

Company Registration No. 2759719 (England and Wales)

**MERRITTS MOTOR GROUP LIMITED**  
**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2000**



# MERRITTS MOTOR GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J. A. Merritt J. Reynolds K. D. Waite D.J. Wallington (Appointed 6 April 1999)
<b>Secretary</b>	R. D. Lockyer
<b>Company number</b>	2759719
<b>Registered office</b>	Torrington House 47 Holywell Hill St. Albans Herts AL1 1HD
<b>Auditors</b>	Morton Thornton Torrington House 47 Holywell Hill St. Albans Herts AL1 1HD
<b>Business address</b>	44 London Road Amersham Bucks HP7 9DD

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# MERRITTS MOTOR GROUP LIMITED

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# MERRITTS MOTOR GROUP LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2000

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The directors present their report and financial statements for the year ended 31 January 2000.

### Principal activities and review of the business

The principal activity of the group continued to be that of selling and servicing motor vehicles.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividends

The results for the year are set out on page 4.

The directors recommend payment of an ordinary dividend amounting to £46,739.

### Future developments

*The company intends to continue its present management policies for the foreseeable future.*

### Year 2000

The group experienced no major problems and the directors do not foresee any in the future.

### Directors

The following directors have held office since 1 February 1999:

J. A. Merritt

J. Reynolds

K. D. Waite

D.J. Wallington

(Appointed 6 April 1999)

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 January 2000	1 February 1999
J. A. Merritt	-	-
J. Reynolds	23,944	23,944
K. D. Waite	-	-
D.J. Wallington	-	-

### Creditor payment policy

The group pays its creditors within the normal trade period as agreed before the purchase of goods and services.

### Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Morton Thornton, will be deemed to be reappointed for each succeeding financial year.

# MERRITTS MOTOR GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

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### Directors' responsibilities

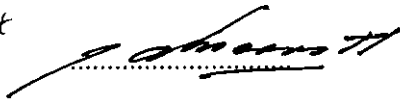
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required 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 group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

\*



13th July 2000

Director

# MERRITTS MOTOR GROUP LIMITED

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF MERRITTS MOTOR GROUP LIMITED

We have audited the financial statements on pages 4 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

#### Respective responsibilities of directors and auditors

As described on page 2 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 group'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 affairs of the company and of the group as at 31 January 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

13th July 2000

Morton Thornton

MORTON THORNTON  
CHARTERED ACCOUNTANTS  
25 GUY'S CLIFF, LONDON  
W1F 8DB  
4/10/00 TEL 020 7581 1111  
ST ALBANS  
HERTS. AL1 1HD

# MERRITTS MOTOR GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2000

		31 January 2000 £	31 January 1999 £
	Notes		
Turnover	2	37,158,022	31,867,251
Cost of sales		(32,192,897)	(27,537,500)
<b>Gross profit</b>		<b>4,965,125</b>	<b>4,329,751</b>
Distribution costs		(3,641,049)	(3,121,761)
Administrative expenses		(1,899,741)	(1,607,310)
Other operating income		1,166,462	920,117
<b>Operating profit</b>	3	<b>590,797</b>	<b>520,797</b>
Other interest receivable and similar income	4	8,849	11,249
Interest payable and similar charges	5	(209,295)	(184,506)
<b>Profit on ordinary activities before taxation</b>		<b>390,351</b>	<b>347,540</b>
Tax on profit on ordinary activities	6	(124,482)	(115,959)
<b>Profit on ordinary activities after taxation</b>		<b>265,869</b>	<b>231,581</b>
Dividends	7	(46,739)	(46,196)
<b>Retained profit for the year</b>	18	<b>219,130</b>	<b>185,385</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# MERRITTS MOTOR GROUP LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2000

	Notes	2000 £	£	1999 £	£
<b>Fixed assets</b>					
Intangible assets	8	294,758		315,672	
Tangible assets	9	1,505,619		1,492,775	
		<u>1,800,377</u>		<u>1,808,447</u>	
<b>Current assets</b>					
Stocks	11	3,341,588	2,771,202		
Debtors	12	1,474,635	1,401,755		
Cash at bank and in hand		4,816	6,360		
		<u>4,821,039</u>	<u>4,179,317</u>		
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,620,867)</u>	<u>(4,185,835)</u>		
<b>Net current assets/(liabilities)</b>		<u>200,172</u>		<u>(6,518)</u>	
<b>Total assets less current liabilities</b>		<u>2,000,549</u>		<u>1,801,929</u>	
<b>Creditors: amounts falling due after more than one year</b>	14	(274,823)	(295,673)		
<b>Provisions for liabilities and charges</b>	15	(55,755)	(55,415)		
		<u>1,669,971</u>	<u>1,450,841</u>		
<b>Capital and reserves</b>					
Called up share capital	17	299,310	299,310		
Profit and loss account	18	1,370,661	1,151,531		
<b>Shareholders funds</b>	19	<u>1,669,971</u>	<u>1,450,841</u>		

