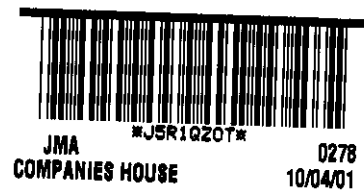


MILES (CHESHAM) LIMITED

ANNUAL REPORT

31 DECEMBER 1999



COMPANY NUMBER: 2841660

MILES (CHESHAM) LIMITED

31 DECEMBER 1999

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MILES (CHESHAM) LIMITED

COMPANY INFORMATION

| | | |
|------------|-------------|--------------------------|
| Directors: | P W Gladwin | Resigned 17 August 1999 |
| | Mrs M Wells | Resigned 17 August 1999 |
| | R C Barber | Appointed 17 August 1999 |
| | | Resigned 22 March 2001 |
| | A M Biggs | Appointed 17 August 1999 |
| | M R Bennett | Appointed 17 August 1999 |
| | R C Hemming | Appointed 17 August 1999 |

| | | |
|------------|-------------|--------------------------|
| Secretary: | Mrs B Booth | Appointed 17 August 1999 |
|------------|-------------|--------------------------|

| | |
|--------------------|---|
| Registered office: | Centre House Village Way Trafford Park Manchester M17 1QG |
|--------------------|---|

| | |
|--------------------|---------|
| Registered number: | 2841660 |
|--------------------|---------|

| | |
|----------|--|
| Auditors | PricewaterhouseCoopers Manchester M2 3PW |
|----------|--|

MILES (CHESHAM) LIMITED

REPORT OF THE DIRECTORS

The Directors of Miles (Chesham) Limited submit their report and the audited accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year under review continue to be dealing in motor vehicles, spares and accessories and carrying out repairs to motor vehicles.

RESULTS AND DIVIDENDS

Results for the year are shown on page 5. The Directors do not recommend the payment of a dividend (1998: £Nil) and the loss after tax of £54,000 (1998: profit £25,000) was transferred from reserves.

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The Directors, who served during 1999 and at the date of this report, are shown on page 1.

At 31 December 1999, R C Barber and A M Biggs were directors of the ultimate parent company, Quicks Group plc, and their notifiable interests are shown in the financial statements of that company.

The interests of R Hemming and M Bennett in the ultimate parent company, Quicks Group plc were:

| | At date of appointment Number | At 31 December 1999 Number |
|-----------|----------------------------------|-------------------------------|
| R Hemming | 16,660 | 24,984 |
| M Bennett | 2,500 | 2,589 |

There has been no change in the interests of M Bennett between 31 December 1999 and 6 April 2001.

R Hemming acquired further shares after 31 December 1999 and disposed of his total holding in January 2001.

EMPLOYEES

During 1999 the Company maintained its commitments to keep all its employees informed of its policies, objectives and performance.

The Company continued the use of briefing groups as a means of two-way information exchange. Use is made of briefing notices and the Company's newspaper, "Quick Times" to ensure that employees are kept informed of key developments and activities.

Full and fair consideration is given to applications for employment by disabled people and all successful applicants are offered the same opportunities for training, career development and promotion.

MILES (CHESHAM) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by Company Law 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- 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 also 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 are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Grant Thornton resigned as auditors to the Company on 17 August 1999. PricewaterhouseCoopers were appointed as auditors on the same date.

PricewaterhouseCoopers have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the next Annual General Meeting.

The Report of the Directors was approved by the Board on 6 April 2001 and signed on its behalf by:


A M Biggs
Director

AUDITORS' REPORT TO THE MEMBERS OF MILES (CHESHAM) LIMITED

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

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

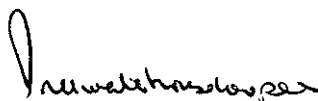
Basis of opinion

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 as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

6 April 2001

MILES (CHESHAM) LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 1999**

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|---|----------------------|----------------------|
| TURNOVER (Note 2) | 7,504 | 8,585 |
| Cost of sales | <u>(6,862)</u> | <u>(7,742)</u> |
| GROSS PROFIT | 642 | 843 |
| Administrative expenses | <u>(679)</u> | <u>(775)</u> |
| OPERATING (LOSS)/PROFIT (Note 4) | (37) | 68 |
| Interest payable (Note 3) | <u>(17)</u> | <u>(43)</u> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | (54) | 25 |
| Taxation (Note 7) | <u>0</u> | <u>0</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR (Note 15) | <u>(54)</u> | <u>25</u> |

There were no recognised gains or losses other than those shown above.

