

REGISTERED NUMBER - 2863609
(England and Wales)

M & S MOTOR HOLDINGS LIMITED
REPORTS
AND
FINANCIAL STATEMENTS
PERIOD FROM 19TH OCTOBER 1993
TO 31ST DECEMBER 1994



CHARTERED ACCOUNTANTS



5 RIBBLESDALE PLACE,
PRESTON
PR1 8BZ.

M & S MOTOR HOLDINGS LIMITED

OFFICERS AND ADVISORS

DIRECTORS

Thomas James Allan McPhail (Chairman)
Neil Smillie

SECRETARY

Neil Smillie

AUDITORS

Whitehead & Aldrich,
Chartered Accountants,
5 Ribblesdale Place,
Preston.
PR1 8BZ

BANKERS

Midland Bank plc.,
94 Whitby Road,
Ellesmere Port,
South Wirrall.
L65 OAE

REGISTERED OFFICE

Rossmore Road East,
Ellesmere Port,
South Wirral.
L65 3BR

REGISTERED NUMBER

2863609 (England and Wales)

M & S MOTOR HOLDINGS LIMITED**REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements of the group for the period from 19th October 1993 to 31st December 1994.

INCORPORATION

The company was incorporated on 19th October 1993 under the name of Agentbetter Trading Limited. On 26th November 1993 the company acquired the whole of the share capital of M & S Motor Holdings Limited. On 13th December 1993 Agentbetter Trading Limited changed its name to M & S Motor Holdings Limited and M. & S. Motor Holdings Limited changed its name to M & S Motors (Ellesmere Port) Limited. Because the company was incorporated on 19th October 1993 no statutory financial statements were prepared for the short period from 19th October 1993 to 31st December 1993. The results of the group were reported in the consolidated financial statements of M & S Motors (Ellesmere Port) Limited for the year ended 31st December 1993. The company commenced trading on 1st January 1994.

PERIOD OF CONSOLIDATION

The group continues to trade as in the year ended 31st December 1993 but with a new parent company incorporated on 19th October 1993. Consequently the consolidated financial statements have been prepared for the year ended 31st December 1994 and comparative figures have been presented for the year ended 31st December 1993 as if the parent company had been in existence throughout the whole of the reported two years.

PRINCIPAL ACTIVITIES

The principal activities of the group are the operation of Ford Main Dealerships and short term vehicle hire specialists. The group trades under the names of M53 Ford, M & S Ford and Regional Vehicle Rentals.

RESULTS AND DIVIDENDS

The profit and loss account on page 6 shows the group results for the year ended 31st December 1994. Interim dividends of £300,000 were paid during the year. The directors do not recommend the payment of a final dividend. The retained profit for the financial year amounts to £880,000.

BUSINESS REVIEW

The directors expect that during 1995 the group will benefit from the continuing improvement in the general economy and therefore face the future with confidence.

FIXED ASSETS

The changes which have taken place during the year ended 31st December 1994 are shown on page 11 of the financial statements.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations totalled £750 (1993 - £535). No political donations were made.

M & S MOTOR HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The directors during the period and their interests in the share capital of the company were as follows:

	ORDINARY SHARES OF £1 EACH	
	At the end of the period	At the beginning of the period (or date of appointment if later)
R. Gough (Appointed 19th October 1993: resigned 17th November 1993)	-	-
T. J. Butt (Appointed 19th October 1993: resigned 17th November 1993)	-	-
T.J.A. McPhail (Appointed 17th November 1993)	100	100
N. Smillie (Appointed 17th November 1993)	100	100

Mr. T.J.A. McPhail and Mr. N. Smillie have been directors of the ultimate parent company and all other group companies throughout the years ended 31st December 1993 and 31st December 1994.

DIRECTORS' RESPONSIBILITIES

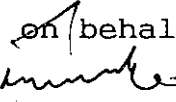
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint the auditors, Whitehead & Aldrich, will be put to the members at the annual general meeting.

Signed  on behalf of the board of directors

N. SMILLIE
Director

Approved by the board: 13th February 1995

REPORT OF THE AUDITORS**TO THE SHAREHOLDERS OF M & S MOTOR HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 the group as at 31st December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Whitehead. Aldrich

WHITEHEAD & ALDRICH
Chartered Accountants
and Registered Auditors,
Preston.

