

MILES (CHESHAM) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1995



Company no 2841660

MILES (CHESHAM) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1995

Company registration number:

2841660

Registered office:

27 Chancery Lane
LONDON
WC2A 1NF

Directors:

Motors Directors Limited
P W Gladwin

Secretary:

Motors Secretaries Limited
27 Chancery Lane
LONDON
WC2A 1NF

Solicitors:

Rakisons
27 Chancery Lane
LONDON
WC2A 1NF

Auditors:

Grant Thornton
Registered Auditors
Chartered Accountants
Grant Thornton House
Kettering Parkway
KETTERING
Northants
NN15 6XR

MILES (CHESHAM) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1995

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MILES (CHESHAM) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1995.

Principal activities

The company is principally engaged in the purchasing, selling and repairing of motor vehicles and other ancillary services.

Business review

The directors are pleased to report a return to profitability, and are confident about the future performance of the company.

The appointment during the year of a new dealer principal with an agreed fresh injection of funds have redressed the events of the first period.

There was a profit for the year after taxation amounting to £728 (1994: loss £246,477). The directors cannot recommend payment of a dividend and the profit/(loss) has therefore been transferred to reserves.

Directors

The present membership of the Board is set out below. Motors Directors served throughout the year and Mr P W Gladwin was appointed to the Board on 27 February 1995, at which time Mr S R Miles resigned.

The interests of the directors and their families in the shares of the company as at 1 January 1995 and 31 December 1995, or the date of their appointment to the Board if later, were as follows:

	Preference shares		Ordinary shares	
	31 December 1995	1 January 1995	31 December 1995	1 January 1995
Motors Directors Limited	-	-	-	-
P W Gladwin	1	-	-	-
S R Miles	-	1	-	75,000

Motors Directors Limited is a company related to Vauxhall Motors Limited who own all the remaining preference shares at 1 January 1995 and at 31 December 1995, together with all the ordinary shares at 31 December 1995.

MILES (CHESHAM) LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

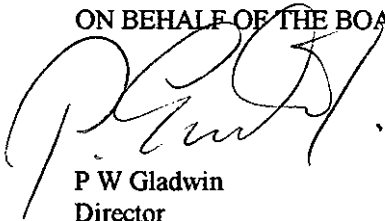
Fixed assets

The principal item of capital expenditure was in respect of the refurbishment of office space.

Auditors

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

ON BEHALF OF THE BOARD



P W Gladwin
Director

3 MAY 1996

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

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on pages 4 to 5.

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.

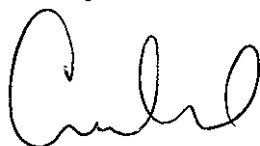
Basis of opinion

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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
KETTERING**

10 May 1996

MILES (CHESHAM) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous period except as set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Leasehold improvements	21 years
Plant and equipment	10 years
Motor vehicles	5 years
Fixtures, fittings and office equipment	5 years
Computer equipment	5 years

STOCKS

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

Under supply agreements with General Motors the company has access to 'consignment stock' during the consignment period. Where the nature of this supply agreement transfers risks and rewards to the company which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs the company recognises this stock in the balance sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, this stock is not included in the balance sheet. Both the terms under which such stock is held, and the financial commitment in respect of this stock is disclosed in the notes to the financial statements.

In previous years, all consignment vehicles were excluded from the balance sheet. Where the re-appraisal of risk and reward had led to assets being included in the balance sheet at 31 December 1995, corresponding adjustments in the comparative figures have been made.

MILES (CHESHAM) LIMITED

PRINCIPAL ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

MOTABILITY REPURCHASE ARRANGEMENTS

The company has certain obligations to repurchase vehicles at a predetermined residual price upon the expiry of contracts, usually after three years under agreements with Motability Finance Limited. The assets and corresponding liabilities have been disclosed in the balance sheet at the repurchase price. Where there is no obligation to repurchase vehicles, no disclosure is made.

In previous years no asset or corresponding liability has been recorded. The policy has now been changed as set out above.

