

LANGE (WEST END) LIMITED
REGISTERED NUMBER 2647080
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1994



LANGE (WEST END) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1994

Company registration number: 2647080

Registered office: 27 Chancery Lane
London
WC2A 1NF

Directors: Paul John Lange
Motors Directors Limited

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

Bankers: National Westminster Bank
160 Cricklewood Broadway
London
NW2 3ED

Solicitors: Rakisons
27 Chancery Lane
London
WC2A 1NF

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Melton Street
Euston Square
London
NW1 2EP

LANGE (WEST END) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1994

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LANGE (WEST END) LIMITED

REVIEW OF TRADING

31 DECEMBER 1994

The market place throughout the year was extremely competitive which resulted in depressed profit margins. With the installation of a new Dealership Management Computer System, and the opening of our additional location at Staples Corner, in NW London, we had a busy and demanding period. Throughout the year we also worked towards accreditation for ISO EN 9002 which was subsequently awarded in 1995.

However, we now believe we are well placed and with our new location increasing revenues on a monthly basis, and look forward to the future and 1995 in particular with renewed optimism.


Paul Lange
Managing Director

LANGE (WEST END) LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 1994

The directors present their report together with financial statements for the year ended 31 December 1994.

Principal activities

The company is principally engaged in the retailing, and servicing of motor vehicles and in the sale of spare parts.

Review of business

A review of the business and likely future developments is given in the Review of trading.

Results and dividend

The profit for the year after taxation amounted to £5,280 (1993: £19,268).

A dividend of £3,829 (1993: 2,721) was paid during the year, and £1,451 (1993: £16,547) was transferred to reserves.

Directors

The directors in office at the end of the year are listed below. Both served on the Board throughout the period.

Paul J Lange
Motors Directors Limited

Directors interest

The interest of the directors in the shares of the company at 1 January 1994 and 31 December 1994, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	31 December 1994	1 January 1994
Paul Lange	110,000 A Ordinary shares of £1 each	110,000 A Ordinary shares of £1 each
	1 Redeemable 1% participating preference share of £1 each	1 Redeemable 1% participating preference share of £1 each

LANGE (WEST END) LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 1994

Directors' contracts

No director had during or at the end of the year a material interest in a contract which was significant in relation to the company's business.

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.

Fixed asset movements

During the year the company acquired a second site at Staples Corner. The cost of this acquisition was £1,600,000, and has since been revalued to £2,250,000.

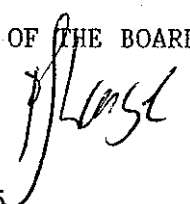
The surplus of £650,000 arising from the revaluation has been transferred to reserves.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

P Lange
Director
5 May 1995



**REPORT OF THE AUDITORS TO THE MEMBERS OF
LANGE (WEST END) LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies as set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 3 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.

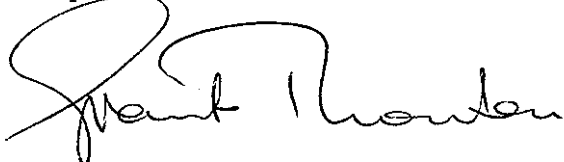
Basis of opinion

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 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 at 31 December 1994 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

LONDON
5 May 1995

LANGE (WEST END) LIMITED

PRINCIPAL ACCOUNTING POLICIES

YEAR ENDED 31 DECEMBER 1994

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention except that certain freehold properties are shown at their revalued amounts, and as referred to below are not depreciated.

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 in the ordinary course of business for goods supplied as a principal and for services provided for third parties.

Depreciation

Depreciation is calculated to write down the cost or valuation of all fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

- Computer equipment - 20% p.a.
- Plant and equipment - 10% p.a.
- Motor vehicles - 48% p.a.

Freehold property is not depreciated. The asset is maintained in a continual state of sound repair and accordingly the directors consider that the life of this asset is so long and its residual value so high that its depreciation is insignificant. Accordingly no depreciation is provided on this property.

Stocks

Stocks are stated as follows:

- New vehicles - at cost
- Used vehicles - at lower of trade-in allowance or cost and estimated net realisable value
- Spare parts - at cost less provision for obsolete and slow moving items

LANGE (WEST END) LIMITED

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31 DECEMBER 1994

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits as computed for taxation purposes and results as stated in the financial statements.

Deferred tax is accounted for to the extent that it is probable that a liability will crystallise. Deferred tax is computed under the liability method using the rate at which it is estimated that the tax will be paid when the timing differences reverse.

Contributions to pension scheme

Defined contribution scheme

The pension costs charged against profits represent the amount of contributions payable in respect of the accounting period.

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 represent 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.