13th February 1995

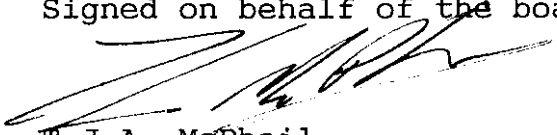
M & S MOTOR HOLDINGS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1994

	NOTES	£000
CURRENT ASSETS		
Debtors	9	1,076
Cash at bank and in hand		<u>482</u>
		1,558
CREDITORS: Amounts falling due within one year	10	<u>1,070</u>
NET CURRENT ASSETS		488
CREDITORS: Amounts falling due after more than one year	11	<u>388</u>
		100
CAPITAL AND RESERVES		
Called up share capital	15	1
Profit and loss account		<u>99</u>
	17	<u>100</u>

Signed on behalf of the board of directors


 T.J.A. McPhail
 Director

Approved by the board: 13th February 1995

M & S MOTOR HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	NOTES	1 9 9 4 £000	1 9 9 3 £000
TURNOVER	23	67,380	52,921
Cost of sales		<u>56,945</u>	<u>44,454</u>
Gross profit		10,435	8,467
Administration expenses		<u>7,996</u>	<u>6,922</u>
OPERATING PROFIT	2	2,439	1,545
Other interest receivable and similar income		<u>20</u>	<u>3</u>
		2,459	1,548
Interest payable and similar charges	4	<u>637</u>	<u>501</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,822	1,047
Taxation	5	<u>642</u>	<u>365</u>
PROFIT FOR THE FINANCIAL YEAR		1,180	682
Dividends paid		<u>300</u>	<u>200</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		880	482
Retained profit brought forward		<u>1,165</u>	<u>683</u>
RETAINED PROFIT CARRIED FORWARD		<u>2,045</u>	<u>1,165</u>

CONTINUING OPERATIONS

All of the group's activities are attributable to continuing activities.

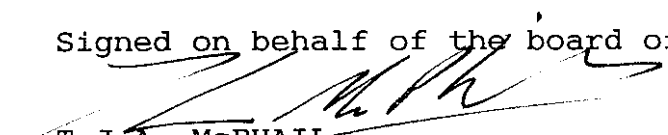
TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit for the two financial years.

M & S MOTOR HOLDINGS LIMITED
 CONSOLIDATED BALANCE SHEET
 AS AT 31ST DECEMBER 1994

	NOTES	1 9 9 4 £000	1 9 9 3 £000
FIXED ASSETS			
Tangible assets	6	<u>5,612</u>	<u>4,590</u>
CURRENT ASSETS			
Stocks	8	1,648	1,775
Stock deposit with Ford Motor Company Limited		2,149	1,877
Debtors	9	5,807	4,021
Cash at bank and in hand		<u>1,408</u>	<u>7</u>
		<u>11,012</u>	<u>7,680</u>
CREDITORS: Amounts falling due within one year	10	<u>13,059</u>	<u>9,558</u>
NET CURRENT (LIABILITIES)		<u>(2,047)</u>	<u>(1,878)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,565	2,712
CREDITORS: Amounts falling due after more than one year	11	<u>388</u>	<u>457</u>
		3,177	2,255
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	<u>468</u>	<u>426</u>
		<u>2,709</u>	<u>1,829</u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Capital redemption reserve	16	663	663
Profit and loss account		<u>2,045</u>	<u>1,165</u>
	17	<u>2,709</u>	<u>1,829</u>

Signed on behalf of the board of directors


 T.J.A. McPHAIL
 Director

Approved by the board: 13th February 1995

M & S MOTOR HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	NOTES	1 9 9 4 £000	1 9 9 3 £000
Net cash inflow from operating activities	24a	3,510	1,613
Returns on investments and servicing of finance			
Interest received		20	3
Interest paid		(187)	(255)
Interest element of finance lease rental repayments		(450)	(246)
Dividends paid		<u>(300)</u>	<u>(200)</u>
Net cash (outflow) from returns on investments and servicing of finance		(917)	(698)
Taxation			
Corporation tax paid (including advance corporation tax)		(56)	(310)
Investing activities			
Payments to acquire tangible fixed assets		(8,518)	(7,445)
Receipts from sale of tangible fixed assets		<u>6,230</u>	<u>3,647</u>
Net cash (outflow) from investing activities		(2,288)	(3,798)
Net cash inflow (outflow) before financing		249	(3,193)
Hire purchase contracts and finance leases entered into		8,818	7,058
Long term bank loan capital repayments		(69)	(61)
Hire purchase contracts and finance lease capital repayments		<u>(7,293)</u>	<u>(3,832)</u>
Net cash inflow from financing		<u>1,456</u>	<u>3,165</u>
Increase/(decrease) in cash and cash equivalents	24c	<u>1,705</u>	<u>(28)</u>

M & S MOTOR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's financial statements.

