

Evans Halshaw (Macclesfield) Limited
(formerly Lionel Smith Limited)

Directors' report and financial statements

For the year ended 31 December 1994

Registered number 2713972



Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Accounting policies	7
Notes	8-14

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Directors' report

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 1994.

Principal activities

The principal activities of the company during the year were the distribution of motor vehicles together with related activities.

Business review

The state of the company's affairs and its trading result for the year are as shown in the accompanying financial statements.

On 5 May 1994 the whole of the issued share capital of the company was purchased by Evans Halshaw Motors Limited.

On 9 May 1994 the company changed its name by special resolution from Lionel Smith Limited to Evans Halshaw (Macclesfield) Limited.

At 31 December 1994 the trade and assets and liabilities of the company were transferred to Evans Halshaw Motors Limited.

Results and dividends

The directors do not recommend the payment of a dividend for the year (1993: £Nil).

The retained loss for the year of £250,345 (1993: £197,122) is to be appropriated from reserves.

Fixed assets

A summary of the changes in tangible fixed assets is given in note 6 to the financial statements.

Directors and directors' interests

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

LLG Smith	(resigned 5 May 1994)
FM Smith	(resigned 5 May 1994)
AG Dale (Chairman)	(appointed 5 May 1994)
AB Archer	(appointed 5 May 1994)
CDE Cameron	(appointed 5 May 1994)

No director had any beneficial interest in the shares of the company at any time during the year.

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Directors' report *(continued)*

Directors and directors' interests *(continued)*

Mr AG Dale, Mr AB Archer and Mr CDE Cameron are directors of the ultimate parent undertaking, Evans Halshaw Holdings plc, and their interests in the shares of group undertakings are disclosed in the financial statements of that company.

Directors insurance

The company maintains an insurance policy providing an indemnity for directors of the ultimate parent undertaking, to the extent permitted by law, against liabilities arising from negligence, default or breach of trust in relation to the company.

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.

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Directors' report *(continued)*

Statement of directors' responsibilities *(continued)*

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 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



AJ Pitt
Secretary

4 Highlands Court
Cranmore Avenue
Shirley
Solihull
West Midlands
B90 4LE

1 September 1995



2 Cornwall Street
Birmingham
B3 2DL

Auditors' report to the members of Evans Halshaw (Macclesfield) Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on pages 2 and 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 mis-statement, 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 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

V.P.A.V.

Chartered Accountants
Registered Auditors

1 September 1995



Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Profit and loss account for the year ended 31 December 1994

	<i>Note</i>	1994 £	1993 £
Turnover		4,980,123	4,748,616
Cost of sales		(4,491,360)	(4,470,851)
Gross profit		488,763	277,765
Administrative expenses		(781,298)	(449,364)
Operating loss	<i>1</i>	(292,535)	(171,599)
Interest payable and similar charges	<i>4</i>	(14,103)	(25,523)
Loss on ordinary activities before taxation		(306,638)	(197,122)
Tax on loss on ordinary activities	<i>5</i>	56,293	-
Loss on ordinary activities after taxation and retained loss for the financial year	<i>12</i>	(250,345)	(197,122)

The company has no recognised gains or losses (1993: £Nil) other than those reflected in its profit and loss account.

The profit and loss account is prepared on an unmodified historical cost basis.

Movements in shareholders' funds are shown in note 13.

The results disclosed above all relate to discontinued operations following the transfer of the company's trade on 31 December 1994.