LANGE (WEST END) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1994

	Note	£	1994 £	£	1993 £
Turnover	1		19,989,022		16,253,954
Cost of sales			(18,070,647)		(14,847,192)
Gross profit			1,918,375		1,406,762
Distribution costs		1,121,356		747,836	
Administrative expenses		637,401		566,398	
			(1,758,757)		(1,314,234)
Operating profit			159,618		92,528
Net interest	2		(152,578)		(63,143)
Profit on ordinary activities before taxation	1		7,040		29,385
Tax on profit on ordinary activities	4		(1,760)		(10,117)
Profit for the financial year			5,280		19,268
Dividends - non equity	5		(3,829)		(2,721)
Profit transferred to reserves	14		£1,451		£16,547

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

LANGE (WEST END) LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

	Note	£	1994 £	£	1993 £
Fixed assets					
Tangible assets	6		2,553,613		99,025
Current assets					
Stocks	7	1,442,481		615,497	
Debtors	8	1,109,689		448,342	
Cash at bank and in hand		435		246,139	
		2,552,605		1,309,978	
Creditors: amounts falling due within one year	9	(1,816,865)		(789,173)	
Net current assets			735,740		520,805
Total assets less current liabilities			3,289,353		619,830
Creditors: amounts falling due after more than one year	10		(1,560,122)		-
Provisions for liabilities and charges	12		(4,548)		(4,548)
			<u>£1,724,683</u>		<u>£615,282</u>
Capital and reserves					
Called up share capital	13		1,054,008		596,058
Capital redemption reserve	14		13,992		3,942
Profit and loss account	14		6,683		15,282
Revaluation reserve	14		650,000		-
Shareholders' funds	15		<u>£1,724,683</u>		<u>£615,282</u>
Equity shareholders' funds			875,675		129,224
Non-equity shareholders' funds			849,008		486,058
			<u>£1,724,683</u>		<u>£615,282</u>

The financial statements were approved by the Board of Directors on 5 May 1995.

P Lange - Director

For and on behalf of
Motors Directors Limited - Director

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

LANGE (WEST END) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

	Note	£	1994 £	£	1993 £
Net cash (outflow)/ inflow from operating activities	16		(625,864)		62,940
Returns on investments and servicing of finance					
Interest received		18,916		-	
Interest paid		(143,739)		(63,143)	
Finance lease interest paid		(7,636)		-	
Dividends paid		(3,829)		(2,721)	
Net cash outflow from returns on investments and servicing of finance			(136,288)		(65,864)
Taxation					
UK corporation tax paid			(12,847)		(5,490)
Investing activities					
Purchase of tangible fixed assets		(1,718,272)		(37,530)	
Sale of tangible fixed assets		7,916		-	
Net cash outflow from investing activities			(1,710,356)		(37,530)
Net cash outflow before financing			(2,485,355)		(45,944)
Financing					
Issue of shares		468,000		-	
Redemption of shares		(10,050)		-	
Receipts from borrowing		1,594,473		-	
Purchase of own shares		-		(3,942)	
Capital element of finance lease rentals		(22,344)		-	
Net cash inflow/(outflow) from financing	17		2,030,079		(3,942)
Decrease in cash and cash equivalents	18		£(455,276)		£(49,886)

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

LANGE (WEST END) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 1994

	1994 £	1993 £
Profit for the financial year	5,280	19,268
Unrealised surplus on revaluation of land and buildings	<u>650,000</u>	<u>-</u>
Total recognised gains since the last financial statements	<u>£655,280</u>	<u>£19,268</u>

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

LANGE (WEST END) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 1994

1 Turnover and profit on ordinary activities before taxation.

The profit on ordinary activities before taxation is attributed to one activity; the retailing, and servicing of motor vehicles and in the sale of spare parts.

The profit on ordinary activities is stated after:

	1994 £	1993 £
Auditors' remuneration		
- Audit services	9,000	9,000
- Non audit services	3,574	2,000
Depreciation:		
- Tangible fixed assets owned	14,419	16,672
- Leased assets	14,186	-
Hire of plant and machinery	4,763	6,594
	<u> </u>	<u> </u>

2 Net interest

On bank loans, overdrafts and other loans:

	1994 £	1993 £
Repayable within 5 years, otherwise than by instalments	22,719	10,890
Repayable within 5 years, by instalments	71,952	-
	<u> </u>	<u> </u>
	94,671	10,890
Repayable wholly or partly in more than 5 years	38,891	-
Finance charges in respect of finance charges	7,636	-
Display charges	30,296	52,253
Other interest receivable and similar income	(18,916)	-
	<u> </u>	<u> </u>
	£152,578	£63,143
	<u> </u>	<u> </u>

3 Directors and employees

Staff costs during the period were as follows

	1994 £	1993 £
Wages and salaries	982,571	569,980
Social security	114,854	114,741
Pension costs	9,233	8,140
	<u> </u>	<u> </u>
	£1,106,658	£692,861
	<u> </u>	<u> </u>

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994

3 Directors and employees (continued)

The average number of employees of the company during the year was 68 (1993 49).

