

Company Registration No. 2759719 (England and Wales)

MERRITTS MOTOR GROUP LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2001



MERRITTS MOTOR GROUP LIMITED

COMPANY INFORMATION

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

MERRITTS MOTOR GROUP LIMITED

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MERRITTS MOTOR GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

The directors present their report and financial statements for the year ended 31 January 2001.

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 do not propose payment of a final dividend.

Future developments

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

Directors

The following directors have held office since 1 February 2000:

J. A. Merritt
J. Reynolds
K. D. Waite
D.J. Wallington

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 January 2001	1 February 2000
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 2001

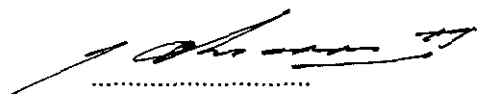
Directors' responsibilities

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.

On behalf of the board


.....

9th July 2001
.....

MERRITTS MOTOR GROUP LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF MERRITTS MOTOR GROUP LIMITED

We have audited the financial statements on pages 4 to 21 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 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

9th July 2001



MORTON THORNTON
CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS
TORRINGTON HOUSE
47 HOLYWELL HILL
ST ALBANS
HERTS. AL1 1HD

MERRITTS MOTOR GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2001

	Notes	31 January 2001 £	31 January 2000 £
Turnover	2	35,631,208	37,158,022
Cost of sales		(31,047,941)	(32,192,897)
Gross profit		4,583,267	4,965,125
Distribution costs		(3,656,932)	(3,641,049)
Administrative expenses		(1,975,474)	(1,899,741)
Other operating income		1,181,690	1,166,462
Operating profit	3	132,551	590,797
Other interest receivable and similar income		18,469	8,849
Interest payable and similar charges	4	(194,593)	(209,295)
(Loss)/profit on ordinary activities before taxation		(43,573)	390,351
Tax on (loss)/profit on ordinary activities	5	(14,415)	(124,482)
(Loss)/profit on ordinary activities after taxation		(57,988)	265,869
Dividends	6	-	(46,739)
Retained (loss)/profit for the year	17	(57,988)	219,130

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 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Intangible assets	7	273,844		294,758	
Tangible assets	8	1,406,469		1,505,619	
		<u>1,680,313</u>		<u>1,800,377</u>	
Current assets					
Stocks	10	2,788,452		3,341,588	
Debtors	11	1,303,543		1,474,635	
Cash at bank and in hand		7,018		4,816	
		<u>4,099,013</u>		<u>4,821,039</u>	
Creditors: amounts falling due within one year	12	(4,056,646)		(4,620,867)	
Net current assets		<u>42,367</u>		<u>200,172</u>	
Total assets less current liabilities		<u>1,722,680</u>		<u>2,000,549</u>	
Creditors: amounts falling due after more than one year	13	(41,820)		(274,823)	
Provisions for liabilities and charges	14	(68,877)		(55,755)	
		<u>1,611,983</u>		<u>1,669,971</u>	
Capital and reserves					
Called up share capital	16	299,310		299,310	
Profit and loss account	17	1,312,673		1,370,661	
Shareholders funds	18	<u>1,611,983</u>		<u>1,669,971</u>	

The financial statements were approved by the board on 9th July 2001



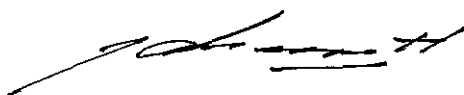
Director

MERRITTS MOTOR GROUP LIMITED

COMPANY BALANCE SHEET AS AT 31 JANUARY 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	8		21,825		23,744
Investments	9		336,710		336,710
			<u>358,535</u>		<u>360,454</u>
Current assets					
Debtors	11	1,050,104		1,817,722	
		<u>1,050,104</u>		<u>1,817,722</u>	
Creditors: amounts falling due within one year	12	<u>(1,206,304)</u>		<u>(1,647,821)</u>	
Net current (liabilities)/assets			<u>(156,200)</u>		<u>169,901</u>
Total assets less current liabilities			202,335		530,355
Creditors: amounts falling due after more than one year	13		-		(182,174)
Provisions for liabilities and charges	14		<u>(2,639)</u>		<u>(2,491)</u>
			<u>199,696</u>		<u>345,690</u>
Capital and reserves					
Called up share capital	16		299,310		299,310
Profit and loss account	17		<u>(99,614)</u>		<u>46,380</u>
Shareholders' funds - equity interests	18		<u>199,696</u>		<u>345,690</u>

