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# **Olympic (Exeter) Limited**

## **Report and Financial Statements**

31 December 2004

**ERNST & YOUNG**



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# Olympic (Exeter) Limited

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Registered No: 3447923

## Directors

D S Carr (Chairman)  
Mrs B V Carr  
N W Perry FCA  
A J Barrett  
Mrs S A Keast

## Secretary

Mrs S A Keast

## Auditors

Ernst & Young LLP  
Broadwalk House  
Southernhay West  
Exeter  
EX1 1LF

## Bankers

Lloyds TSB Plc  
1 Market Place  
Helston  
Cornwall  
TR13 8SU

## Solicitors

Foot Anstey  
4-6 Barnfield Crescent  
Exeter  
EX1 1RF

## Registered Office

85 Meneage Street  
Helston  
Cornwall  
TR13 8RD

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2004.

### Results and dividends

The profit for the year, after taxation, amounted to £175,000. The directors do not recommend the payment of any dividends.

### Principal activity and review of the business

The company trades under the names of Olympic Mazda, Carrs Chrysler Jeep, Carrs Masserati Ferrari and Carrs Prestige, whose principal activities throughout the year were selling and repairing motor vehicles and supplying motor accessories.

### Future developments

The directors aim to maintain the current management policies and hope to improve profitability.

### Directors and their interests

The directors during the year were as follows:

D S Carr (Chairman)  
Mrs B V Carr  
N W Perry FCA  
A J Barrett  
Mrs S A Keast

The directors had no beneficial interest in the shares of the company at any time during the year.

D S Carr and Mrs B V Carr beneficially own 75% of the ordinary share capital of Helston Garages Group Limited, the ultimate holding company, which owns 100% of the ordinary share capital of Olympic (Exeter) Limited.

Mrs S A Keast is a beneficiary of discretionary trusts (of which D S Carr and Mrs B V Carr are trustees) which own 25% of the ordinary share capital of Helston Garages Group Limited, the ultimate holding company, which owns 100% of the ordinary share capital of Olympic (Exeter) Limited.

### Auditors

Ernst & Young LLP were appointed as auditors of the company during the year.

They have expressed their willingness to continue in office as auditors, and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the board



Mrs S A Keast  
Secretary  
Date

28-6-05

## Statement of directors' responsibilities in respect of 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; and
- 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.

## **Independent auditors' report**

### **to the members of Olympic (Exeter) Limited**

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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.

## **Independent auditors' report**

**to the members of Olympic (Exeter) Limited (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Exeter

*30.6.2005*

## Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>Turnover</b>	2	32,959	27,921
Cost of sales		31,827	26,841
<b>Gross profit</b>		1,132	1,080
Administrative expenses		695	615
Other operating income		38	-
<b>Operating profit</b>	3	475	465
Interest payable and similar charges	6	219	162
<b>Profit on ordinary activities before taxation</b>		256	303
Tax on profit on ordinary activities	7	81	113
<b>Profit for the financial year</b>	16	175	190

The above results relate to continuing activities.

## Statement of total recognised gains and losses

for the year ended 31 December 2004

	2004 £'000	2003 £'000
Profit for the financial year	175	190
Surplus on property revaluation	-	102
<b>Total gains and losses recognised since last annual report</b>	175	292

**Balance sheet**

at 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible assets	8	3,591	3,733
<b>Current assets</b>			
Stocks	9	3,959	3,038
Debtors	10	1,658	1,257
Cash in hand		1	-
<b>Creditors: amounts falling due within one year</b>	11	5,618 8,588	4,295 7,562
<b>Net current liabilities</b>		(2,970)	(3,267)
<b>Total assets less current liabilities</b>		621	466
<b>Creditors: amounts falling due after more one year</b>	12	(19)	(30)
<b>Provisions for liabilities and charges</b>	14	(112)	(121)
		490	315
<b>Capital and reserves</b>			
Called up share capital	15	250	250
Revaluation reserve	16	275	275
Profit and loss account	16	(35)	(210)
<b>Shareholders' funds - equity</b>	16	490	315

  
 D S Carr  
 Director

28.6.05

## Notes to the financial statements

at 31 December 2004

### 1. Accounting policies

#### Basis of preparation

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

#### Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Leasehold land	-	over the period of the lease
Leasehold buildings	-	2% on cost or revalued amount
Plant, equipment, fixtures and fittings	-	10% on cost
Garage vehicles	-	20% on reducing balance
Computers	-	20% on cost

Depreciation on leasehold land and buildings will not be material because of the annual revaluations.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Stock held on consignment is treated as follows:-

- (a) Where title has not passed and the commercial risk of obsolescence rests with the manufacturer, stock is not accounted for in the balance sheet.
- (b) Costs incurred directly by the company on consignment stock are accounted for as prepayments. Such costs are written off to profit and loss account in the event that such consignment stock is returned to the manufacturer or passed to another dealer with no prospect of recovering the cost.
- (c) Deposits paid to manufacturers in respect of stock held on consignment are treated as prepayments and accounted for as debtors.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Notes to the financial statements

at 31 December 2004

## 1. Accounting policies (continued)

### Leasing and hire purchase commitments

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

### Revaluations

An increase in the carrying amount of property, as a result of a revaluation is credited directly to equity under the heading of revaluation surplus. (However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease previously recognised as an expense in respect of the same property).