The financial statements were approved by the board on 13th July 2000



Director



# MERRITTS MOTOR GROUP LIMITED

## BALANCE SHEET AS AT 31 JANUARY 2000

	Notes	2000 £	£	1999 £	£
<b>Fixed assets</b>					
Tangible assets	9		23,744		19,963
Investments	10		336,710		336,710
			<u>360,454</u>		<u>356,673</u>
<b>Current assets</b>					
Debtors	12	1,817,722		1,395,671	
		<u>1,817,722</u>		<u>1,395,671</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,647,821)</u>		<u>(1,182,345)</u>	
<b>Net current assets</b>			169,901		213,326
<b>Total assets less current liabilities</b>			<u>530,355</u>		<u>569,999</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(182,174)		(206,787)
<b>Provisions for liabilities and charges</b>	15		<u>(2,491)</u>		<u>(4,696)</u>
			<u>345,690</u>		<u>358,516</u>
<b>Capital and reserves</b>					
Called up share capital	17		299,310		299,310
Profit and loss account	18		46,380		59,206
<b>Shareholders' funds - equity interests</b>	19		<u>345,690</u>		<u>358,516</u>

The financial statements were approved by the Board on 13th July 2000

  
Director

# MERRITTS MOTOR GROUP LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2000

	2000 £	1999 £
<b>Net cash inflow/(outflow) from operating activities</b>	722,008	373,233
<b>Returns on investments and servicing of finance</b>		
Interest received	8,849	11,249
Interest paid	(209,295)	(184,506)
<b>Net cash outflow for returns on investments and servicing of finance</b>	(200,446)	(173,257)
<b>Taxation</b>	(104,885)	(132,705)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(148,022)	(400,798)
<b>Net cash outflow for capital expenditure</b>	(148,022)	(400,798)
<b>Equity dividends paid</b>	-	(46,196)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>	268,655	(379,723)
<b>Financing</b>		
New long term bank loan	400,000	-
Repayment of long term bank loans	(243,629)	(93,162)
Capital element of finance lease contracts	(18,446)	(29,627)
<b>Net cash inflow/(outflow) from financing</b>	137,925	(122,789)
<b>Increase/(decrease) in cash in the year</b>	406,580	(502,512)

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2000

1	Reconciliation of operating profit to net cash inflow from operating activities	2000		1999	
		£		£	
	Operating profit	590,797		520,797	
	Depreciation of tangible assets	175,993		151,328	
	Amortisation of intangible assets	20,914		20,914	
	Loss on disposal of tangible assets	40		6,713	
	Increase in stocks	(570,386)		(140,237)	
	Increase in debtors	(72,880)		(127,351)	
	Increase/ (decrease) in creditors within one year	577,530		(58,931)	
	<b>Net cash inflow from operating activities</b>	<b>722,008</b>		<b>373,233</b>	
2	Analysis of net debt	1 February 1999	Cash flow	Other non-cash changes	31 January 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	6,360	(1,544)		4,816
	Bank overdrafts	(1,182,068)	408,124		(773,944)
		<u>(1,175,708)</u>	<u>406,580</u>		<u>(769,128)</u>
	Debt:				
	Finance leases	(128,075)	18,446	(40,855)	(150,484)
	Debts falling due within one year	(115,174)	(180,984)	-	(296,158)
	Debts falling due after one year	(206,787)	24,613	-	(182,174)
		<u>(450,036)</u>	<u>(137,925)</u>	<u>(40,855)</u>	<u>(628,816)</u>
	<b>Net debt</b>	<b>(1,625,744)</b>	<b>268,655</b>	<b>(40,855)</b>	<b>(1,397,944)</b>
3	Reconciliation of net cash flow to movement in net debt	2000		1999	
		£		£	
	Increase in cash in the year	406,580		(502,512)	
	Cash inflow from increase in debt and lease financing	(137,925)		122,789	
	Change in net debt resulting from cash flows	268,655		(379,723)	
	New finance lease	(40,855)		(77,524)	
	<b>Movement in net debt in the year</b>	<b>227,800</b>		<b>(457,247)</b>	
	Opening net debt	(1,625,744)		(1,168,497)	
	<b>Closing net debt</b>	<b>(1,397,944)</b>		<b>(1,625,744)</b>	