The financial statements have been prepared in accordance with applicable Accounting Standards.

(a) **Accounting convention**

The financial statements are prepared under the historical cost convention.

(b) **Period of consolidation**

The group continues to trade as in the year ended 31st December 1993 but with a new parent company incorporated on 19th October 1993. Consequently the consolidated financial statements have been prepared for the year ended 31st December 1994 and comparative figures have been presented for the year ended 31st December 1993 as if the parent company had been in existence throughout the whole of the reported two years

(c) **Basis of consolidation**

The group financial statements consolidate the financial statements of the parent company and its subsidiary undertakings up to 31st December under the merger method of accounting.

(d) **Turnover**

Turnover represents the invoiced amount of goods sold and services provided including other income arising from operating activities, excluding value added tax.

(e) **Depreciation**

Depreciation is provided on all tangible assets, other than leasehold land, at rates calculated to write off the cost, less estimated residual value, of each category of assets over its expected useful life, as follows:-

Freehold buildings	- 2% per annum
Short leasehold buildings	- 20% per annum
Plant and equipment	- 20% per annum
Fixtures and fittings	- 20% per annum
Motor vehicles	- 33½% to 48% per annum

(f) **Stocks**

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

(g) **Deferred taxation**

Deferred taxation is provided on the liability method except where there is a reasonable probability that no liability will arise in the foreseeable future.

(h) **Leasing and hire purchase commitments**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the leases and represents a constant proportion of capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

(i) **Goodwill**

Purchased goodwill arising on the acquisition of a new business represents the excess of the fair value of the consideration given over the aggregate of the fair values of the separable net assets acquired. Purchased goodwill is immediately eliminated against reserves.

M & S MOTOR HOLDINGS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 1994

2. OPERATING PROFIT

	1 9 9 4 £000	1 9 9 3 £000
This is stated after charging:		
Directors' emoluments (note 3)	98	57
Auditors' remuneration	43	41
Operating lease rentals - land and buildings	244	244
Directors' pension scheme contributions	20	10
Depreciation:-		
On owned assets	331	235
On assets held under finance leases and hire purchase contracts	933	790

3. DIRECTORS' EMOLUMENTS
 - excluding pension contributions

	1 9 9 4 £000	1 9 9 3 £000
Chairman and joint highest paid director	49	29
Other director:		
£25,001 - £30,000	-	1
£45,001 - £50,000	1	-

4. INTEREST PAYABLE

	1 9 9 4 £000	1 9 9 3 £000
On bank overdraft	19	52
On loans wholly repayable within five years	133	161
On bank loan repayable by instalments after more than five years	35	42
On finance leases and hire purchase contracts	450	246
	637	501

5. TAXATION

	1 9 9 4 £000	1 9 9 3 £000
Based on the profit for the year:		
Corporation tax payable at 33% (recoverable)	635	(95)
Deferred taxation	1	458
	636	363
Prior year adjustment	6	2
	642	365

M & S MOTOR HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Short leasehold land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
GROUP						
Cost:						
At 1st January						
1994	893	207	704	243	3,723	5,770
Additions	109	17	97	40	8,255	8,518
Disposals	-	(17)	(23)	-	(7,206)	(7,246)
At 31st December						
1994	1,002	207	778	283	4,772	7,042
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:						
At 1st January						
1994	18	159	474	165	364	1,180
Charged in year	13	40	94	41	1,078	1,266
Disposals	-	(17)	(17)	-	(982)	(1,016)
At 31st December						
1994	31	182	551	206	460	1,430
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:						
31st December						
1994	971	25	227	77	4,312	5,612
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1st January						
1994	875	48	230	78	3,359	4,590
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets include an amount of £4,006,000 (1993 - 3,104,000) in respect of assets held under finance leases and hire purchase contracts.

7. SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings at 31st December 1994, all registered in England, were as follows:

	Holding	Proportion	Nature of business
M & S Motors (Ellesmere Port) Limited	Ordinary Shares	100%	Ford Main Dealership
M & S Motors (Durham) Limited	Ordinary Shares	100%	Ford Main Dealership
M. & S. Motors (Southport) Limited	Ordinary Shares	100%	Ford Main Dealership
Regional Vehicle Rentals Limited	Ordinary Shares	100%	Short term vehicle hire
Durham City Vehicle Rentals Limited	Ordinary Shares	100%	Non-trading
M53 Vehicle Rentals Limited	Ordinary Shares	100%	Non-trading

M & S MOTOR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

7. SUBSIDIARY UNDERTAKINGS (continued)

Durham City Vehicle Rentals Limited is a wholly owned subsidiary undertaking of M & S Motors (Durham) Limited.