A decrease in the carrying amount of property as a result of a revaluation is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same property. Any decrease in excess of this amount is recognised as an expense under the heading of impairment loss.

All property is revalued annually.

### Pensions

The group contributed to the personal pensions of participating employees. Contributions payable are charged to the profit and loss account of the service company in the period to which they relate.

### Cash flow statement

The company's ultimate trading company is Helston Garages Group Limited, and the cash flow movements of the company are included in the consolidated cash flow statement of the group. Consequently, this company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

## 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover and pre-tax profit is attributable to one continuing activity, the selling and repairing of motor vehicles and supplying motor accessories in the South West of England.

## 3. Operating profit

This is stated after charging:

	2004 £'000	2003 £'000
Depreciation of owned assets	176	175
Depreciation of assets on hire purchase contracts	6	6
Loss on disposal of fixed assets	-	4
Auditors' remuneration	8	7
	<u>          </u>	<u>          </u>

## Notes to the financial statements

at 31 December 2004

### 4. Directors emoluments

All directors are directors of all group companies and their emoluments are disclosed in the accounts of Helston Garages Limited.

### 5. Staff costs

Payroll costs are paid by Helston Garages Group (Management) Limited and re-charged.

The monthly average number of employees, including directors, during the year was as follows:

	2004 No.	2003 No.
Management and administration	5	5

### 6. Interest payable and similar charges

	2004 £'000	2003 £'000
Bank overdraft	31	20
Other loans	187	137
Finance charges payable	1	5
	<u>219</u>	<u>162</u>

### 7. Tax on profit on ordinary activities

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2004 £'000	2003 £'000
<i>Current tax:</i>		
UK corporation tax	90	102
Total current tax (note 7(b))	<u>90</u>	<u>102</u>
<i>Deferred tax:</i>		
Deferred tax transfer (note 14)	(9)	11
Tax on profit on ordinary activities	<u>81</u>	<u>113</u>

## Notes to the financial statements

at 31 December 2004

### 7. Tax on profit on ordinary activities (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are reconciled below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	256	303
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	77	91
Effects of:		
Depreciation in excess of capital allowances	9	11
Others	4	-
Total current tax (note 7(a))	90	102

#### (c) Factors affecting current tax charge

Based on current capital investment plans, the company expects to be able to claim capital allowances in excess of depreciation in future years.

### 8. Tangible fixed assets

	Leasehold land and buildings £'000	Plant, equipment, fixtures & fittings £'000	Garage vehicles £'000	Total £'000
Cost or valuation:				
At 1 January 2004	2,485	409	1,008	3,902
Additions	56	35	1,459	1,550
Disposals	-	(11)	(1,642)	(1,653)
At 31 December 2004	2,541	433	825	3,799
Depreciation:				
At 1 January 2004	-	105	64	169
Charge for year	-	46	136	182
Disposals	-	(11)	(132)	(143)
At 31 December 2004	-	140	68	208
Net book value:				
At 31 December 2004	2,541	293	757	3,591
At 31 December 2003	2,485	304	944	3,733

## Notes to the financial statements

at 31 December 2004

### 8. Tangible fixed assets (continued)

The leasehold property was revalued during the year by Messrs Edward Symmons & Partners, Consultant Surveyors, on the basis of the open market value for existing use.

With the exception of plant, equipment, fixtures and fittings, the remaining fixed assets of the company have not been revalued in the financial statements but the directors have considered their value and are satisfied that their aggregate value at 31 December 2004 was not less than their net book value in the financial statements.

Garage vehicles include vehicles with net book value of £602,000 (2003: £818,000) which were subject to vehicle stocking loans at 31 December 2004.

The net book value of garage vehicles above includes an amount of £36,000 (2003: £41,000) in respect of assets held under finance leases and hire purchase contracts.

Cost or valuation of land and buildings and plant, equipment, fixtures and fittings comprises:

	<i>Long leasehold land and buildings £'000</i>	<i>Plant, equipment, fixtures and fittings £'000</i>
Cost	56	236
Valuation 1999	-	68
Valuation 2004	2,485	-
	<u>2,541</u>	<u>304</u>

On the historical cost basis, assets would have been included as follows:

	<i>Leasehold land and buildings £'000</i>	<i>Plant, equipment, fixtures and fittings £'000</i>
Cost	2,309	305
Accumulated depreciation	123	183
	<u>2,186</u>	<u>122</u>
Net book value at 31 December 2004		
	<u>2,227</u>	<u>152</u>
Net book value at 31 December 2003		

## Notes to the financial statements

at 31 December 2004

### 9. Stocks

	2004 £'000	2003 £'000
New vehicles	798	1,069
Used vehicles	2,857	1,613
Parts and accessories	250	309
Miscellaneous stock	27	30
Work in progress	27	17
	<u>3,959</u>	<u>3,038</u>

New vehicle stocks includes vehicles to the value of £798,000 (2003: £1,069,000) which were not paid for at 31 December 2004 and where legal title had therefore not passed.