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Balance sheet at 31 December 1994

	Note	1994	1993
		£	£
Fixed assets			
Tangible assets	6	-	76,182
Current assets			
Stocks	7	-	424,148
Debtors	8	-	227,981
Cash at bank and in hand		-	692
		<hr/>	<hr/>
		-	652,821
Creditors: Amounts falling due within one year	9	-	(702,291)
		<hr/>	<hr/>
Net current liabilities		-	(49,470)
		<hr/>	<hr/>
Total assets less current liabilities		-	26,712
Creditors: Amounts falling due after more than one year	10	(231,890)	(8,257)
		<hr/>	<hr/>
Net (liabilities)/assets		(231,890)	18,455
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	230,769	230,769
Share premium account	12	17,855	17,855
Profit and loss account	12	(480,514)	(230,169)
		<hr/>	<hr/>
Shareholders' funds		(231,890)	18,455
		<hr/>	<hr/>

Evans Halshaw (Macclesfield) Limited
(formerly Lionel Smith Limited)

Balance sheet (continued)
at 31 December 1994

	<i>Note</i>	1994		1993	
		£	£	£	£
Analysis of shareholders' funds					
Equity interests		(431,890)		(181,545)	
Non-equity interests		<u>200,000</u>		<u>200,000</u>	
Total		<u>(231,890)</u>		<u>18,455</u>	

These financial statements were approved by the board of directors on 1 September 1995 and were signed on its behalf by:


AG Dale
Director

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Under FRS 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.

The requirements of FRS 5 have not been adopted as the only adjustments required would be in respect of the comparative figures.

The financial statements have been prepared on a going concern basis which assumes that continued financial support will be available from the other group undertakings.

Turnover

Turnover comprises amounts invoiced to customers excluding value added tax and relates wholly to the United Kingdom.

Depreciation

Depreciation is provided on the cost less estimated residual value of tangible assets in equal annual instalments over their expected useful life as follows:

Leasehold improvements	-	over the term of the lease
Plant and equipment	-	12½ % to 33 % per annum
Motor vehicles	-	25 % per annum

Stocks

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

Deferred taxation

Deferred taxation, arising on differences between the treatment of certain items for accounting and taxation purposes, is accounted for to the extent that a liability or an asset is expected to crystallise within the foreseeable future.

Leased assets

The cost of assets held under finance leases and hire purchase contracts is depreciated in accordance with the company's depreciation policy. The interest element of the rental payments is charged to profit. The capital element of future lease payments is included in creditors.

The cost of operating leases is charged to profit as incurred.

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Notes

(forming part of the financial statements)

1 Operating loss

	1994	1993
	£	£
<i>Operating loss is stated after charging:</i>		
Directors' emoluments:		
Management of the company	22,542	60,000
Pension contributions	554	-
Compensation for loss of office	30,000	-
Auditors' remuneration:		
Audit	3,500	4,000
Other services	-	2,444
Property rental	65,000	65,000
Depreciation	26,444	11,282

2 Staff numbers and costs

The average number of persons (including directors) employed by the company during the year was 22 (1993: 20).

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	266,343	231,231
Social security costs	29,960	24,661
Other pension costs	1,039	499
	<u>297,342</u>	<u>256,391</u>

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Notes (continued)

3 Directors' emoluments

The emoluments, excluding pension contributions, of the chairmen amounted to £Nil and £11,580 (1993: *chairman* £30,000) and those of the highest paid director to £11,580 (1993: 30,000).

The number of directors whose emoluments fell in each £5,000 bracket was as follows:

	1994 Number	1993 Number
£0 - £5,000	3	-
£10,001 - £15,000	2	-
£25,001 - £30,000	-	2
	<hr/>	<hr/>

4 Interest payable and similar charges

	1994 £	1993 £
Bank interest receivable	(17)	(21)
On loans and overdrafts repayable within five year not by instalments	14,120	25,394
On finance leases terminating within five years	-	150
	<hr/>	<hr/>
	14,103	25,523
	<hr/>	<hr/>

5 Tax on loss on ordinary activities

	1994 £	1993 £
Group relief at 33% (1993: 33%)	56,293	-
	<hr/>	<hr/>

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Notes (continued)