MILES (CHESHAM) LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 1995

	Note	12 months to 31 December 1995 £	7 months to 31 December 1994 £
Turnover	1	6,283,939	2,843,001
Cost of sales		<u>5,542,002</u>	<u>2,573,198</u>
Gross profit		741,937	269,803
Administrative expenses		938,474	629,130
Other operating income		<u>(233,821)</u>	<u>(117,102)</u>
Operating profit/(loss)		37,284	(242,225)
Net interest	2	<u>36,556</u>	<u>4,252</u>
Profit/(loss) on ordinary activities before taxation	1	728	(246,477)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year transferred to reserves	11	<u><u>728</u></u>	<u><u>(246,477)</u></u>

There were no recognised gains or losses other than the profit/(loss) for the financial year.

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

MILES (CHESHAM) LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

	Note	1995 £	1995 £	1994 £ (as restated)	1994 £ (as restated)
Fixed assets					
Tangible assets	5		437,733		417,379
Current assets					
Stocks	6	368,152		400,946	
Debtors	7	229,993		194,738	
Cash at bank and in hand		818		596	
		<u>598,963</u>		<u>596,280</u>	
Creditors: amounts falling due within one year	8	<u>572,057</u>		<u>551,178</u>	
Net current assets			<u>26,906</u>		<u>45,102</u>
Total assets less current liabilities			464,639		462,481
Creditors: amounts falling due after more than one year	9		<u>335,388</u>		<u>333,958</u>
			<u>129,251</u>		<u>128,523</u>
Capital and reserves					
Called up share capital	10		375,000		375,000
Profit and loss account	11		<u>(245,749)</u>		<u>(246,477)</u>
Shareholders' funds	12		<u>129,251</u>		<u>128,523</u>
Equity shareholders' funds			(170,749)		(171,477)
Non equity shareholders' funds			<u>300,000</u>		<u>300,000</u>
			<u>129,251</u>		<u>128,523</u>

The financial statements were approved by the Board of Directors on 3 MAY 1996

P W Gladwin

Director

Motors Directors Limited

Director

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

MILES (CHESHAM) LIMITED**CASH FLOW STATEMENT**

For the year ended 31 December 1995

	Note	1995 £	1994 £
Net cash inflow/(outflow) from operating activities	15	98,168	(242,779)
Returns on investments and servicing of finance			
Interest received		146	9,622
Interest paid		<u>(35,068)</u>	<u>(11,331)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(34,922)</u>	<u>(1,709)</u>
Investing activities			
Purchase of tangible fixed assets		(60,471)	(432,878)
Sale of tangible fixed assets		<u>14,049</u>	<u>0</u>
Net cash (outflow) from investing activities		<u>(46,422)</u>	<u>(432,878)</u>
Net cash inflow/(outflow) before financing		16,824	(677,366)
Financing			
Issue of share capital		-	375,000
New loans		<u>50,000</u>	<u>115,000</u>
Net cash inflow from financing	16	<u>50,000</u>	<u>490,000</u>
Increase/(decrease) in cash and cash equivalents	17	<u><u>66,824</u></u>	<u><u>(187,366)</u></u>

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

MILES (CHESHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

1 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit/(loss) before taxation are attributable to one activity; the purchasing, selling and repairing of motor vehicles, and other ancilliary services.

The profit/(loss) on ordinary activities is stated after:

	12 months to 31 December 1995 £	7 months to 31 December 1994 £
Auditors' remuneration		
Audit services	3,500	2,500
Non-audit services	6,583	-
Hire of plant and machinery	30,944	14,435
Operating lease rentals	85,000	85,000
Depreciation		
Tangible fixed assets	30,351	15,499
Other operating income includes:		
Manufacturers receivables	<u>51,455</u>	<u>47,935</u>

2 NET INTEREST

	12 months to 31 December 1995 £	7 months to 31 December 1994 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, otherwise than by instalments	29,069	13,874
Interest payable to group undertakings	7,633	-
Other interest receivable and similar income	<u>(146)</u>	<u>(9,622)</u>
	<u>36,556</u>	<u>4,252</u>

MILES (CHESHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

3 DIRECTORS AND EMPLOYEES

	12 months to 31 December 1995 £	7 months to 31 December 1994 £
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Staff costs during the year were as follows:

Wages and salaries	500,765	297,392
Social security costs	48,722	29,296
	<u>549,487</u>	<u>326,688</u>

The average number of employees of the company during the year was as follows:

	12 months to 31 December 1995	7 months to 31 December 1994
Mechanical	10	10
Sales and distribution	14	15
Administration	5	5
	<u>29</u>	<u>30</u>

Remuneration in respect of directors was as follows:

	12 months to 31 December 1995 £	7 months to 31 December 1994 £
Management remuneration	<u>19,166</u>	<u>32,233</u>

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

	12 months to 31 December 1995 £	7 months to 31 December 1994 £
The highest paid director	<u>13,333</u>	<u>32,233</u>

	12 months to 31 December 1995 Number	7 months to 31 December 1994 Number
Other directors		
Nil - £5,000	1	2
£5,001 - £10,000	<u>1</u>	<u>1</u>

MILES (CHESHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The profit for the year has been offset against trading losses brought forward.

