of which £Nil is dealt with in these financial statements.

19. Pensions

The Company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in a fund administered by Scottish Equitable Life Assurance Society. The pension cost charge represents contributions payable by the Company to the fund and amounted to £3,679 (*1994: £8,946*). Contributions totalling £Nil (*1994: £Nil*) were payable to the fund at the year end and are included in creditors.

20. Ultimate holding company and parent

The Company is a subsidiary undertaking of Wyndham Motor Group Limited, a company incorporated and registered in England and Wales. Culver Holdings plc, a company incorporated and registered 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 Culver Holdings plc can be obtained from the Registrar of Companies or from the Company Secretary at Llanmaes, St. Fagans, Cardiff CF5 6DU.