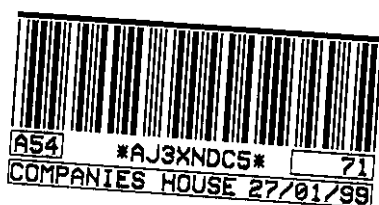


Registration Number 02904936

Holmwood Leasing Limited
Directors' Report and Financial Statements
for the year ended 31 March 1998



Holmwood Leasing Limited

Company Information

Directors	Michael Andrew Patten Neil Philip Tapping William John Turner William Albert Turner
Secretary	Mr N P Tapping
Company Number	02904936
Registered Office	852A Hertford Road Enfield Middlesex EN3 6UD
Auditors	Lee & Associates 3 Adelaide Tavern Adelaide Road London NW3 3QE
Business Address	852 Hertford Road Enfield Middlesex EN3 6UD
Bankers	National Westminster Bank plc P O Box 2027 Great Portland Street London W1A 1GA

Holmwood Leasing Limited

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Holmwood Leasing Limited

Directors' Report for the year ended 31 March 1998

The directors present their report and the financial statements for the year ended 31 March 1998.

Principal Activity and Review of the Business

The principal activity of the company is that of dealers of motor vehicles.

In view of the current economic climate, the directors consider that the results for the year are favourable.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	1998	1997
Michael Andrew Patten	2,500	2,500
Neil Philip Tapping	2,500	2,500
William John Turner	2,500	2,500
William Albert Turner	2,500	2,500

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- 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.

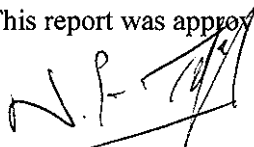
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Lee & Associates be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 19 January 1999 and signed on its behalf by


Mr. N.P. Tapping
Secretary

Holmwood Leasing Limited

Auditors' Report to the Shareholders of Holmwood Leasing Limited

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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 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 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 relating to small companies.



Lee & Associates

**Chartered Certified Accountants and
Registered Auditor**

**3 Adelaide Tavern
Adelaide Road
London
NW3 3QE**

19 January 1999

Holmwood Leasing Limited

Profit and Loss Account for the year ended 31 March 1998

		1998	1997
	Notes	£	£
Turnover	2	2,402,146	2,244,460
Cost of sales		(2,197,487)	(2,038,986)
Gross profit		<u>204,659</u>	<u>205,474</u>
Administrative expenses		(207,661)	(201,183)
Operating (loss)/profit	3	<u>(3,002)</u>	<u>4,291</u>
Interest receivable and similar income		2,695	2,254
Interest payable and similar charges	4	<u>(1,707)</u>	<u>(744)</u>
(Loss)/profit on ordinary activities before taxation		<u>(2,014)</u>	<u>5,801</u>
Tax on (loss)/profit on ordinary activities	6	<u>(745)</u>	<u>(929)</u>
(Loss)/retained profit for the year		<u>(2,759)</u>	<u>4,872</u>
Retained profit/(loss) brought forward		<u>1,011</u>	<u>(3,861)</u>
Accumulated (loss)/profit carried forward		<u><u>(1,748)</u></u>	<u><u>1,011</u></u>

The notes on pages 5 to 9 form an integral part of these financial statements.

Holmwood Leasing Limited

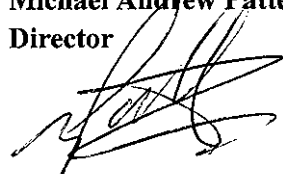
Balance Sheet as at 31 March 1998

	Notes	1998 £	1997 £
Fixed Assets			
Tangible assets	7	30,436	47,325
Current Assets			
Stocks		17,735	9,049
Debtors	8	41,196	30,290
Cash at bank and in hand		49,109	117,048
		<u>108,040</u>	<u>156,387</u>
Creditors: amounts falling due within one year	9	<u>(126,821)</u>	<u>(172,966)</u>
Net Current Liabilities		<u>(18,781)</u>	<u>(16,579)</u>
Total Assets Less Current Liabilities		11,655	30,746
Creditors: amounts falling due after more than one year	10	(2,788)	(19,302)
Provision for Liabilities and Charges	11	<u>(615)</u>	<u>(433)</u>
Net Assets		<u>8,252</u>	<u>11,011</u>
Capital and Reserves			
Called up share capital	12	10,000	10,000
Profit and loss account		<u>(1,748)</u>	<u>1,011</u>
Shareholders' Funds		<u>8,252</u>	<u>11,011</u>

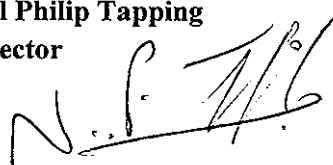
The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 19 January 1999 and signed on its behalf by

Michael Andrew Patten
Director



Neil Philip Tapping
Director



The notes on pages 5 to 9 form an integral part of these financial statements.

