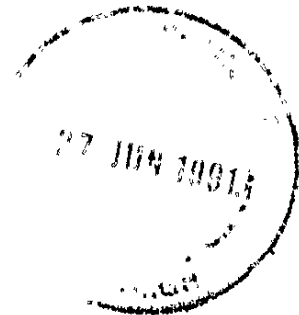


IAN SKELLY (MANCHESTER) LIMITED

ACCOUNTS - 31 DECEMBER 1990

Registered number: SC 105552



IAN SKELLY (MANCHESTER) LIMITED

105812

Report of the directors for the year ended 31 December 1990

1 The directors present herewith the audited accounts for the year ended 31 December 1990.

Review of activities

2 The profit and loss account for the year is set out on page 4.

3 The main activities of the company have not changed since last year and are principally the sale and service of motor vehicles. Both the level of business and the year end financial position were satisfactory.

4 With effect from 31 December 1990 the company's business, assets and liabilities were transferred to Ian Skelly Group Limited at net book value and the company became dormant from that date.

Dividends

5 Interim dividends totalling £2.34 per share have been paid during the year ended 31 December 1990. The directors do not recommend the payment of a final dividend.

Directors

6 The directors of the company during the year were:-

Mr M G Williamson	(Chairman)
Mr P J Chambers	(appointed 24 July 1990)
Mr J M Stuart	(resigned 31 December 1990)
Mr D J Healey	(resigned 30 June 1990)
Mr J R Atkin	(resigned 31 December 1990)
Mr J P O'Donnell	(resigned 31 December 1990)
Mr J A Hope	(appointed 19 February 1990, resigned 31 December 1990)
Mr D O Houston	(resigned 16 February 1990)

Directors' interests in shares of the company

7 According to the register required to be kept by Section 325 of the Companies Act 1985, the directors had no interest in the shares of the company. As permitted by Statutory Instrument, the register does not include shareholdings of directors who are also directors of Appleyard Group PLC and whose interests are shown in the accounts of that company.

IAN SKELLY (MANCHESTER) LIMITED

Report of the directors for the year ended 31 December 1990 continued

Changes in fixed assets

8 The movements in fixed assets during the year are set out in note 9 to the accounts.

Close company provisions

9 In the opinion of the directors the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company and there has been no change in this respect since 31 December 1990.

Employees

10 The company recognises the benefits of keeping employees informed of the progress of the business and of involving them in the company's performance. Information regarding the financial and economic factors affecting the performance of the company and other business matters are reported twice a year in Appleyard World. Discussions take place with employees regularly so that their views can be taken into account in making decisions which are likely to affect their interests. Employees are represented on the Committee of Management of The Appleyard Pension Fund.

11 It is the company's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion having regard to their aptitudes and abilities. Wherever possible the company will continue the employment of persons becoming disabled.

Auditors

12 A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Secretary

11 March 1991

Report of the auditors to the members of
IAN SKELLY (MANCHESTER) LIMITED

We have audited the accounts set out on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1990 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

GLASGOW

Chartered Accountants

11 March 1991

IAN SKELLY (MANCHESTER) LIMITED

Profit and loss account
for the year ended 31 December 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
TURNOVER	1(c)	22,581	11,002
Cost of Sales		(19,666)	(9,778)
Gross profit		<u>2,915</u>	<u>1,224</u>
Distribution and selling costs		(1,295)	(1,022)
Administrative expenses		<u>(881)</u>	<u>(837)</u>
OPERATING PROFIT/(LOSS)	2	739	(635)
Interest payable and similar charges	6	<u>(591)</u>	<u>(240)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		148	(875)
Dividends	8	<u>(586)</u>	<u>-</u>
Loss for the year		<u>(438)</u>	<u>(875)</u>

The notes on pages 7 to 14 form part of these accounts.

Auditors' report page 3

IAN SKELLY (MANCHESTER) LIMITED

Balance sheet - 31 December 1990

	Notes	1990		1989	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		-		5,051
CURRENT ASSETS					
Stocks	10	-		2,268	
Debtors	11	250		532	
Cash at bank and in hand		-		4	
		250		2,804	
CREDITORS: amounts falling due within one year	12	-		(5,125)	
NET CURRENT ASSETS/(LIABILITIES)			250		(2,321)
Total assets less current liabilities			250		2,730
<u>Less: Non-current liabilities</u>					
CREDITORS: amounts falling due after more than one year	13		-		(2,042)
			250		688
CAPITAL AND RESERVES					
Called up share capital	15		250		250
Revaluation reserve	16		-		1,325
Profit and loss account	16		-		(887)
			250		688

These accounts were approved by the board of directors on 11 March 1991 and were signed on its behalf by:

Director *P.S. Chambers*

The notes on pages 7 to 14 form part of these accounts.