The financial statements were approved by the Board on 24.5.01



Director

MERRITTS MOTOR GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2001

	2001 £	2000 £
Net cash inflow from operating activities	825,852	722,008
Returns on investments and servicing of finance		
Interest received	18,469	8,849
Interest paid	<u>(194,593)</u>	<u>(209,295)</u>
Net cash outflow for returns on investments and servicing of finance	(176,124)	(200,446)
Taxation	(126,440)	(104,885)
Capital expenditure		
Payments to acquire tangible assets	<u>(66,195)</u>	<u>(148,022)</u>
Net cash inflow/(outflow) for capital expenditure	(66,195)	(148,022)
Equity dividends paid	<u>(46,739)</u>	<u>-</u>
Net cash inflow before management of liquid resources and financing	410,354	268,655
Financing		
New long term bank loan	-	400,000
Repayment of long term bank loans	(365,908)	(243,629)
Capital element of finance lease contracts	<u>(52,885)</u>	<u>(18,446)</u>
Net cash (outflow)/inflow from financing	<u>(418,793)</u>	<u>137,925</u>
Increase in cash in the year	<u><u>(8,439)</u></u>	<u><u>406,580</u></u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2001

1	Reconciliation of operating profit to net cash inflow from operating activities	2001		2000	
		£		£	
	Operating profit	132,551		590,797	
	Depreciation of tangible assets	164,047		175,993	
	Amortisation of intangible assets	20,914		20,914	
	Loss on disposal of tangible assets	1,297		40	
	Decrease/(increase) in stocks	553,136		(570,386)	
	Decrease/(increase) in debtors	172,098		(72,880)	
	Increase/ (decrease) in creditors within one year	(218,191)		577,530	
	Net cash inflow from operating activities	825,852		722,008	
2	Analysis of net debt	1 February 2000	Cash flow	Other non-cash changes	31 January 2001
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	4,816	2,202		7,018
	Bank overdrafts	(773,944)	(10,641)		(784,585)
		<u>(769,128)</u>	<u>(8,439)</u>		<u>(777,567)</u>
	Debt:				
	Finance leases	(150,484)	52,886	-	(97,598)
	Debts falling due within one year	(296,158)	183,734	-	(112,424)
	Debts falling due after one year	(182,174)	182,174	-	-
		<u>(628,816)</u>	<u>418,794</u>	<u>-</u>	<u>(210,022)</u>
	Net debt	(1,397,944)	410,355	-	(987,589)
3	Reconciliation of net cash flow to movement in net debt	2001		2000	
		£		£	
	(Decrease)/increase in cash in the year	(8,439)		406,580	
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	418,794		(137,925)	
	Change in net debt resulting from cash flows	410,355		268,655	
	New finance lease	-		(40,855)	
	Movement in net debt in the year	410,355		227,800	
	Opening net debt	(1,397,944)		(1,625,744)	
	Closing net debt	(987,589)		(1,397,944)	

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are 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 2001

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 2001. 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

	2001	2000
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	20,914	20,914
Depreciation of tangible assets	164,047	175,993
Operating lease rentals		
- Property	183,735	164,355
- Other assets	1,088	993
Auditors' remuneration	43,500	44,045
and after crediting:		
Rents receivable	41,747	39,429
	<u>41,747</u>	<u>39,429</u>

4 Interest payable

	2001	2000
	£	£
On bank overdrafts	76,316	76,056
On bank loans wholly repayable within 5 years	24,695	36,832
Hire purchase interest	10,461	10,102
Other interest	83,121	86,305
	<u>194,593</u>	<u>209,295</u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2001

5	Taxation	2001 £	2000 £
	U.K. current year taxation		
	U.K. corporation tax at 20% (2000 - 20%)	(1,006)	124,142
	Deferred taxation	13,122	340
		<u>12,116</u>	<u>124,482</u>
	Prior years		
	U.K. corporation tax	2,299	-
		<u>14,415</u>	<u>124,482</u>

6	Dividends	2001 £	2000 £
	Ordinary final proposed	-	46,739

No dividend was declared. In 2000 a dividend of 15.616p per share was declared.