6 Tangible fixed assets

	Leasehold improvements	Plant and equipment and motor vehicles	Total
	£	£	£
Cost			
At beginning of year	2,534	88,907	91,441
Additions	-	4,813	4,813
Disposals	(2,534)	(16,124)	(18,658)
On transfer of trade	-	(77,596)	(77,596)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	305	14,954	15,259
Charge for the year	180	26,264	26,444
Disposals	(485)	(3,435)	(3,920)
On transfer of trade	-	(37,783)	(37,783)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 1994	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 1993	2,229	73,953	76,182
	<hr/>	<hr/>	<hr/>

Included in plant and machinery are assets held under finance leases with net book values totalling £Nil (1993: £14,438). The related depreciation charge for the year was £6,110 (1993: £562).

7 Stocks

	1994 £	1993 £
Vehicles held for resale	-	331,520
Parts and other stocks	-	92,628
	<hr/>	<hr/>
	-	424,148
	<hr/>	<hr/>

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Notes (continued)

8 Debtors

	1994	1993
	£	£
Trade debtors	-	131,475
Other debtors	-	61,464
Prepayments and accrued income	-	35,042
	<u>-</u>	<u>227,981</u>

9 Creditors: Amounts falling due within one year

	1994	1993
	£	£
Bank overdraft	-	163,809
Obligations under finance leases and hire purchase contracts	-	9,998
Trade creditors	-	455,173
Other taxation and social security	-	15,217
Other creditors	-	41,913
Accruals and deferred income	-	16,181
	<u>-</u>	<u>702,291</u>

10 Creditors: Amounts falling due after more than one year

	1994	1993
	£	£
Obligations under finance leases and hire purchase contracts (due within five years)	-	8,257
Loans from parent and fellow subsidiary undertakings	231,890	-
	<u>231,890</u>	<u>8,257</u>

The loans are interest free and would not in the ordinary course of business be repayable.

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

Notes (continued)

11 Share capital

	1994 £	1993 £
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	20,000	20,000
"A" ordinary shares of £1 each	10,769	10,769
Preference shares of £1 each	200,000	200,000
	<hr/>	<hr/>
	230,769	230,769
	<hr/>	<hr/>

Preference share rights

The holders of preference shares are entitled to repayment of capital and any arrears of dividend in priority to ordinary shareholders in the event of the company being wound up, otherwise, they are not entitled to any further participation in the profits or assets of the company. All rights to future dividends have been waived.

The holders of preference shares are not entitled to vote on any resolution proposed at any meeting of the company except where a resolution directly affects any of the special rights attached to this class of share.

12 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	17,855	(230,169)
Retained loss for the year	-	(250,345)
	<hr/>	<hr/>
At end of year	17,855	(480,514)
	<hr/>	<hr/>

13 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Shareholders' funds at beginning of year	18,455	215,577
Loss for the year	(250,345)	(197,122)
	<hr/>	<hr/>
Shareholders' funds at end of year	(231,890)	18,455
	<hr/>	<hr/>

Evans Halshaw (Macclesfield) Limited

(formerly Lionel Smith Limited)

14 Commitments

Operating leases

The payments under operating leases which are due to be made in the next year, analysed over the periods when the leases expire are as follows:

	Land and buildings	
	1994	1993
	£	£
In the second to fifth years	-	65,000

15 Guarantees

The company, together with its parent and certain fellow subsidiary undertakings, have given cross-guarantees in favour of their bankers to secure all monies owing to the bank by these undertakings from time to time.

The company has given an unlimited guarantee in favour of their bankers to secure all monies owed to the bank by the ultimate parent undertaking.

16 Ultimate parent undertaking

The company's ultimate parent undertaking is Evans Halshaw Holdings plc, a company registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Evans Halshaw Holdings plc. The consolidated financial statements of Evans Halshaw Holdings plc are available to the public and may be obtained from:

4 Highlands Court
Cranmore Avenue
Shirley
Solihull
West Midlands
B90 4LE

No other group financial statements include the results of the company.