Remuneration in respect of directors was as follows:

	1994 £	1993 £
Management remuneration	61,012	55,427
Pensions to directors	3,600	3,600
	<u>£64,612</u>	<u>£59,027</u>

The emoluments of the directors excluding pension contributions were as follows:

	1994 Number	1993 Number
The highest paid director	<u>£61,012</u>	<u>£55,427</u>
Other directors £ 0 to £5,000	1	1

4 Tax on profit on ordinary activities

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

	1994	1993
United Kingdom corporation tax @ 25%/33%	<u>£1,760</u>	<u>£10,117</u>

5 Dividends

	1994	1993
Non-equity dividends:		
Preference dividend paid	<u>£3,829</u>	<u>£2,721</u>

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

6 Tangible fixed assets

	Total £	Freehold land and buildings £	Plant and equipment £	Computer equipment £	Motor Vehicles £
Cost					
At 1 January 1994	123,076	-	102,602	11,870	8,604
Additions at cost	1,841,109	1,600,000	119,647	121,462	-
Revaluations					
during the year	650,000	650,000	-	-	-
Disposals	(8,604)	-	-	-	(8,604)
At 31 December 1994	2,605,581	2,250,000	222,249	133,332	-
Depreciation					
At 1 January 1994	24,051	-	19,801	3,562	688
Provided in the year	28,605	-	15,357	13,248	-
Disposals	(688)	-	-	-	(688)
At 31 December 1994	51,968	-	35,158	16,810	-
Net book amount at 31 December 1994	£2,553,613	£2,250,000	£187,091	£116,522	£ -
Net book amount at 31 December 1993	£99,025	£ -	£82,801	£8,308	£7,916

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

	Plant and machinery £	Computer equipment £	Total £
Net book amount at 31 December 1994	40,184	68,467	108,651
Net book amount at 31 December 1993	-	-	-

The freehold land and buildings which were purchased during the year were revalued on acquisition by Messrs Herring, Baker and Harris. The basis of valuation used was existing use assuming open market value. The surplus arising has been transferred to the revaluation reserve.

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

7	Stocks	1994	1993
		£	£
	Finished goods and goods for resale	<u>£1,442,481</u>	<u>£615,497</u>

In the opinion of the directors there are no significant differences between the replacement cost and the values disclosed for stock.

8	Debtors - amounts falling due within one year	1994	1993
		£	£
	Trade debtors	857,116	370,244
	Other debtors	74,909	10,814
	Prepayments and accrued income	<u>177,664</u>	<u>67,284</u>
		<u>£1,109,689</u>	<u>£448,342</u>

9	Creditors - amounts falling due within one year	1994	1993
		£	£
	Trade creditors	1,089,587	355,564
	Bank loan	112,500	-
	Overdraft	209,572	-
	Corporation taxation	1,760	9,327
	Social security and other taxes	107,559	86,833
	Other creditors	23,179	37,635
	Accruals and deferred income	250,364	299,814
	Amount due under finance leases	<u>22,344</u>	<u>-</u>
		<u>£1,816,865</u>	<u>£789,173</u>

General Motors Acceptance Corporation PLC have a legal charge over the company's assets, securing all monies due now and hereafter, including £235,000 in trade creditors under the used vehicle plan.

The used vehicle plan is secured by way of a floating charge over the used vehicle stock.

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

10 Creditors: amounts falling due after more than one year

	1994	1993
	£	£
Vauxhall Motors loan	450,000	-
Bank loan	1,031,973	-
Amount due under finance leases	78,149	-
	<u>£1,560,122</u>	<u>£ -</u>

The bank loan is secured by a first legal charge over the freehold property. The loan is being repaid in instalments of £9,375 per month.

Instalments amounting to £581,973 (1993 £nil) are repayable after more than five years.

The other loans are made up as follows:

	1994	1993
	£	£
Vauxhall Motors loan	<u>£450,000</u>	<u>£ -</u>

The Vauxhall Motors loan becomes repayable when 75% of the dealer franchise has been acquired. The loan is secured by a second legal charge over the freehold land and buildings.

11 Borrowings

Borrowings are repayable as follows:

	1994	1993
	£	£
Within one year:		
Bank loans and overdrafts	322,072	-
Finance leases	22,344	-
After one and within two years:		
Bank loans and overdrafts	112,500	-
Finance leases	22,344	-
After two and within five years:		
Bank loans and overdrafts	337,500	-
Finance leases	55,805	-
After five years:		
Bank loans and overdrafts	581,973	-
Other loans	450,000	-
	<u>£1,904,538</u>	<u>£ -</u>

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

11 Borrowings (continued)

Borrowings repayable partly after five years comprise:

	1994 £	1993 £
Repayable by instalments Bank loans and overdrafts	581,973	-
Repayable otherwise than by instalments Other loans	450,000	-
	<u>£1,031,973</u>	<u>£ -</u>

12 Provisions for liabilities and charges

	Deferred Tax £
At 1 January 1994 and 31 December 1994	(4,548)

Deferred tax is fully provided for and represents accelerated capital allowances.

