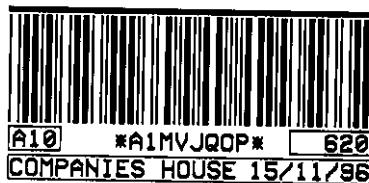


BECKS (EASTBOURNE) LIMITED

FINANCIAL STATEMENTS

31 MARCH 1996

COMPANY No. 3012199



**Antrams
Registered Auditors
Norwood House
9 Dyke Road
Brighton
East Sussex
BN1 3FE**

BECKS (EASTBOURNE) LIMITED

DIRECTORS AND OFFICERS

DIRECTORS: R G Maxwell (Appointed 9 March 1995)
E G Zoratti (Appointed 20 January 1995)

COMPANY SECRETARY: E G Zoratti

REGISTERED OFFICE: Willingdon Drove
EASTBOURNE
East Sussex
BN23 6QN

REGISTERED NUMBER: 3012199
(Registered in England on 20 January 1995)

BANKERS: National Westminster Bank
Castle Square
Pavilion Buildings
BRIGHTON
East Sussex
BN1 1DP

SOLICITORS: Aldrich Crowther & Wood
199 Preston Road
BRIGHTON
East Sussex
BN1 6AW

AUDITORS: Antrams
Registered Auditors
Norwood House
9 Dyke Road
BRIGHTON
East Sussex
BN1 3FE

BECKS (EASTBOURNE) LIMITED

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DIRECTORS' REPORT

The directors submit their report and the financial statements of Becks (Eastbourne) Limited for the period ended to 31 March 1996.

PRINCIPAL ACTIVITIES

The company commenced to trade on the 3rd April 1995. The principal activity of the company during the year was the selling of Peugeot passenger cars together with the supply of ancillary goods and services connected with the motor trade.

REVIEW OF THE BUSINESS

The company has had to re-establish the Peugeot franchise in the area and now looks forward in consolidating further its position in the coming year.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £ 29,819.

The Directors do not recommend the payment of a dividend on the ordinary shares, nor on the "A" ordinary shares or on its preference shares.

DIRECTORS

The Directors who served during the period ended 31 March 1996 and their beneficial interest in the company's issued ordinary share capital were as follows:

	Ordinary Shares 31 March 1996
E G Zoratti (Appointed 20 January 1995)	25000
R G Maxwell (Appointed 9 March 1995)	None
W A Maxwell (Appointed 20 January 1995, resigned 9 March 1995)	None

FIXED ASSETS

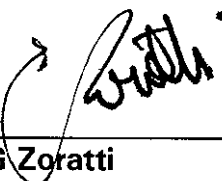
The changes in fixed assets during the year are shown in note 7 to the financial statements.

DIRECTORS REPORT (Continued)

AUDITORS

A resolution to re-appoint Antrams, Registered Auditors, as auditors will be put to the members at the annual general meeting.

Signed on behalf of the board of directors:



E G Zoratti
Director

Approved by the board: 12 November 1996

Registered Office
Willingdon Drove
Eastbourne
East Sussex
BN23 6QN

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
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 :

- a select suitable accounting policies and then apply them consistently:
- b make judgements and estimates that are reasonable and prudent :
- c 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 requirements of 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' REPORT TO THE MEMBERS OF
BECKS (EASTBOURNE) LIMITED**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

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.

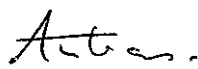
BASIS OF OPINION

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 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 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ANTRAMS
Registered Auditors
Norwood House
9 Dyke Road
BRIGHTON
East Sussex BN1 3FE

12 November 1996

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1996

	Notes	1996
		£
TURNOVER	1	4,373,557
Cost of Sales		(3,923,393)
GROSS PROFIT		450,164
Distribution costs		(240,391)
Administrative expenses		(168,959)
OPERATING PROFIT		40,814
Interest payable and similar charges	2	(70,633)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(29,819)
Tax on loss on ordinary activities	5	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(29,819)
Dividends paid and proposed	6	-
LOSS FOR THE FINANCIAL YEAR		(29,819)