M53 Vehcile Rentals Limited is a wholly owned subsidiary undertaking of Regional Vehicle Rentals Limited.

As permitted by section 230 of the Companies Act 1985 the profit and loss of the parent company is not presented as part of these financial statements. The parent company's profit for the financial period was £399,000.

8. STOCKS

	GROUP	
	1 9 9 4	1 9 9 3
	£000	£000
Goods for resale	1,648	1,775

9. DEBTORS

	PARENT COMPANY	GROUP	
	1 9 9 4	1 9 9 4	1 9 9 3
	£000	£000	£000
Trade debtors	151	5,335	3,306
Amounts owed by group undertakings	903	-	-
Corporation tax recoverable	-	-	153
Advance corporation tax recoverable	-	-	17
Other debtors	15	61	206
Prepayments and accrued income	7	411	339
	<u>1,076</u>	<u>5,807</u>	<u>4,021</u>

10. CREDITORS: Amounts falling due within one year

	PARENT COMPANY	GROUP	
	1 9 9 4	1 9 9 4	1 9 9 3
	£000	£000	£000
Bank overdraft (secured per note 12)	-	-	304
Bank loan (secured per note 12)	67	67	67
Obligations under finance leases and hire purchase contracts	-	4,816	3,291
Trade creditors (secured per note 13)	34	5,545	4,380
Amounts owed to group undertakings	557	-	-
Retail dealer deposits held	-	400	400
Corporation tax	60	416	-
Advance corporation tax payable	-	-	42
Other taxes and social security	30	898	421
Other creditors	250	258	291
Directors' current accounts	13	13	-
Accruals	59	646	362
	<u>1,070</u>	<u>13,059</u>	<u>9,558</u>

M & S MOTOR HOLDINGS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 1994

11. CREDITORS: Amounts falling due after more than one year

	PARENT COMPANY	GROUP	
	1 9 9 4	1 9 9 4	1 9 9 3
	£000	£000	£000
Bank loan (secured per note 12) repayable by instalments:-			
Within 2 to 5 years	326	326	318
After more than 5 years	<u>62</u>	<u>62</u>	<u>139</u>
	388	388	457

Interest on the bank loan partly repayable after more than five years is calculated at the rate of 1 5/8% over bank base rate.

12. BANK LOAN AND OVERDRAFT

The bank holds a first legal charge over freehold property at 4, Virginia Street, Southport, Merseyside together with a fixed and floating charge dated 25th August 1994 over all assets, goodwill, undertaking and uncalled capital, both present and future, including a specific charge over all book and other debts.

13. TRADE CREDITORS

Included under this heading are the following loans from Ford Credit Europe plc which are secured by first floating charges on the stock deposits with Ford Motor Company Limited and all new vehicle stocks:

	GROUP	
	1 9 9 4	1 9 9 3
	£000	£000
	2,149	2,527

14. DEFERRRED TAXATION

Deferred taxation provided in the financial statements and the full potential liability are as follows:-

	GROUP	
	1 9 9 4	1 9 9 3
	£000	£000
Accelerated capital allowances	471	513
Other timing differences	(3)	(46)
Advance corporation tax recoverable	<u>-</u>	<u>(41)</u>
	468	426

15. SHARE CAPITAL

	Authorised	Issued and fully paid
	1 9 9 4	1 9 9 4
	£000	£000
£1 Ordinary shares	<u>1</u>	<u>1</u>

16. CAPITAL REDEMPTION RESERVE

	GROUP
	£000
At 1st January 1994 and at 31st December 1994	<u>663</u>

M & S MOTOR HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

17. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	PARENT COMPANY	GROUP
	1 9 9 4	1 9 9 4 1 9 9 3
	£000	£000 £000
Profit for the financial year	399	1,180 682
Dividends	(300)	(300) (200)
Issue of shares	<u>1</u>	<u>-</u> <u>-</u>
Net addition to shareholders' funds	100	880 482
Opening shareholders' funds	<u>-</u>	<u>1,829</u> <u>1,347</u>
Closing shareholders' funds	<u>100</u>	<u>2,709</u> <u>1,829</u>

18. OPERATING LEASE COMMITMENTS

At 31st December 1994 there were annual commitments under non-cancellable operating leases as set out below:-