Auditors' report page 3

IAN SKELLY (MANCHESTER) LIMITED

Statement of source and application of funds
for the year ended 31 December 1990

	1990		1989	
	£'000	£'000	£'000	£'000
SOURCE OF FUNDS				
Profit/(loss) before taxation		148		(875)
Adjustment for item not involving movement of funds:				
Depreciation of tangible fixed assets		128		64
TOTAL GENERATED FROM OPERATIONS		276		(811)
FUNDS FROM OTHER SOURCES:				
Loans advanced	-		2,101	
Increase in obligations under hire purchase contracts	-		45	
Issue of shares	-		250	
Sale proceeds of tangible fixed assets*	5,189		-	
		5,189		2,396
		5,465		1,585
APPLICATION OF FUNDS				
Dividend paid	586		-	
Purchase of tangible fixed assets*	266		3,011	
Repayment of loans*	2,042		-	
Increase/(decrease) in working capital (note 18)*	2,192		(1,047)	
		(5,086)		(1,964)
NET SOURCE/(APPLICATION) OF FUNDS		379		(379)
Movement in net liquid funds:				
(Decrease)/increase in cash at bank and in hand*		(4)		4
Decrease/(increase) in bank overdraft		383		(383)
		379		(379)

* Summary of the transfer of assets and liabilities to Ian Skelly Group Limited.

	£'000
Tangible fixed assets	5,181
Working capital	(117)
Loans	(2,490)
	2,574
Cash paid	339
	2,913

Auditors' report page 3

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990

Principal accounting policies

1 The accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

(a) Tangible fixed assets

Interests in freehold and long leasehold property are stated at a periodic professional valuation using an open market value for existing use basis. Surpluses arising on revaluation are credited to the revaluation reserve. Any permanent diminution in value below cost is charged to the profit and loss account. Additions to freehold and long leasehold property since the last valuation and other tangible fixed assets are stated at cost. Where appropriate interest on funds used to finance property developments is included in cost.

Depreciation is calculated so as to write off the difference between cost or valuation and estimated residual value of fixed assets by equal annual instalments over their expected useful lives which are considered to be:

Freehold and long leasehold properties up to a maximum of eighty years;
Motor vehicles up to a maximum of four years; and
Plant and equipment up to a maximum of seven years.

(b) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

(c) Turnover

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

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990 continued

1 (continued)

(d) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items and other permanent differences. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the corporation tax rate which is expected to be applied when the liability or asset is expected to crystallise.

(e) Finance and operating leases

Costs in respect of operating leases are charged in arriving at the operating profit. Assets held under finance leases and hire purchase contracts are capitalised and depreciated over the shorter of the lease term or the useful lives of equivalent owned assets. The corresponding leasing commitments are shown as obligations to the lessor. The finance charges are charged to the profit and loss account using the sum of digits method.

(f) Pension scheme arrangements

The company participates in group pension arrangements operated by Appleyard Group PLC. Contributions and pension costs are based on pension costs across the group as a whole. Pension costs are accounted for on the basis of charging the expected costs of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular costs are spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

Operating profit/(loss)

2 Operating profit/(loss) is stated after charging:-

	<u>1990</u> £'000	<u>1989</u> £'000
Auditors' remuneration	11	12
Hire of plant and equipment	6	-
Depreciation of tangible fixed assets	128	64
	<u> </u>	<u> </u>

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990 continued

Directors' emoluments

3 The directors did not receive any emoluments from the company in respect of the year ended 31 December 1990 (1989 - £Nil).

Employee information

4(a) The average number of persons, including executive directors, employed by the company during the year is analysed below:-

	<u>1990</u> Number	<u>1989</u> Number
Servicing	64	20
Selling and distribution	44	78
Administration	27	32
	<u>135</u>	<u>130</u>

(b) Employment costs of all employees included above:-

	<u>1990</u> £'000	<u>1989</u> £'000
Aggregate gross wages and salaries	1,565	816
Employer's national insurance contributions	155	79
	<u>1,720</u>	<u>895</u>

Pension scheme arrangements

5 The company participates in a group pension scheme operated by Appleyard Group PLC and does not have any commitments in respect of unfunded pension obligations. The pension scheme is of the defined benefit type and its assets are held in separate trustee administered funds. The fund is valued at regular intervals and at least every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the rates to ensure they continue to be appropriate. The latest actuarial assessment of the scheme was at 5 April 1990. Particulars of the valuation are contained in the financial statements of Appleyard Group PLC. There is no profit and loss account charge for the year ended 31 December 1990 (1989 - £Nil).