13 Share capital

	1994 £	1993 £
Authorised share capital		
Made up of:		
849,008 (1993 486,058) 1% Redeemable participating preference shares of £1 each	849,008	490,000
205,000 (1993 110,000) A ordinary shares of £1 each	205,000	110,000
490,000 B ordinary shares of £1 each	490,000	490,000
	<u>£1,544,008</u>	<u>£1,090,000</u>

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

13 Share capital (continued)

Allotted, called up and fully paid

Made up of:

	£	£
849,008 (1993 486,058) 1% Redeemable participating preference shares of £1 each	849,008	486,058
205,000 (1993 110,000) A Ordinary shares of £1 each	205,000	110,000
	<u>£1,054,008</u>	<u>£596,058</u>

Redeemable preference shares

The redeemable preference shares are non-equity shares which carry an entitlement to a dividend using a formula per the articles. They may be redeemed at face value at the option of the company. Holders of preference shares have one vote for every share held but only on a resolution for the winding-up of the company or on a resolution affecting the rights attached to the shares.

Allotments during the year

In order to provide funds for the expansion of the company to a second site at Staples Corner, the company made an allotment of 95,000 'A' class ordinary shares at £1 per share by way of an issue to existing members, and 373,000 redeemable preference shares at £1 per share.

14 Reserves

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 January 1994	-	3,942	15,282
Retained profit for the period	-	-	1,451
Surplus on revaluation of assets	650,000	-	-
Transfer	-	10,050	(10,050)
At 31 December 1994	<u>£650,000</u>	<u>£13,992</u>	<u>£6,683</u>

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

15 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Profit for the year	5,280	19,268
Dividend	(3,829)	(2,721)
Retained profit for the year	1,451	16,547
Issue of shares	468,000	-
Revaluation of freehold	650,000	-
Buy back of shares	(10,050)	(3,942)
Shareholders' funds at 1 January 1994	1,109,401	12,605
	615,282	602,677
Shareholders' funds at 31 December 1994	<u>£1,724,683</u>	<u>£615,282</u>

16 Net cash (outflow)/inflow from operating activities

	1994 £	1993 £
Operating profit	159,618	92,528
Depreciation	28,605	16,672
Increase/(decrease) in stock	(826,984)	29,275
Increase in debtors	(661,347)	(153,206)
Increase in creditors	674,244	77,671
Net cash (outflow)/inflow from operating activities	<u>£(625,864)</u>	<u>£62,940</u>

17 Analysis of changes in financing during the year

	Share capital		Loans and amounts due under finance leases	
	1994	1993	1994	1993
	£	£	£	£
At 1 January	596,058	600,000	-	-
Net cash inflow/(outflow) from financing	457,950	(3,942)	1,594,473	-
Inception of finance leases	-	-	122,837	-
At 31 December	<u>£1,054,008</u>	<u>£596,058</u>	<u>£1,717,310</u>	<u>£ -</u>

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

18 Analysis of changes in cash and cash equivalents

	1994 £	1993 £
At 1 January	246,139	296,025
Net cash outflow	(455,276)	(49,886)
At 31 December	<u>£(209,137)</u>	<u>£246,139</u>

19 Analysis of cash and cash equivalents

	1994	1993	1992	Change in 1994	Change in 1993
Cash at bank and in hand	<u>£435</u>	<u>£246,139</u>	<u>£296,025</u>	<u>£(245,704)</u>	<u>£(49,886)</u>

20 Capital commitments

	1994 £	1993 £
Contracted for but not provided for in these financial statements		
- Freehold land	-	1,200,000
- Building, furniture, fittings & equipment	-	420,000
	<u>£ -</u>	<u>£1,620,000</u>

21 Contingent liabilities

The company has received certain contributions from a supplier for an exclusive supply agreement. Should agreed sales target not be reached it is possible that some of this could ultimately be repayable.

The company had no other contingent liabilities at 31 December 1994 or 31 December 1993.

LANGE (WEST END) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1994

22 Pension commitments

Defined Contribution Scheme

The company operates a defined contribution scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

23 Leasing commitments

Operating lease payments amounting to £4,763, none of which relate to land and buildings, are due within one year. The leases to which these amounts relate expire as follows:

	1994 £	1993 £
In one year or less	-	1,282
Between two and five years	4,763	4,980
	<u>£4,763</u>	<u>£6,262</u>