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEET
31 March 1996

	Notes	1996 £
FIXED ASSETS		
Tangible assets	7	848,110
CURRENT ASSETS		
Stocks	8	878,683
Debtors	9	155,763
Cash at bank and in hand		2,151
		1,036,597
CREDITORS		
Amounts falling due within one year	10	(1,083,867)
NET CURRENT ASSETS		(47,270)
TOTAL ASSETS LESS CURRENT LIABILITIES		800,840
CREDITORS		
Amounts falling due after more than one year	11	(515,659)
PROVISIONS FOR LIABILITIES AND CHARGES	12	-
		285,181
CAPITAL AND RESERVES		
Called up share capital	13	44,000
Share premium account	14	231,000
Revaluation reserve	7	40,000
Profit and loss account	15	(29,819)
SHAREHOLDERS' FUNDS	16	285,181

The financial statements on pages 5 to 14 were approved by the board of directors on 12 November 1996.


 R G Maxwell
 Director

FINANCIAL STATEMENTS
for the year ended 31 March 1996
ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TURNOVER

Turnover, which excludes discounts and value added tax, represents the sales value of goods and services supplied.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	- 1.50% on cost
Note - No depreciation has been provided in these accounts in the light of the considerable improvements carried out in the period.	

Plant and equipment	- 15% on cost
Furniture, fixtures and fittings	- 15% ----"----
Computer equipment	- 20% ----"----
Motor vehicles	- 25% ----"----

STOCKS

Stocks are valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. Work in progress includes materials and direct labour costs.

In accordance with Accounting Standards stocks held on consignment from manufacturers have been included in the balance sheet. The corresponding liability has been included in creditors falling due within one year. Related stock finance charges are included within interest payable.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

FINANCIAL STATEMENTS
for the year ended 31 March 1996
ACCOUNTING POLICIES (Continued)

FINANCE AND OPERATING LEASES

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding leasing commitments are shown as obligations to the lessor. The finance costs are charged to the profit and loss account over the period of the lease in such a way as to give a reasonably consistent charge on the outstanding liability.

Costs in respect of operating leases are charged in arriving at the operating profit.

PENSION COSTS

The company does not operate a pension scheme for its employees or directors.

CASH FLOW STATEMENT

The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a Cash Flow Statement for the year ended 31 March 1996.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1996

**1 TURNOVER AND PROFIT ON ORDINARY
 ACTIVITIES BEFORE TAXATION**

The company's turnover and profit before taxation were all derived from its principal activity conducted wholly within the United Kingdom.

2 INTEREST PAYABLE

On bank loans, overdrafts and other loans wholly repayable within five years:

Finance leases and hire purchase contracts	2,503
Bank loans and overdrafts	786
Stock finance charges	14,403

17,692

On bank loans repayable within fifteen years

52,941

£ 70,633

**3 LOSS ON ORDINARY ACTIVITIES
 BEFORE TAXATION**

Loss on ordinary activities before taxation
is stated after charging/(crediting):

Auditors' remuneration	3,200
Charitable donations	280
Management fees	(45,025)
Depreciation of tangible fixed assets:	
Owned assets	11,118
Assets held under finance leases	6,446
Operating lease rentals:	
Plant and vehicles	2,709

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 1996

4	EMPLOYEES	1996 No
	The average number of persons (including directors) employed by the company during the year was:	20
	Wages and salaries	301,766
	Social Security costs	30,539
		<u>£ 332,305</u>
	DIRECTORS REMUNERATION	
	Management remuneration	<u>£ 44,728</u>
	Directors' emoluments disclosed above include amounts paid to:	
	The Chairman (highest paid Director)	<u>£ 44,728</u>
	Number of other directors whose emoluments were within the ranges:	
	£0 - £5,000	No 1
5	TAX ON LOSS ON ORDINARY ACTIVITIES	
		£
	Based on the profit for the year:	
	UK Corporation tax at 25%	-
	Deferred taxation (Note 12)	-
		<u>-</u>
6	DIVIDENDS PAID AND PROPOSED	
		£
	Ordinary Shares	-
	Preference Shares	-
		<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 1996

7 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	TOTAL
Cost:			
31 March 1995	-	-	-
Additions	710,000	115,674	825,674
Revaluation	40,000	-	40,000
Disposals	-	-	-
31 March 1996	750,000	115,674	865,674
Depreciation:			
31 March 1995	-	-	-
Charged for period	-	17,564	17,564
Disposals	-	-	-
31 March 1996	-	17,564	17,564
Net Book Value:			
31 March 1996	£ 750,000	£ 98,110	£ 848,110

The net book value of tangible fixed assets includes £ 28,716 in respect of assets held under finance leases and hire purchase contracts.