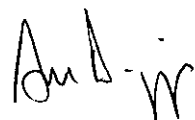
The notes on pages 7 to 14 form part of these accounts.

MILES (CHESHAM) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|---|----------------------|----------------------|
| FIXED ASSETS | | |
| Tangible assets (Note 8) | 341 | 349 |
| CURRENT ASSETS | | |
| Interest in vehicle residuals | | |
| - Repurchases after one year | 204 | 355 |
| - Repurchases within one year | 141 | 45 |
| Stocks (Note 9) | 290 | 409 |
| Debtors (Note 10) | <u>413</u> | <u>145</u> |
| | 1,048 | 954 |
| CREDITORS – Amounts falling due within one year (Note 11) | (1,089) | (702) |
| NET CURRENT (LIABILITIES)/ASSETS | <u>(41)</u> | <u>252</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 300 | 601 |
| CREDITORS – Amounts falling due after more than one year (Note 12) | (204) | (451) |
| | <u>96</u> | <u>150</u> |
| CAPITAL AND RESERVES | | |
| Called up share capital (Note 14) | 375 | 375 |
| Profit and loss account (Note 15) | <u>(279)</u> | <u>(225)</u> |
| SHAREHOLDERS' FUNDS (Note 16) | <u>96</u> | <u>150</u> |
| SHAREHOLDERS' FUNDS | | |
| Equity shareholders' funds | (204) | (150) |
| Non-equity shareholders' funds | <u>300</u> | <u>300</u> |
| | <u>96</u> | <u>150</u> |

The financial statements were approved by the Board on 6 April 2001 and signed on its behalf by:



A M Biggs
DIRECTOR

The notes on pages 7 to 14 form part of these accounts.

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention.

The Company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Quicks Group plc, which publishes a consolidated cash flow statement.

(b) Depreciation

Depreciation is provided in equal amounts to allocate the cost less estimated residual values of tangible fixed assets to the periods expected to benefit from their use, at the following annual rates:

| | |
|------------------------------|-------------------------------|
| Short leasehold improvements | - Remaining life of the lease |
| Plant and equipment | - 10% to 25% |
| Fixtures and fittings | - 10% to 25% |

(c) Repurchase arrangements

The contractual commitment to repurchase vehicles (predominately under the "Motability" scheme) has been disclosed in "Creditors: amounts falling due within one year" and "Creditors: amounts falling due after more than one year" as appropriate. The asset associated with the liability, being the interest in the repurchased vehicles, is disclosed in the balance sheet as "Interest in vehicle residuals".

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price after taking into account any further costs expected to be incurred.

New vehicles on consignment are included on the balance sheet where, at the balance sheet date, related obligations to pay finance charges on the cost of vehicles exist or where the company carries commercially significant risks related to the vehicles. An equivalent amount is included in trade creditors.

(e) Turnover

Turnover represents the invoiced value of goods and services provided to third parties, together with rental income.

All activities are carried out in the United Kingdom.

(f) Taxation

Taxation is based on the results for the year and takes into account deferred taxation created by timing differences between the treatment of certain items for accounting and taxation purposes.

Provision is made at the appropriate rates of taxation for liabilities arising from the allocation of items to different periods for taxation and accounting purposes, to the extent that there is reasonable probability that such taxation will become payable in the foreseeable future.

(g) Operating lease rentals

Rentals payable under operating leases are charged to the profit and loss account as incurred.

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

2 ANALYSIS OF TURNOVER AND PROFIT

The Directors consider there to be only one class of business being that of vehicle distributors and one geographical market being the UK.

