

FLETCHER DEALERSHIP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 11TH OCTOBER 1995 TO 31ST DECEMBER 1996

Company No. 3112577 (England and Wales)



FLETCHER DEALERSHIP LIMITED

COMPANY INFORMATION

Directors	Mr Thomas James Allan McPhail Mr Neil Smillie Ms Janis Richardson Fletcher
Secretary	Mr Gary Stephen Manton
Company Number	3112577
Registered Office	Rossmore Road East Ellesmere Port South Wirral L65 3BR
Auditors	KPMG St James' Square Manchester M2 6DS
Solicitors	Pinsent Curtis 41 Park Square Leeds LS1 2NS
Bankers	Midland Bank 2 Eccleston Street Prescot Merseyside L34 5QF

FLETCHER DEALERSHIP LIMITED

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FLETCHER DEALERSHIP LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST DECEMBER 1996

The directors present their report together with the audited financial statements for the period ended 31st December 1996.

Principal Activities and Review of Business

The Principal activity of the company during the period was the operation of a management service company. The company commenced trading on 7th December 1996.

Results

The results for the period are set out in the profit and loss account on page 4.

Fixed Assets

The changes which have taken place during the period are shown on page 8 of the financial statements.

Dividends

The directors do not recommend a dividend and the retained loss of £312,066 will be deducted from reserves.

Directors

The directors who served during the period and their beneficial interests in the company's issued share capital were:

	31st December 1996	11th October 1995
Mr Thomas James Allan McPhail	-	-
Mr Neil Smillie	-	-
Ms Janis Richardson Fletcher	-	-

The directors interests in the shares of MSF Motor Group Limited, the parent company, are shown in those accounts.

Issue of Shares

On 11th October 1995, 2 ordinary £1 shares were subscribed for. On 7th December 1995, a further 52,700 ordinary £1 shares were issued in consideration for certain assets of Fletcher Group Holdings Limited.

FLETCHER DEALERSHIP LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST DECEMBER 1996

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 the company's affairs and of the profit or loss for that period. In preparing these 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;

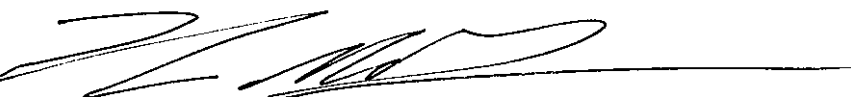
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and 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

During the period, KPMG were appointed by the directors as auditors. A special resolution to appoint the auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 28th October 1997, and signed on it's behalf



Mr Thomas James Allan McPhail
28th October 1997

AUDITORS' REPORT TO THE

MEMBERS OF FLETCHER DEALERSHIP LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and 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 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 the 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 31st December 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors
St James' Square
Manchester
M2 6DS
Date: 28th October 1997

FLETCHER DEALERSHIP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 11TH OCTOBER 1995 TO 31ST DECEMBER 1996

	Notes	1996 £
Turnover	2	234,440
Administrative expenses		574,871
Operating Loss	3	(340,431)
Interest receivable		28,365
Loss for the Financial Period	11	<u>(312,066)</u>

All amounts relate to continuing activities.

There were no recognised gains and losses other than those included in the profit and loss account.

FLETCHER DEALERSHIP LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1996

	Notes	1996 £	£
Current Assets			
Debtors	8	1,386,481	
		<u>1,386,481</u>	
Creditors: Amounts Falling Due Within One Year	9	1,098,414	
			<u>288,067</u>
Net Current Assets			<u>288,067</u>
Total Assets Less Current Liabilities			<u>288,067</u>
Capital and Reserves			
Share capital - equity	10		52,702
Share premium account	11		547,431
Profit and loss account	11		<u>(312,066)</u>
Shareholders' funds	12		<u>288,067</u>

These financial statements were approved by the board on 28th October 1997 and signed on its behalf.


Mr Neil Smillie
Director

FLETCHER DEALERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 1996

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of MSF Motor Group Limited which has prepared a consolidated cash flow statement.

Turnover

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

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 advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Pension Costs

The company participates in a defined benefit scheme administered by the Retail Motor Industry Plan. The assets of the scheme are held separately from those of the company, being held in separate funds by the trustees of the RMI Plan.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company. The contribution rate is recommended by a qualified actuary on the basis of triennial valuations, using the projected unit method.

2 Turnover

The turnover and operating loss for the period were derived from the company's principal activity which was carried out wholly in the UK.

3 Operating Loss

The operating loss is stated after charging or crediting:

	1996
	£
Depreciation of owned assets	6,791
Auditors' remuneration	6,939

FLETCHER DEALERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 1996

4 Taxation

No provision in respect of corporation tax has been made because the company experienced a trading loss.

5 Directors and Employees

Staff costs, were as follows:

	1996 £
Wages and salaries	299,339
Social security costs	14,575
Other pension costs	9,293
	<u>323,207</u>

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

	1996 Number
Administration	<u>7</u>

The directors emoluments during the period were £Nil (1995 -£Nil).

	1996 Number
£ Nil - £ 5,000	<u>3</u>

FLETCHER DEALERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 1996

6 Tangible Fixed Assets

	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Computer Equipment	Total
	£	£	£	£	£
Cost					
Additions	86,537	56,383	88,303	27,528	258,751
Disposals	(86,537)	(56,383)	(88,303)	(27,528)	(258,751)
At 31st December 1996	-	-	-	-	-
Depreciation					
Charge for the period	2,325	1,410	1,754	1,302	6,791
Disposals	(2,325)	(1,410)	(1,754)	(1,302)	(6,791)
At 31st December 1996	-	-	-	-	-
Net Book Value					
At 31st December 1996	-	-	-	-	-
At 10th October 1995	-	-	-	-	-

7 Fixed Assets Investments

	Shares in Group Undertakings	Total
Additions	1,036,434	1,036,434
Disposals	(1,036,434)	(1,036,434)
Net Book Value		
At 31st December 1996	-	-
At 10th October 1995	-	-

8 Debtors

	1996 £
Amounts owed by group undertakings	1,066,735
Other debtors	319,746
	<u>1,386,481</u>

FLETCHER DEALERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 1996

9 Creditors: Amounts Falling Due Within One Year

1996

£

Bank loans and overdrafts

779,080

Trade creditors

929

Amounts owed to parent and fellow subsidiary undertakings

93,478

Other taxes and social security

41,612

Accruals and deferred income

183,315

1,098,414

10 Share Capital

1996

£

Authorised

100,000 Ordinary shares of £1 each

100,000

Issued

52,702 Ordinary shares of £1 each

52,702

11 Reserves

Share
Premium
Account

Profit
and Loss
Account

£

£

Loss for the period

Premium on allotment

547,431

(312,066)

-

At 31st December 1996

547,431

(312,066)

12 Reconciliation of Shareholders' Funds

1996

£

Loss for the financial period

Issue of share capital

(312,066)

600,133

Increase in the shareholders' funds

Opening shareholders' funds

288,067

-

Closing shareholders' funds

288,067

FLETCHER DEALERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 1996

13 Bank Loan and Overdraft

The bank overdraft is secured by a fixed and floating charge dated 8th August 1996, over all assets and undertaking, and uncalled capital, both present and future, including a specific charge over all book and other debts.

14 Contingent Liabilities

The company has given an Unlimited Multilateral Company Guarantee, dated 8th August 1996, in respect of bank borrowings of MSF Motor Group Limited and its subsidiaries. At 31st December 1996, such borrowings amounted to £1,913,079

15 Parent Undertaking

The parent company is MSF Motor Group Limited, a company registered in England and Wales.