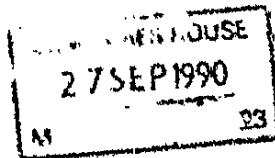


Touche
Ross



1059382

DIXON MOTOR GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
31 JANUARY 1990



Touche Ross & Co.,
Reliance House,
20 Water Street,
Liverpool,
L2 8UY

The directors present their annual report and the audited financial statements for the year ended 31 January 1990.

1. ACTIVITIES, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company has engaged in the sale, repair and hire of motor vehicles during the year under review.

As expected the company has produced a good performance during the year and the directors expect the company to continue to make a useful contribution to group profits in the future.

2. DIVIDENDS AND TRANSFERS TO RESERVES

	1990 £	1989 £
Profit after taxation transferred to reserves	<u>31,310</u>	<u>685,028</u>

The directors do not propose the payment of a dividend. (1989 Nil)

3. DIRECTORS

The directors who served during the year were:-

P W H Dixon
G Caulfield
M Keen
K L T Pratt
K Lever

(resigned 25 May 1990)

None of the directors had any interest in the shares of the company during the year.

The company is a wholly owned subsidiary of Corton Beach PLC. The interests of Messrs Keen, Dixon and Lever, who are also directors of the holding company, in the shares of that company are disclosed in its financial statements.

Mr K L T Pratt held 46,011 10p ordinary shares in the ultimate holding company at 31 January 1990 (31 January 1989 56,011).

Mr G Caulfield held 71,000 10p ordinary shares in the ultimate holding company at 31 January 1990 (31 January 1989 90,000).

Mr G Caulfield has options on 10,000 10p ordinary shares in the ultimate holding company at a price range of 60p-69p, being exercisable between 4 May 1991 and 1 June 1999.

DIRECTORS' REPORT

(continued)

3. DIRECTORS (continued)

Mr K L T Pratt has options on 85,000 10p ordinary shares in the ultimate holding company at a price range of 45p-69p being exercisable between 11 February 1990 and 1 June 1999.

4. FIXED ASSETS

Movements in fixed assets are detailed in note 7 to the financial statements.

5. SOURCE AND APPLICATION OF FUNDS STATEMENT

Funds are managed on a group basis and the directors are of the opinion that to present a statement of source and application of funds for each subsidiary company would be of little value. Such a statement is therefore not presented with the financial statements under review.

6. AUDITORS

A resolution to re-appoint Touche Ross & Co will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

Kathryn J. Gagnon

Secretary

Touche Ross



Chartered Accountants

Touche Ross & Co
Reliance House
20 Water Street
Liverpool L2 8UY

Telephone: National 051 236 0941
International + 44 51 236 0941
Telecopier (Gp 3) 051 236 2877

AUDITORS' REPORT TO THE MEMBERS

OF

DIXON MOTOR GROUP LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 January 1990 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

Chartered Accountants

Member
DRT International

Abchurch, Belfast, Birmingham, Bolton, Bournemouth, Bradford, Bristol, Cambridge, Cardiff, Chester, Colchester, Coventry, Croydon, Dundee, Dudley, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newark, Newcastle upon Tyne, Newport, Notts, Nottingham, Peterborough, Southampton, Swansea and Walsley.

Principal place of business at which a list of partners' names is available:
211 Finsbury, 1 Little New Street, London EC4A 3DF

- 3 -

Authorised by the Institute of Chartered Accountants in England and Wales on 14 July 1989 for the financial year.