	GROUP
	1 9 9 4 1 9 9 3
	£000 £000
Land and buildings	
Operating leases which expire:-	
Within one year	140 3
Within two to five years	<u>232</u> <u>233</u>
	<u>372</u> <u>236</u>

19. CONTINGENT LIABILITIES

The Group had the following contingent liabilities as at 31st December 1994:

- A lease of land at Rossmore Road East, Ellesmere Port, Cheshire. The lease is for a period of 63 years commencing January 1974 at a current rental of £31,000 per annum subject to review every 21 years.
- A lease of garage premises at Rossmore Road East, Ellesmere Port, Cheshire. The lease is for a period of 20 years commencing April 1987 at a current rental of £97,000 per annum subject to review at the end of the third, fifth, tenth and fifteenth years of the lease.
- A lease of properties at Carrville and Neville's Cross, Durham. The remaining periods of the leases are thirteen years with a current combined rental of £105,000 per annum, subject to review in 3 and 8 years time.

The company has given an Unlimited Multilateral Company Guarantee, dated 25th August 1994, in respect of the bank borrowings of M & S Motors (Durham) Limited, Regional Vehicle Rentals Limited, M53 Vehicle Rentals Limited, Durham City Vehicle Rentals Limited and M. & S. Motors (Southport) Limited, all of which are subsidiary undertakings. At 31st December 1994 such borrowings amounted to £8,000.

M & S MOTOR HOLDINGS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 1994

20. CONSIGNMENT STOCK

The value of consignment stock held on behalf of the manufacturer is £6,217,000 (1993 - £4,749,000). The stock remains the property of the manufacturer until such time as it is formally adopted by the company. The calculation of the stock deposit with the manufacturer is based on a fixed percentage of qualifying vehicle purchases during the preceeding 12 months.

21. CAPITAL COMMITMENTS

Capital expenditure authorised by the directors but not contracted for amounts to:-

GROUP	
1 9 9 4	1 9 9 3
£000	£000
410	357
<u> </u>	<u> </u>

22. EMPLOYEE COSTS

	1 9 9 4	1 9 9 3
	£000	£000
Wages and salaries	3,589	3,177
Social security costs	323	297
Other pension costs	30	23
	<u>3,942</u>	<u>3,497</u>

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

	1 9 9 4	1 9 9 3
Administration	99	83
Other	<u>258</u>	<u>243</u>
	<u>357</u>	<u>326</u>

23. TURNOVER

An analysis of turnover and profit on ordinary activities before taxation by class of activity is as follows:-

	Turnover		Profit on ordinary activities before taxation	
	1 9 9 4	1 9 9 3	1 9 9 4	1 9 9 3
	£000	£000	£000	£000
Ford Main Dealerships	64,025	50,691	1,362	902
Short term vehicle hire specialists	<u>3,355</u>	<u>2,230</u>	<u>460</u>	<u>145</u>
	<u>67,380</u>	<u>52,921</u>	<u>1,822</u>	<u>1,047</u>

M & S MOTOR HOLDINGS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 1994

24. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

	1 9 9 4	1 9 9 3
	£000	£000
Operating profit	2,439	1,545
Depreciation charges	1,266	1,025
Decrease in stocks	127	1
(Increase)/decrease in stock deposit with Ford Motor Company	(272)	91
Increase in debtors	(1,956)	(1,056)
Increase in creditors	<u>1,906</u>	<u>7</u>
Net cash inflow from operating activities	3,510	1,613

b) Analysis of changes in cash and cash equivalents during the year

	1 9 9 4	1 9 9 3
	£000	£000
Balance at 1st January 1994	(297)	(269)
Net cash inflow/(outflow)	<u>1,705</u>	<u>(28)</u>
Balance at 31st December 1994	<u>1,408</u>	<u>(297)</u>

c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1 9 9 4	1 9 9 3	Change in year
	£000	£000	£000
Cash at bank and in hand	1,408	7	1,401
Bank overdraft	<u>-</u>	<u>(304)</u>	<u>304</u>
	<u>1,408</u>	<u>(297)</u>	<u>1,705</u>

d) Analysis of changes in financing during the year

	Bank loan	Obligations under hire purchase contracts and finance leases
	£000	£000
Balance at 1st January 1994	524	3,291
Cash inflow from financing	-	8,818
Cash (outflow) from financing	<u>(69)</u>	<u>(7,293)</u>
Balance at 31st December 1994	<u>455</u>	<u>4,816</u>