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2000

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

Goodwill arising on consolidation of subsidiaries is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	Varying between 4% straight line and over the period of the lease.
Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance

#### 1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.8 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

#### 1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 1 Accounting policies

(continued)

#### 1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.11 Group accounts

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 January 2000. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

No profit and loss account is presented for Merritts Motor Group Limited as permitted by section 230 of the Companies Act 1985.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit	2000 £	1999 £
	Operating profit is stated after charging:		
	Amortisation of intangible assets	20,914	20,914
	Depreciation of tangible assets	175,993	151,328
	Operating lease rentals		
	- Property	164,355	140,573
	- Other assets	933	1,703
	Auditors' remuneration	44,045	49,710
	and after crediting:		
	Rents receivable	39,429	26,904
		<u>          </u>	<u>          </u>
4	Other interest receivable and similar income	2000 £	1999 £
	Bank interest	8,849	11,249
		<u>          </u>	<u>          </u>

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

<b>5</b>	<b>Interest payable</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	On bank overdrafts	76,056	68,207
	On bank loans wholly repayable within 5 years	36,832	35,038
	Hire purchase interest	10,102	7,954
	Other interest	86,305	73,307
		<u>209,295</u>	<u>184,506</u>
		<u><u>209,295</u></u>	<u><u>184,506</u></u>
<b>6</b>	<b>Taxation</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	<b>U.K. current year taxation</b>		
	U.K. corporation tax at 20% (1999 - 21%)	124,142	104,885
	Deferred taxation	340	11,074
		<u>124,482</u>	<u>115,959</u>
		<u><u>124,482</u></u>	<u><u>115,959</u></u>
<b>7</b>	<b>Dividends</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid	-	46,196
	Ordinary final proposed	46,739	-
		<u>46,739</u>	<u>46,196</u>
		<u><u>46,739</u></u>	<u><u>46,196</u></u>

Dividend of 15.616p per share (1999: 15.434p per share) was declared.

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 8 Intangible fixed assets - Group

	Goodwill £
<b>Cost</b>	
At 1 February 1999 & at 31 January 2000	418,278
<b>Amortisation</b>	
At 1 February 1999	102,606
Charge for year	20,914
At 31 January 2000	123,520
<b>Net book value</b>	
At 31 January 2000	294,758
At 31 January 1999	315,672

Goodwill arose on the purchase of a business by Merritts Chesham Limited in 1994 and is being amortised over 20 years. In addition goodwill on consolidation of Merritts of Amersham Limited arose in 1993 this is also being amortised over 20 years.

In the opinion of the directors this represents a prudent estimate of the period over which the group will derive economic benefit from the acquisitions.

The company holds no intangible fixed assets.

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 9 Tangible fixed assets - Group

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 February 1999	1,150,109	642,962	643,528	2,436,599
Additions	26,535	61,241	164,218	251,994
Disposals	-	(3,718)	(62,617)	(66,335)
At 31 January 2000	1,176,644	700,485	745,129	2,622,258
<b>Depreciation</b>				
At 1 February 1999	378,611	318,837	246,376	943,824
On disposals	-	(3,178)	-	(3,178)
Charge for the year	43,130	57,980	74,883	175,993
At 31 January 2000	421,741	373,639	321,259	1,116,639
<b>Net book value</b>				
At 31 January 2000	754,903	326,846	423,870	1,505,619
At 31 January 1999	771,498	324,125	397,152	1,492,775

### Tangible fixed assets - Company

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 February 1999	30,895
Additions	7,970
At 31 January 2000	38,865
<b>Depreciation</b>	
At 1 February 1999	10,932
Charge for the year	4,189
At 31 January 2000	15,121
<b>Net book value</b>	
At 31 January 2000	23,744
At 31 January 1999	19,963



# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 9 Tangible fixed assets

(continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
<b>Net book values</b>			
At 31 January 2000	21,619	154,714	176,333
At 31 January 1999	21,795	108,466	130,261
<b>Depreciation charge for the year</b>			
31 January 2000	3,815	27,400	31,215
31 January 1999	3,846	19,141	22,987

The company has no assets held under finance leases or hire purchase contracts.