The company's freehold property was revalued in 1995 on a continued use basis at £750,000 by Fleury Manico Chartered Surveyors which includes £350,000 for the value of the land.

8 STOCKS

1996

New vehicles	352,650
Used and demonstration vehicles	448,008
Parts and other stock	78,025
	<u>£ 878,683</u>

Consignment stocks:

Under agreements with new vehicle suppliers and finance companies, the company holds £352,650 of new vehicle stocks on consignment, whereby ownership does not normally pass to the company until the goods are sold. The corresponding liability is disclosed in note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 1996

9	DEBTORS	1996
	Debtors due within one year:	
	Trade debtors	132,321
	Prepayments and accrued income	23,442
		<u>£ 155,763</u>
10	CREDITORS	
	Amounts falling due within one year:	
	Loan notes and mortgage	69,695
	Other loans	12,500
	Payments received on account	7,350
	Vehicles on consignment	352,650
	Trade creditors	558,250
	Obligations under finance leases and hire purchase agreements	7,032
	Income tax	736
	Other taxation and social security	43,004
	Accruals and deferred income	32,650
		<u>£ 1,083,867</u>
11	CREDITORS	
	Amounts falling due after more than one year:	
	Loan notes and mortgage	455,305
	Other loans	37,500
	Obligations under finance leases and hire purchase agreements falling due within five years	22,854
		<u>£ 515,659</u>

The Company's Loan notes and mortgage are made available by National Westminster Bank, are secured against the company's Freehold Property and other assets and are repayable by instalments within fifteen years. The other loan which is unsecured is made available by Mobil Oil under an exclusive oil supply agreement repayable by instalments within five years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 1996

12 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation:

Arising from surplus on revaluation
of property

Amounts Provided	Unprovided Liability
£ -	£ 4,205

13 SHARE CAPITAL

1996

Authorised:

25,000	Ordinary shares of £1 each	25,000
16,667	"A" Ordinary shares of £1 each	16,667
233,333	Preference shares of 1penny each	2,333
		<u>£ 44,000</u>

Allotted called up and fully paid:

25,000	Ordinary shares of £1 each	25,000
16,667	"A" Ordinary shares of £1 each	16,667
233,333	Preference shares of 1penny each	2,333
		<u>£ 44,000</u>

During the period the company allotted 25,000 £1 Ordinary shares for cash to provide working capital for the Company's operations, with 3i Group Plc investing in the whole of the "A" Ordinary shares and the whole of the Preference shares. The "A" Ordinary shares carry preferential rights to cumulative dividends and in the event of a winding up.

14 SHARE PREMIUM ACCOUNT

Arising from the issue of 233,333 Preference shares	<u>£ 231,000</u>
---	------------------

15 PROFIT AND LOSS ACCOUNT

Brought forward from previous years	-
Loss for the financial year	29,819
	<u>£29,819</u>
Loss carried forward	

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 1996

16 RECONCILIATION IN MOVEMENT IN SHAREHOLDERS' FUNDS

Loss for the financial period	(29,819)
New share capital subscribed	44,000
Revaluation of freehold property	40,000
Premium from share issue	231,000
	<hr/>
NET ADDITION TO/(REDUCTION FROM) SHAREHOLDERS' FUNDS	285,181
	<hr/>
SHAREHOLDERS' FUNDS AT 31 MARCH 1996	£ 285,181
(attributable to equity interests)	<hr/>

17 CAPITAL COMMITMENTS

There was no capital expenditure contracted for or authorised by the directors not provided in the financial statements.

18 COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non-cancellable
operating leases were as follows:

	1996
Plant and equipment	
Within one year	3,564
Between one to five years	2,160
After five years	-
	<hr/>
	£ 5,724
	<hr/>