Unrelieved tax losses of £250,000 (1994 - £200,000) remain available to offset against future taxable trading profits.

5 TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Furniture and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 1995	337,542	54,336	34,935	6,065	-	432,878
Additions	<u>53,449</u>	<u>4,633</u>	<u>-</u>	<u>745</u>	<u>1,644</u>	<u>60,471</u>
	390,991	58,969	34,935	6,810	1,644	493,349
Disposals	<u>-</u>	<u>(106)</u>	<u>(13,800)</u>	<u>-</u>	<u>-</u>	<u>(13,906)</u>
At 31 December 1995	<u>390,991</u>	<u>58,863</u>	<u>21,135</u>	<u>6,810</u>	<u>1,644</u>	<u>479,443</u>
Depreciation						
At 1 January 1995	8,532	3,352	3,004	611	-	15,499
Provided in the year	<u>18,057</u>	<u>4,183</u>	<u>7,297</u>	<u>677</u>	<u>137</u>	<u>30,351</u>
	26,589	7,535	10,301	1,288	137	45,850
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>(4,140)</u>	<u>-</u>	<u>-</u>	<u>(4,140)</u>
At 31 December 1995	<u>26,589</u>	<u>7,535</u>	<u>6,161</u>	<u>1,288</u>	<u>137</u>	<u>41,710</u>
Net book amount at 31 December 1995	<u><u>364,402</u></u>	<u><u>51,328</u></u>	<u><u>14,974</u></u>	<u><u>5,522</u></u>	<u><u>1,507</u></u>	<u><u>437,733</u></u>
Net book amount at 31 December 1994	<u><u>329,010</u></u>	<u><u>50,984</u></u>	<u><u>31,931</u></u>	<u><u>5,454</u></u>	<u><u>-</u></u>	<u><u>417,379</u></u>

MILES (CHESHAM) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1995

6 STOCKS

	1995 £	1994 £ (as restated)
Short-term work in progress	4,529	-
Finished goods and goods for resale	263,627	396,091
Vehicle consignment stock	51,113	-
Motability repurchase commitment vehicles	48,883	4,855
	<u>368,152</u>	<u>400,946</u>

The company has an obligation to repurchase vehicles under agreements with Motability Finance Limited, such repurchase is usually required after three years. The assets and corresponding liabilities have been recorded at the repurchase price. This represents a change in accounting policy, and the comparative figures have been restated. The amounts disclosed above as Motability repurchase commitment vehicles represent the effect on assets of the change in accounting policy for both financial years. There is no impact on the results for either financial year. The value of repurchase vehicles due after more than one year is £48,883 (1994 - £4,855).

Consignment vehicles included in the balance sheet relate to categories of stock where allocation has in principal been made to customer order. All other consignment vehicles are available for allocation to other Vauxhall Retailers. Consignment vehicles excluded from the balance sheet 31 December 1995 had a cost of £261,527. (1994 - £212,177).

There were no significant differences between the replacement cost and the values disclosed above.

7 DEBTORS

	1995 £	1994 £ (as restated)
Trade debtors	134,762	84,436
Amounts owed by group undertakings	42,397	18,078
Other debtors	20,921	84,380
Prepayments and accrued income	31,913	7,844
	<u>229,993</u>	<u>194,738</u>

MILES (CHESHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Bank overdraft	121,360	187,962
Trade creditors	143,162	63,780
Amounts owed to group undertakings	155,367	167,919
Social security and other taxes	43,689	14,726
Other creditors	87,290	83,500
Accruals and deferred income	21,189	33,291
	<u>572,057</u>	<u>551,178</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company.

Amounts due to group undertakings include £68,303 (1994 : £120,439) in respect of vehicles held under the GMAC demonstrator plan and £51,113 (1994 : £nil) in respect of consignment vehicles.

All monies due to Vauxhall Motors Limited are secured by a debenture over the assets of the company.