Holmwood Leasing Limited

Notes to the Financial Statements for the year ended 31 March 1998

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of goods and services rendered and related sales made during the year.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 15% Reducing Balance
Motor vehicles	- 25% Reducing Balance

1.4 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 constant periodic rates of charge on the net obligations outstanding in each period.

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

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors considers that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Holmwood Leasing Limited

Notes to the Financial Statements for the year ended 31 March 1998

..... continued

3. Operating (loss)/profit	1998	1997
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	8,804	9,212
Auditors' remuneration	2,200	2,400
	<u> </u>	<u> </u>
and after crediting:		
(Profit)/Loss on disposal of tangible fixed assets	(2,436)	1,762
	<u> </u>	<u> </u>
 4. Interest payable and similar charges	 1998	 1997
	£	£
Lease finance charges and hire purchase interest	1,707	744
	<u> </u>	<u> </u>
 5. Directors' emoluments	 1998	 1997
	£	£
Remuneration and other benefits	60,153	65,978
	<u> </u>	<u> </u>
 6. Taxation	 1998	 1997
	£	£
UK current year taxation		
UK Corporation Tax	518	496
Transfer to deferred taxation	182	433
	<u> </u>	<u> </u>
	700	929
 Prior years		
UK Corporation Tax	45	-
	<u> </u>	<u> </u>
	745	929
	<u> </u>	<u> </u>

Holmwood Leasing Limited

Notes to the Financial Statements for the year ended 31 March 1998

..... continued

7. Tangible fixed assets

	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 1997	11,193	49,411	60,604
Additions	2,317	10,846	13,163
Disposals	-	(26,696)	(26,696)
At 31 March 1998	13,510	33,561	47,071
Depreciation			
At 1 April 1997	3,452	9,827	13,279
On disposals	-	(5,448)	(5,448)
Charge for the year	1,509	7,295	8,804
At 31 March 1998	4,961	11,674	16,635
Net book values			
At 31 March 1998	8,549	21,887	30,436
At 31 March 1997	7,741	39,584	47,325

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

Asset description	1998		1997	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	21,887	7,295	39,584	7,846

8. Debtors

	1998 £	1997 £
Trade debtors	37,470	21,762
Other debtors	-	660
Prepayments and accrued income	3,726	7,868
	41,196	30,290

Holmwood Leasing Limited

**Notes to the Financial Statements
for the year ended 31 March 1998**

..... continued

9. Creditors: amounts falling due within one year	1998 £	1997 £
Bank overdraft	86,865	124,937
Net obligations under finance leases and hire purchase contracts	15,910	14,832
Trade creditors	13,655	14,534
Corporation tax	518	496
Other taxes and social security costs	4,367	10,148
Directors' accounts	224	3,624
Other creditors	563	514
Accruals and deferred income	4,719	3,881
	<u>126,821</u>	<u>172,966</u>

10. Creditors: amounts falling due after more than one year	1998 £	1997 £
Net obligations under finance leases and hire purchase contracts	<u>2,788</u>	<u>19,302</u>

11. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	1998 £	1997 £
Accelerated capital allowances	<u>615</u>	<u>433</u>

Movements on the provision for deferred taxation are:

	1998 £	1997 £
At 1 April 1997	433	-
Transferred from profit and loss account	<u>182</u>	<u>433</u>
At 31 March 1998	<u>615</u>	<u>433</u>

Holmwood Leasing Limited

Notes to the Financial Statements for the year ended 31 March 1998

..... continued

12. Share capital	1998 £	1997 £
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

13. Financial commitments

At 31 March 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Expiry date:		
Within one year	841	144
Between one and five years	-	841
	<u>841</u>	<u>985</u>

14. Transactions with directors

Mr W J Turner and Mr W A Turner, who together own 50% of the issued share capital of the company, are also directors and shareholders of Holmwood Motors Limited. The transactions with Holmwood Motors Limited for the year ended 31 March 1998 which were conducted at arm's length, are summarised as follows:

	1998 £	1997 £
Gross sales to Holmwood Motors Limited	<u>13,525</u>	<u>79,704</u>
Gross purchases from Holmwood Motors Limited	<u>10,455</u>	<u>18,520</u>

Also, the gross sales at arm's length to Mr W J Turner for the year were nil (1997 - £17,838).