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990 continued

Interest payable and similar charges

6	<u>1990</u> £'000	<u>1989</u> £'000
On sums wholly repayable within five years:		
Bank loans and overdrafts	194	15
Finance leases and hire purchase contracts	6	4
Vehicle stocking finance	123	131
Loans	135	-
	<u>458</u>	<u>150</u>
On sums wholly repayable after five years:		
Loans	133	90
	<u>591</u>	<u>240</u>

Taxation

7 There is no charge for corporation tax in respect of the year ended 31 December 1990.

Dividends

8	<u>1990</u> £'000	<u>1989</u> £'000
Interim dividends totalling £2.34 per ordinary share paid during the year	586	-
	<u>586</u>	<u>-</u>

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990 continued

Tangible fixed assets

9	Leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
COST OR VALUATION			
At 1 January 1990	4,672	443	5,115
Additions	31	159	190
Group transfers in	-	110	110
Disposals	(13)	(14)	(27)
Group transfers out	(4,690)	(698)	(5,388)
	<hr/>	<hr/>	<hr/>
At 31 December 1990	-	-	-
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 January 1990	22	42	64
Charge for year	35	93	128
Group transfers in	-	34	34
Disposals	(13)	(6)	(19)
Group transfers out	(44)	(163)	(207)
	<hr/>	<hr/>	<hr/>
At 31 December 1990	-	-	-
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 1990	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 1989	4,650	389	5,051
	<hr/>	<hr/>	<hr/>

Land and buildings which were transferred to Ian Skelly Group Limited, were valued on the basis of existing use open market valuation at 30 September 1989 by Knight, Frank and Rutley.

Stocks

10 The amounts attributable to the different categories are as follows:

	<u>1990</u> £'000	<u>1989</u> £'000
Vehicles	-	2,017
Parts and other stocks	-	251
	<hr/>	<hr/>
	-	2,268
	<hr/>	<hr/>

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990 continued

Debtors

	<u>1990</u>	<u>1989</u>
11	£'000	£'000
Trade debtors	-	201
Amounts owed by holding company and fellow subsidiaries	250	264
Other debtors	-	44
Prepayments and accrued income	-	23
	<u>250</u>	<u>532</u>

All the above amounts are due within one year.

Creditors: amounts falling due within one year

	<u>1990</u>	<u>1989</u>
12	£'000	£'000
Loans	-	770
Bank loans and overdrafts	-	383
Obligations under finance leases and hire purchase contracts	-	11
Payments received on account	-	167
Trade creditors	-	729
Amounts owed to holding company and fellow subsidiaries	-	22
Taxation and social security	-	45
Accruals and deferred income	-	1,022
Vehicle stocking finance	-	1,976
	<u>-</u>	<u>5,125</u>

Creditors: amounts falling due after more than one year

	<u>1990</u>	<u>1989</u>
13	£'000	£'000
Loans	-	2,008
Obligations under finance leases and hire purchase contracts	-	34
	<u>-</u>	<u>2,042</u>

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990 continued

Deferred taxation

14 There is no liability for deferred taxation at 31 December 1990 (1989: Nil).

Called up share capital

15	<u>Ordinary shares of £1 each</u>	
	<u>1990</u>	<u>1989</u>
Authorised:		
Number	250,000	250,000
Amount	£250,000	£250,000
Allotted, called up and fully paid:		
Number	250,000	250,000
Amount	£250,000	£250,000

Reserves

16	<u>Profit and loss account</u>	<u>Revaluation reserve</u>
	<u>£'000</u>	<u>£'000</u>
At 1 January 1990	(887)	1,325
Transfer from revaluation reserve on realisation	1,325	(1,325)
Loss for year	(438)	-
	<u>-</u>	<u>-</u>
At 31 December 1990	<u>-</u>	<u>-</u>

Financial commitments and contingent liabilities

17	<u>Capital expenditure</u>	
	<u>1990</u>	<u>1989</u>
	<u>£'000</u>	<u>£'000</u>
Expenditure contracted for	-	4
	<u>-</u>	<u>4</u>

IAN SKELLY (MANCHESTER) LIMITED

Notes to the accounts - 31 December 1990 continued

Working capital movements

18	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
Increase/(decrease) in working capital:		
Stocks	(2,268)	2,268
Debtors	(282)	514
Creditors	4,742	(3,829)
	<u>2,192</u>	<u>(1,047)</u>

Group banking arrangements

19 The company has given unlimited cross-guarantees in favour of other group companies. At 31 December 1990 the amount outstanding under the group banking arrangements was approximately £11,962,000 (1989 - £10,306,000).

Ultimate Holding Company

20 The ultimate holding company is Appleyard Group PLC, a company incorporated in Great Britain. Copies of the ultimate holding company's consolidated accounts may be obtained from The Secretary, Appleyard Group PLC, Windsor House, Cornwall Road, Harrogate, HG1 2PW.