Trade creditors include amounts due under vehicle finance arrangements of £51,038 (1994 - nil) effectively secured against the relevant vehicle stocks.

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £ (as restated)
Loan from director	50,000	-
Other creditors	121,505	214,103
Amounts owed to group undertakings	115,000	115,000
Motability repurchase vehicles	48,883	4,855
	<u>335,388</u>	<u>333,958</u>

The amounts disclosed as Motability repurchase commitments represent the effect on liabilities of the change in accounting policy. (See also note 6). Motability repurchase commitments are spread monthly throughout financial periods.

MILES (CHESHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

Borrowings are repayable as follows:

	1995 £	1994 £ (as restated)
Within one year		
Bank overdraft	121,360	187,962
After five years		
Other borrowings (repayable otherwise than by instalments)	<u>50,000</u>	<u>-</u>
	<u>171,360</u>	<u>187,962</u>

In addition to the borrowings disclosed above, the amounts due to group undertakings (repayable otherwise than by instalments in more than five years) are made up of a Vauxhall Motors loan £115,000 (1994 - £115,000).

The Vauxhall Motors loan becomes repayable at the discretion of the directors any time before 31 August 2010. Interest is payable at commercial rates. All monies due to Vauxhall Motors Limited are secured by a debenture over the assets of the company.

The directors loan is subordinated to the Vauxhall Motors loan, and becomes payable only when that loan has been repaid in full.

10 SHARE CAPITAL

	1995 £	1994 £
Authorised, allotted, called up and fully paid		
£1 redeemable preference shares	300,000	300,000
ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
	<u>375,000</u>	<u>375,000</u>

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.

MILES (CHESHAM) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1995

11 RESERVES

	Profit and loss account £
At 1 January 1995	(246,477)
Retained profit for the year	<u>728</u>
At 31 December 1995	<u><u>(245,749)</u></u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit/(loss) for the financial year	728	(246,477)
Issue of shares	<u>-</u>	<u>375,000</u>
Net increase/(decrease) in shareholders' funds	728	128,523
Shareholders' funds at 1 January	<u>128,523</u>	<u>-</u>
Shareholders' funds at 31 December	<u><u>129,251</u></u>	<u><u>128,523</u></u>

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1995 or 31 December 1994.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1995 or 31 December 1994.

15 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating profit/(loss)	37,284	(242,225)
Depreciation	30,351	15,499
Profit on disposal	(4,283)	-
Decrease/(increase) in stocks	32,794	(400,946)
Increase in debtors	(35,255)	(194,738)
Increase in creditors	<u>37,277</u>	<u>579,631</u>
Net cash inflow/(outflow) from operating activities	<u><u>98,168</u></u>	<u><u>(242,779)</u></u>

MILES (CHESHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

16 ANALYSIS OF CHANGES IN FINANCING

	1995 £	Share capital 1994 £	1995 £	Loans 1994 £
At 1 January 1995	375,000	-	115,000	-
Net cash inflow	<u>-</u>	<u>375,000</u>	<u>50,000</u>	<u>115,000</u>
At 31 December 1995	<u>375,000</u>	<u>375,000</u>	<u>165,000</u>	<u>115,000</u>

17 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1995 £	1994 £
At 1 January 1995	(187,366)	-
Net cash inflow/(outflow)	<u>66,824</u>	<u>(187,366)</u>
At 31 December 1995	<u>(120,542)</u>	<u>(187,366)</u>

18 ANALYSIS OF CASH AND CASH EQUIVALENTS

	1995 £	1994 £	Change in 1995 £	Change in 1994 £
Cash at bank and in hand	818	596	222	596
Bank overdraft	<u>(121,360)</u>	<u>(187,962)</u>	<u>66,602</u>	<u>(187,962)</u>
	<u>(120,542)</u>	<u>(187,366)</u>	<u>66,824</u>	<u>(187,366)</u>

MILES (CHESHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

19 LEASING COMMITMENTS

Operating lease payments amounting to £175,636 (1994 - £170,861) are due within one year. The leases to which these amounts relate expire as follows:

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	4,775	-	-
Between one and five years	-	27,361	-	27,361
In five years or more	<u>143,500</u>	<u>-</u>	<u>143,500</u>	<u>-</u>
	<u>143,500</u>	<u>32,136</u>	<u>143,500</u>	<u>27,361</u>

20 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is General Motors Corporation which is registered in the United States of America.