Used vehicle stocks include vehicles to the value of £1,398,000 (2003: £708,000) which were subject to vehicle stocking loans.

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 10. Debtors

	2004 £'000	2003 £'000
Trade debtors	974	547
Other debtors	30	45
Prepayments and accrued income	128	107
Prepayments on consignment stocks	526	558
	<u>1,658</u>	<u>1,257</u>

### 11. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Bank loans and overdraft	1,138	437
Obligations under finance leases and hire purchase contracts (note 13)	12	12
Payments received in advance	362	150
Trade creditors	1,515	1,868
Finance for prepayments on consignment stocks	526	558
Amounts owed to group undertakings	2,651	2,178
Corporation tax	90	102
Other taxes and social security costs	177	82
Vehicle stocking loans	2,101	2,108
Accruals and deferred income	16	67
	<u>8,588</u>	<u>7,562</u>

## Notes to the financial statements

at 31 December 2004

### 11. Creditors: amounts falling due within one year (continued)

Unlimited cross guarantees have been given by Helston Garages Limited, Taunton Garages Limited, Carrs of Yeovil Limited, Truscotts (Launceston) Limited, Kastner Limited, Matford Motor Company Limited, Taylors (Truro) Limited, Houndstone (Yeovil) Limited, Group SMB Limited, SMB (Exeter) Limited, SMB (Barnstaple) Limited, Carrs of Exeter Limited, Carrs of Truro Limited, Taunton Motor Company Limited, Yeovil Motor Company Limited, Helston Garages Group (Management) Limited, Barncrest No 160 Limited and Barncrest No 175 Limited, the company's holding company and fellow subsidiaries respectively.

The bank overdraft is secured by a mortgage debenture creating a legal charge over the leasehold premises at Matford Business Park, Exeter and a floating charge over all the other assets.

The vehicle stocking loans are secured on individual vehicles.

The payments received in advance represent deposits against vehicles.

Obligations under finance leases and hire purchase contracts are secured by related assets.

### 12. Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Hire purchase contracts (note 13)	19	30

### 13. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2004 £'000	2003 £'000
Amounts payable		
Within one year	12	12
In one to five years	19	30
	31	42
Less: finance charges allocated to future periods	-	-
	31	42

Finance lease and hire purchase contracts are analysed as follows:

	2004 £'000	2003 £'000
Current obligations (note 11)	12	12
Non-current obligations (note 12)	19	30
	31	42

## Notes to the financial statements

at 31 December 2004

## 14 Provision for liabilities and charges

The movements in deferred taxation during the current year are as follows:

	<i>Deferred Tax £'000</i>
At 1 January 2004	121
Deferred tax charge in profit and loss account (note 7)	(9)
At 31 December 2004	<u>112</u>

The balance is analysed as follows

	<i>2004 £'000</i>	<i>2003 £'000</i>
Accelerated capital allowances	<u>112</u>	<u>121</u>

## 15. Share capital

	<i>2004 £'000</i>	<i>2003 £'000</i>
<i>Authorised</i>		
Ordinary shares of £1 each	<u>250</u>	<u>250</u>

  

	<i>2004 No.</i>	<i>2003 No.</i>	<i>2004 £'000</i>	<i>2003 £'000</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>250</u>	<u>250</u>

## 16. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £'000</i>	<i>Revaluation reserve £'000</i>	<i>Profit and loss Account £'000</i>	<i>Total Share- holders' funds £'000</i>
At 1 January 2004	250	275	(210)	315
Profit for the year	-	-	175	175
At 31 December 2004	<u>250</u>	<u>275</u>	<u>(35)</u>	<u>490</u>

## Notes to the financial statements

at 31 December 2004

### 17. Contingent liabilities

#### (i) Cross guarantees

Under the terms on unlimited cross guarantees given to Lloyds TSB Bank Plc, the company has contingent liabilities amounted to £6,399,000 (2003: £4,587,000) in connection with borrowing facilities granted to its holding company and fellow subsidiaries.

#### (ii) VAT

At 31 December 2004, the company was jointly and severally liable for the VAT liabilities of other group companies totalling £247,000 (2003: £647,000).

### 18. Related party disclosures

The company is exempted from disclosing transactions with other group companies.

### 19. Ultimate controlling party

The company's immediate parent is Helston Garages Limited.

The ultimate holding company is Helston Garages Group Limited. Accounts for this company may be obtained from the Registrar of Companies, Cardiff.

The company is controlled by the directors D S Carr and Mrs B V Carr.