3 INTEREST PAYABLE

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|--|----------------------|----------------------|
| On bank loans and overdrafts | 12 | 10 |
| Other interest payable and similar charges | <u>5</u> | <u>33</u> |
| | <u>17</u> | <u>43</u> |

4 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|---------------------------|----------------------|----------------------|
| Depreciation | 26 | 27 |
| Auditors' remuneration | 5 | 3 |
| Operating lease payments: | | |
| - Plant and machinery | 21 | 36 |
| - Land and buildings | 144 | 123 |

Fees for other services provided by the auditors during the year were £Nil (1998 - £Nil).

5 DIRECTORS' EMOLUMENTS

| | <u>1999</u> £000 | <u>1998</u> £000 |
|------------|---------------------|---------------------|
| Emoluments | <u>39</u> | <u>69</u> |

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

6 DIRECTORS AND EMPLOYEES

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|---|--------------------------|--------------------------|
| Aggregate payroll costs amounted to: | | |
| Wages and salaries | 250 | 366 |
| Social security costs | <u>33</u> | <u>34</u> |
| | 283 | 400 |
| | <u><u> </u></u> | <u><u> </u></u> |
| The average weekly number of employees during the year analysed by functions, was as follows: | <u>Number</u> | <u>Number</u> |
| Mechanical | 5 | 6 |
| Sales and distribution | 12 | 16 |
| Administration | <u>3</u> | <u>5</u> |
| | 20 | 27 |
| | <u><u> </u></u> | <u><u> </u></u> |

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

No tax charge arises on the loss for the year (1998: £Nil). There are no provided or unprovided deferred tax liabilities. Unrelieved tax losses remain available to offset against future taxable trading profits.

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

8 TANGIBLE FIXED ASSETS

| | Short Leasehold Land and <u>Buildings</u> £'000 | Plant and <u>Equipment</u> £'000 | Furniture & Fittings £'000 | Computer <u>Equipment</u> £'000 | <u>Total</u> £'000 |
|------------------------|---|--|----------------------------------|---------------------------------------|-----------------------|
| COST | | | | | |
| At 1 January 1999 | 391 | 59 | 10 | 2 | 462 |
| Additions | 3 | 7 | 4 | 4 | 18 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 1999 | 394 | 66 | 14 | 6 | 480 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | | | |
| At 1 January 1999 | 82 | 25 | 5 | 1 | 113 |
| Charged in the year | 11 | 12 | 1 | 2 | 26 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 1999 | 93 | 37 | 6 | 3 | 139 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| NET BOOK AMOUNT | | | | | |
| At 31 December 1999 | 301 | 29 | 8 | 3 | 341 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 1998 | <u>309</u> | <u>34</u> | <u>5</u> | <u>1</u> | <u>349</u> |

9 STOCKS

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|-----------------------|----------------------|----------------------|
| Vehicle stocks | 228 | 308 |
| Parts and accessories | <u>62</u> | <u>101</u> |
| | 290 | 409 |
| | <hr/> | <hr/> |

Consignment vehicles excluded from the balance sheet at 31 December 1999 had a cost of £0.2m (1998- £Nil).

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

10 DEBTORS

| | <u>1999</u> | <u>1998</u> |
|--------------------------------|-------------|-------------|
| | £'000 | £'000 |
| Trade debtors | 147 | 51 |
| Other debtors | 119 | 29 |
| Prepayments and accrued income | <u>147</u> | <u>65</u> |
| | <u>413</u> | <u>145</u> |

11 CREDITORS DUE WITHIN ONE YEAR

| | <u>1999</u> | <u>1998</u> |
|---|--------------|-------------|
| | £'000 | £'000 |
| Bank overdraft | 8 | 115 |
| Trade creditors | 227 | 457 |
| Due to Group undertakings | 444 | - |
| Other taxes and social security | 54 | 40 |
| Other Creditors | 45 | 4 |
| Accruals and deferred income | 59 | 18 |
| Obligations under vehicle repurchase arrangements | 141 | 45 |
| Loans (Note 13) | <u>111</u> | <u>23</u> |
| | <u>1,089</u> | <u>702</u> |

The bank overdraft is secured by a debenture charge over all the assets of the company.
The loans are secured on used vehicle stocks.