### 10 Fixed asset investments - Company

Shares in subsidiary undertakings  
£

#### Cost

At 1 February 1999 & 31 January 2000	336,710
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The consolidated accounts include the results of all group companies.

The company owns 100% of the shares in the following companies.

Merritts Jaguar Limited  
Merritts of Amersham Limited  
Merritts Chesham Limited  
Merritts Jeep Limited  
Merritts (Aylesbury) Limited  
Merritts Autopoint Limited

All of the companies except Merritts Autopoint Limited are in the motor trade. Merritts Autopoint Limited is not trading.

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

11 Stocks and work in progress - Group	2000 £	1999 £
Work in progress	35,676	9,697
Finished goods and goods for resale	3,305,912	2,761,505
	<u>3,341,588</u>	<u>2,771,202</u>

Not included in the above are vehicle stocks held by the group under consignment agreements with Jaguar Cars Limited, P.S.A. Wholesale Limited and CJ Financial Services Limited. The liability for these vehicles will only crystallise when they are adopted by the group. The value of the vehicles held at the year end was £1,110,076 (1999: £643,087).

The company does not hold any stock.

12 Debtors	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
Trade debtors	1,140,231	1,144,744	-	-
Amounts owed by subsidiary undertakings	-	-	1,759,485	1,339,645
Other debtors	-	2,454	31,239	39,532
Prepayments and accrued income	334,404	254,557	26,998	16,494
	<u>1,474,635</u>	<u>1,401,755</u>	<u>1,817,722</u>	<u>1,395,671</u>

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 13 Creditors: amounts falling due within one year

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
Bank loans and overdrafts	1,070,102	1,297,242	417,009	404,455
Net finance lease obligations	57,835	39,189	-	-
Trade creditors	2,404,326	1,869,261	1,331	6,691
Amounts owed to subsidiary undertakings	-	-	1,054,480	610,967
Corporation tax	124,141	104,884	8,643	10,500
Other taxes and social security costs	260,909	218,705	11,208	11,501
Directors' current accounts	76,513	118,526	-	31,621
Other creditors	204,484	204,371	-	-
Accruals and deferred income	375,818	333,657	108,411	106,610
Proposed dividend	46,739	-	46,739	-
	<u>4,620,867</u>	<u>4,185,835</u>	<u>1,647,821</u>	<u>1,182,345</u>

The bank loan and overdraft are secured by a charge over all of the Group's assets and undertakings. The second loan is also secured by a personal guarantee from Mr J.A. Merritt.

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 14 Creditors: amounts falling due after more than one year

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
Bank loans	182,174	206,787	182,174	206,787
Net finance lease obligations	92,649	88,886	-	-
	<u>274,823</u>	<u>295,673</u>	<u>182,174</u>	<u>206,787</u>

### Analysis of loans

Wholly repayable within five years	478,332	321,961	478,332	321,961
	<u>478,332</u>	<u>321,961</u>	<u>478,332</u>	<u>321,961</u>
Included in current liabilities	(296,158)	(115,174)	(296,158)	(115,174)
	<u>182,174</u>	<u>206,787</u>	<u>182,174</u>	<u>206,787</u>

### Loan maturity analysis

Between one and two years	182,174	124,733	182,174	124,733
Between two and five years	-	82,054	-	82,054
	<u>-</u>	<u>82,054</u>	<u>-</u>	<u>82,054</u>

### Net obligations under finance leases and hire purchase contracts - group

Repayable within one year	57,835	39,189
Repayable between one and five years	92,649	88,886
	<u>150,484</u>	<u>128,075</u>
Included in liabilities falling due within one year	(57,835)	(39,189)
	<u>92,649</u>	<u>88,886</u>

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

15 Provisions for liabilities and charges	Group Deferred taxation £	Company Deferred taxation £
Balance at 1 February 1999	55,415	4,696
Profit and loss account	340	(2,205)
Balance at 31 January 2000	<u>55,755</u>	<u>2,491</u>

Deferred tax is provided at 30% (1999 - 30%) analysed over the following timing differences:

	2000 £	Fully provided 1999 £
Accelerated capital allowances	<u>55,755</u>	<u>55,415</u>

### 16 Pension costs

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations. The contributions of the group will remain at 14.9%.

The group also operates a defined benefit scheme for its employees.

The total pension charge for the year was £36,974 (1999-£35,522).