7	Intangible fixed assets - Group	Goodwill £
	Cost	
	At 1 February 2000 & at 31 January 2001	<u>418,278</u>
	Amortisation	
	At 1 February 2000	123,520
	Charge for year	20,914
	At 31 January 2001	<u>144,434</u>
	Net book value	
	At 31 January 2001	<u>273,844</u>
	At 31 January 2000	<u>294,758</u>

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 2001

8 Tangible fixed assets - Group

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 February 2000	1,176,644	700,485	745,129	2,622,258
Additions	6,900	23,088	36,207	66,195
Disposals	-	(2,272)	-	(2,272)
At 31 January 2001	1,183,544	721,301	781,336	2,686,181
Depreciation				
At 1 February 2000	421,741	373,639	321,259	1,116,639
On disposals	-	(974)	-	(974)
Charge for the year	43,168	51,899	68,980	164,047
At 31 January 2001	464,909	424,564	390,239	1,279,712
Net book value				
At 31 January 2001	718,635	296,737	391,097	1,406,469
At 31 January 2000	754,903	326,846	423,870	1,505,619

Tangible fixed assets - Company

	Fixtures, fittings & equipment £
Cost	
At 1 February 2000	38,865
Additions	1,931
At 31 January 2001	40,796
Depreciation	
At 1 February 2000	15,121
Charge for the year	3,850
At 31 January 2001	18,971
Net book value	
At 31 January 2001	21,825
At 31 January 2000	23,744

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2001

8 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
	£	£	£
Net book values			
At 31 January 2001	21,405	134,537	155,942
At 31 January 2000	21,619	154,714	176,333
Depreciation charge for the year			
31 January 2001	3,778	23,741	27,519
31 January 2000	3,815	27,400	31,215

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

9 Fixed asset investments - Company

Shares in subsidiary undertakings
£

Cost

At 1 February 2000 & 31 January 2001	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 2001

10 Stocks and work in progress - Group	2001 £	2000 £
Work in progress	25,109	35,676
Finished goods and goods for resale	2,763,343	3,305,912
	<u>2,788,452</u>	<u>3,341,588</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 £849,778 (2000: £1,110,076)).

The company does not hold any stock.

11 Debtors	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Trade debtors	1,022,994	1,140,231	-	-
Amounts owed by subsidiary undertakings	-	-	1,023,983	1,759,485
Corporation tax	1,006	-	-	-
Other debtors	-	-	6,782	31,239
Prepayments and accrued income	279,543	334,404	19,339	26,998
	<u>1,303,543</u>	<u>1,474,635</u>	<u>1,050,104</u>	<u>1,817,722</u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2001

12 Creditors: amounts falling due within one year

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Bank loans and overdrafts	897,009	1,070,102	303,549	417,009
Net finance lease obligations	55,778	57,835	-	-
Trade creditors	2,243,943	2,404,326	2,789	1,331
Amounts owed to subsidiary undertakings	-	-	791,706	1,054,480
Corporation tax	-	124,141	-	8,643
Other taxes and social security costs	241,831	260,909	11,311	11,208
Directors' current accounts	34,074	76,513	-	-
Other creditors	205,688	204,484	-	-
Accruals and deferred income	378,323	375,818	96,949	108,411
Proposed dividend	-	46,739	-	46,739
	<u>4,056,646</u>	<u>4,620,867</u>	<u>1,206,304</u>	<u>1,647,821</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 2001

13 Creditors: amounts falling due after more than one year

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Bank loans	-	182,174	-	182,174
Net finance lease obligations	41,820	92,649	-	-
	<u>41,820</u>	<u>274,823</u>	<u>-</u>	<u>182,174</u>