12 CREDITORS DUE AFTER MORE THAN ONE YEAR

| | <u>1999</u> | <u>1998</u> |
|---|-------------|-------------|
| | £'000 | £'000 |
| Director's loan (Note 18) | - | 40 |
| Other creditors | - | 8 |
| Other loan | - | 48 |
| Obligations under vehicle repurchase arrangements | <u>204</u> | <u>355</u> |
| | <u>204</u> | <u>451</u> |

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

13 CREDITORS

Borrowings are repayable as follows:

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|---------------------------------|----------------------|----------------------|
| Within one year | 119 | 138 |
| After one and within two years | - | 23 |
| After two and within five years | - | 25 |
| After five years | <u>-</u> | <u>40</u> |
| | 119 | 226 |

14 SHARE CAPITAL

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|---|----------------------|----------------------|
| Authorised, allotted, called up and fully paid: | | |
| 300,000 £1 redeemable preference shares | 300 | 300 |
| 75,000 ordinary shares of £1 each | <u>75</u> | <u>75</u> |
| | 375 | 375 |

Preference Shares

The redeemable preference shares are non-equity shares. The basic entitlement to a dividend at the rate of 1% net per share is waived, and instead these shares are entitled to a balance of any post tax profits remaining after redemption of the preference shares in accordance with the formula included in the company's Articles of Association. The redemption is made quarterly. Holders of preference shares have one vote for every share held. The rights of preference shareholders on a winding up are dependent upon a calculation determining funds in excess of 85% of the original total share capital, and such rights are ranked before those of ordinary shareholders.

Ordinary Shares

The ordinary shares carry no voting rights until all preference shares have been redeemed.

Redemptions

During the year the company made no redemptions (1998: Nil).

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

15 RESERVES

| | Profit and Loss account £'000 |
|-----------------------------|-------------------------------------|
| Balance at 1 January 1999 | (225) |
| Retained loss for the year | <u>(54)</u> |
| Balance at 31 December 1999 | <u>(279)</u> |

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 1999 £'000 | 1998 £'000 |
|--------------------------------------|---------------|---------------|
| (Loss)/profit for the financial year | (54) | 25 |
| Shareholders' funds at 1 January | 150 | 125 |
| Shareholders' funds at 31 December | <u>96</u> | <u>150</u> |

17 LEASING COMMITMENTS

The Company had annual commitments under non-cancellable operating leases as set out below:

| | <u>Land and Buildings</u> | | <u>Other</u> | |
|------------------|---------------------------|------------|--------------|-----------|
| | 1999 | 1998 | 1999 | 1998 |
| | £ | £ | £ | £ |
| Within one year | - | - | 21 | 10 |
| One to two years | - | - | - | 27 |
| Over five years | <u>147</u> | <u>124</u> | <u>-</u> | <u>-</u> |
| | <u>147</u> | <u>124</u> | <u>21</u> | <u>37</u> |

MILES (CHESHAM) LIMITED

NOTES TO THE ACCOUNTS

18 REPAYMENT OF LOAN

The loan to Mr. P W Gladwin (ex director) of was repaid on the 17th August 1999. No interest was paid on the loan during the year.

19 CAPITAL COMMITMENTS

The Company has capital commitments of £10,000 at 31st December 1999 (1998: Nil).

20 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Dunham & Haines Limited, which is registered in England and Wales. Quicks Group plc is the ultimate parent company, and is the parent undertaking of the smallest and largest group to consolidate the accounts of Miles (Chesham) Limited.

Copies of the group accounts are available to the public on payment of the appropriate fee from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

21 RELATED PARTY TRANSACTIONS

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures", as the consolidated accounts of Quicks Group plc, in which the Company is included, are available at the address noted above.