17 Share capital	2000 £	1999 £
<b>Authorised</b>		
1,000,000 Ordinary shares of £ 1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
299,310 Ordinary shares of £ 1 each	<u>299,310</u>	<u>299,310</u>

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 18 Statement of movements on profit and loss account

	Group Profit and loss account £	Company Profit and loss account £
Balance at 1 February 1999	1,151,531	59,206
Retained profit for the year	219,130	(12,826)
	<u>          </u>	<u>          </u>
Balance at 31 January 2000	1,370,661	46,380
	<u>          </u>	<u>          </u>

As permitted by section 230 of the Companies Act 1985 the parent Company's profit and loss account has not been included in these financial statements. The parent Company's (loss)/profit for the financial period was £(12,826) (1999: £76,666).

### 19 Reconciliation of movements in shareholders' funds

	Group 2000 £	Group 1999 £	Company 2000 £	Company 1999 £
Profit for the financial year	265,869	231,581	33,913	122,862
Dividends	(46,739)	(46,196)	(46,739)	(46,196)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net addition to shareholders' funds	219,130	185,385	(12,826)	76,666
Opening shareholders' funds	1,450,841	1,265,456	358,516	281,850
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Closing shareholders' funds	1,669,971	1,450,841	345,690	358,516
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 20 Contingent liabilities

The company is a member of a VAT group with Merritts Jaguar Limited, Merritts of Amersham Limited, Merritts Chesham Limited, Merritts Jeep Limited and Merritts (Aylesbury) Limited. At 31st January 2000 the VAT liability under the group registration was £193,096 (1999 - £159,611).

The company has entered into a cross guarantee with other group companies in favour of CJ Financial Services Limited with regard to finance facilities provided to Merritts Jeep Limited. At 31st January 2000 the liability was £465,973 (1999 - £167,288).

The company has also entered into a cross guarantee with other group companies in favour of Jaguar Financial Services Limited with regard to finance facilities provided to Merritts Jaguar Limited. At 31st January 2000 the liability was £515,440 (1999 - £297,691).

There is a bank cross guarantee and debenture between all group companies. At 31st January 2000 the bank borrowings were:

Merritts Jaguar Limited	£237,318
Merritts of Amersham Limited	£37,815
Merritts Chesham Limited	£63,449
Merritts Jeep Limited	£234,562
Merritts (Aylesbury) Limited	£79,923

### 21 Financial commitments

At 31 January 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	1999
	£	£
Expiry date:		
In over five years	249,250	153,750

### 22 Directors' emoluments

	2000	1999
	£	£
Emoluments for qualifying services	212,700	166,212

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (1999 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	104,888	100,540
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# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

### 23 Employees - group

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Directors	4	3
Administration and management	53	54
Production and sales	103	105
	<u>160</u>	<u>162</u>

#### Employment costs

	£	£
Wages and salaries	2,915,501	2,674,513
Social security costs	280,296	260,932
Other pension costs	36,974	35,522
	<u>3,232,771</u>	<u>2,970,976</u>

### 24 Control

The company's immediate parent undertaking at the balance sheet date was Biggleswade Investments Limited, a company incorporated in the British Virgin Islands.

Biggleswade Investments Limited is ultimately owned by the Merritt Trust, the beneficiaries of which are Mr T J Merritt and Mrs C J Hitchcock.



# MERRITTS MOTOR GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2000

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### 25 Related party transactions

Mr J.A. Merritt is a director of the group and therefore both he and his children, Mr T.J. Merritt and Mrs C.J. Hitchcock, are related parties of the group. He is also a director and shareholder of Merritts Properties Limited with which the group trades.

Mr J A Merritt has made loans to the group. Interest charged on these loans during the year totalled £3,227 (1999: £10,788).

In addition Mr J.A.Merritt rents a property to the group. The annual rental was £80,000 (1999 - £80,000).

Mr J.A.Merritt has also given the group's bankers a guarantee as security for a loan. At 31st January 2000 the loan was £269,984.

Biggleswade Investments Limited (the parent company) has given the group's bankers a charge over a property owned by it as security for the group's borrowings.

In addition Biggleswade Investments Limited rents a property to the group. The annual rental was £43,000 (1999 - £42,000).

Mr T J Merritt and Mrs C J Hitchcock have made loans to the group totalling £200,000. Interest charged on these loans during the year totalled £24,263 (1999: £24,001). In addition Glenfile Limited in which they have an interest invoiced the company £8,333 (1999 - £nil) during the year for management services performed.

Merritts Properties Limited leases a property to the group. The annual rental was £55,000.