Analysis of loans

Wholly repayable within five years	<u>112,424</u>	<u>478,332</u>	<u>112,424</u>	<u>478,332</u>
	112,424	478,332	112,424	478,332
Included in current liabilities	<u>(112,424)</u>	<u>(296,158)</u>	<u>(112,424)</u>	<u>(296,158)</u>
	<u>-</u>	<u>182,174</u>	<u>-</u>	<u>182,174</u>

Loan maturity analysis

Between one and two years	<u>-</u>	<u>182,174</u>	<u>-</u>	<u>182,174</u>
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Net obligations under finance leases and hire purchase contracts - group

Repayable within one year	55,778	57,835
Repayable between one and five years	41,820	92,649
	<u>97,598</u>	<u>150,484</u>
Included in liabilities falling due within one year	<u>(55,778)</u>	<u>(57,835)</u>
	<u>41,820</u>	<u>92,649</u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2001

14 Provisions for liabilities and charges	Group Deferred taxation £	Company Deferred taxation £
Balance at 1 February 2000	55,755	2,491
Profit and loss account	13,122	148
	<u>68,877</u>	<u>2,639</u>
Balance at 31 January 2001	<u>68,877</u>	<u>2,639</u>

Deferred taxation provided in the financial statements is as follows:

	2001 £	Fully provided 2000 £
Accelerated capital allowances	<u>68,877</u>	<u>55,755</u>

15 Pension costs

The group operated 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 group also operates a defined contribution scheme for its employees.

The total pension charge for the year was £54,983 (2000-£36,974).

16 Share capital	2001 £	2000 £
Authorised		
1,000,000 Ordinary shares of £ 1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
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 2001

17 Statement of movements on profit and loss account

	Group Profit and loss account £	Company Profit and loss account £
Balance at 1 February 2000	1,370,661	46,380
Retained profit for the year	(57,988)	(145,994)
Balance at 31 January 2001	1,312,673	(99,614)

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 £(145,994) (2000 £12,826).

18 Reconciliation of movements in shareholders' funds

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
(Loss)/Profit for the financial year	(57,988)	265,869	(145,994)	33,913
Dividends	-	(46,739)	-	(46,739)
Net (depletion in)/addition to shareholders' funds	(57,988)	219,130	(145,994)	(12,826)
Opening shareholders' funds	1,669,971	1,450,841	345,690	358,516
Closing shareholders' funds	1,611,983	1,669,971	199,696	345,690

19 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 2001 the VAT liability under the group registration was £168,591 (2000 - £193,096).

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 2001 the liability was £281,990 (2000 - £465,973).

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 2001 the liability was £671,631 (2000 - £515,440).

There is a bank cross guarantee and debenture between all group companies. At 31st January 2001 the bank borrowings were:

Merritts Jaguar Limited	£238,686
Merritts of Amersham Limited	£60,692
Merritts Chesham Limited	£205,984
Merritts Jeep Limited	£9,762
Merritts (Aylesbury) Limited	£78,716

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2001

20 Financial commitments

At 31 January 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£	£
Expiry date:		
In over five years	271,250	249,250

21 Directors' emoluments

	2001	2000
	£	£
Emoluments for qualifying services	221,274	212,700

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2000 - 0).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2000 - 2).

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

Emoluments for qualifying services	90,227	104,888
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MERRITTS MOTOR GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2001

22 Employees - group

Number of employees

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

	2001 Number	2000 Number
Directors	4	4
Administration and management	54	53
Production and sales	117	103
	<u>175</u>	<u>160</u>

Employment costs

	£	£
Wages and salaries	3,025,903	2,915,501
Social security costs	292,995	280,296
Other pension costs	54,983	36,974
	<u>3,373,881</u>	<u>3,232,771</u>

23 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 2001

24 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. As at 31 January 2001 £34,074 (2000 - £76,513) was due to him.

In addition Mr J.A.Merritt rents a property to the group. The annual rental was £80,000 (2000 - £80,000).

Mr J.A.Merritt has also given the group's bankers a guarantee as security for a loan. At 31st January 2001 the loan was £112,424.

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 (2000 - £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 £24,066 (2000: £24,263).

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