DIXON MOTOR GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 1990

		1990 £	1989 £
Turnover	1	45,614,080	43,325,069
Cost of sales		<u>(41,809,582)</u>	<u>(39,720,158)</u>
Gross profit		3,804,498	3,604,911
Administrative expenses		(5,183,370)	(4,343,364)
Other operating income	2	<u>1,913,804</u>	<u>1,796,547</u>
Operating profit		534,932	1,058,094
Other interest receivable and similar income		11,548	3,325
Interest payable and similar charges	3	<u>(428,675)</u>	<u>(240,908)</u>
Profit on ordinary activities before taxation	4	117,805	820,511
Tax on profit on ordinary activities	6	<u>(86,495)</u>	<u>(135,483)</u>
Profit retained, transferred to reserves	15	<u>31,310</u>	<u>685,028</u>

**Touche
Ross**

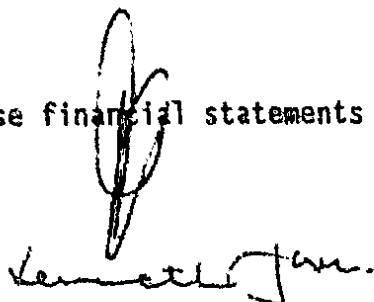
DIXON MOTOR GROUP LIMITED

BALANCE SHEET

31 JANUARY 1990

	Notes	1990	1989
		£	£
FIXED ASSETS			
Tangible assets	7	2,463,058	1,350,820
Investment in group companies	8	<u>650</u>	<u>650</u>
		2,463,708	1,351,470
CURRENT ASSETS			
Stocks	9	5,049,995	3,597,625
Debtors	10	3,083,392	3,491,157
Cash at bank and in hand		<u>985,350</u>	<u>880,459</u>
		9,118,737	7,969,241
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank loans and overdrafts		9,996	1,093,132
Other creditors	11	<u>10,502,552</u>	<u>7,192,299</u>
		10,512,548	8,285,431
NET CURRENT LIABILITIES		<u>(1,393,811)</u>	<u>(316,190)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,069,897	1,035,280
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(120,837)	(43,684)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(28,286)</u>	<u>(90,884)</u>
		920,774	900,712
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Revaluation reserve	15	18,563	29,811
Profit and loss account	15	<u>901,211</u>	<u>869,901</u>
		920,774	900,712

These financial statements were approved by the Board of Directors on



} Directors

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain items of plant and machinery.

(b) Turnover

Turnover represents the net amount of invoices to customers less credit notes issued, excluding value added tax and car tax.

(c) Tangible fixed assets

No depreciation is provided on freehold or short leasehold land and buildings. Depreciation is provided on other tangible fixed assets at rates calculated to write off cost or valuation less estimated residual value, of each asset over the estimated useful life as follows:-

Plant and machinery	10% per annum
Motor vehicles	25% per annum

(d) Stocks

Stocks are valued at the lower of cost and net realisable value.

(e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred taxation is not provided on timing differences, which in the opinion of the directors will probably not reverse.

(f) Investments

Investments held as fixed assets are stated at cost.



DIXON MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1990

(continued)

1. ACCOUNTING POLICIES (continued)

(g) Hire purchase agreements

The capital element of assets acquired under hire purchase agreements is capitalised and depreciation on the capital element is charged in the profit and loss account over the estimated useful life of the asset. The interest element is charged against profit in proportion to the balance of capital outstanding.

(h) Revaluation reserve

Surpluses arising on revaluation of tangible assets are credited to the revaluation reserve, a non distributable reserve. Revaluation deficits in excess of the amount of prior surpluses are charged to the profit and loss account. On the disposal of a revalued asset any revaluation surplus corresponding to the item is transferred to profit and loss.

(i) Basis of consolidation

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Corton Beach PLC, a company registered in Great Britain.

(j) Operating leases

Rentals on operating leases are charged on a straight line basis over the lease term.

(k) Pension costs

The company operates a Contracted Out Money Purchase Pension Scheme. The contribution by the company to the scheme is a fixed percentage of salary which has the effect of defining the level of pension contribution without reference to actuarial assumptions.

2. OTHER OPERATING INCOME	1990 £	1989 £
Road Fund Licence refunds	56,331	56,066
Hire purchase commission	654,554	687,195
Dealer Bonuses	970,826	705,350
Warranty claims received	173,237	247,658
Other income	<u>58,856</u>	<u>100,278</u>
	<u>1,913,804</u>	<u>1,796,547</u>



DIXON MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1990

(continued)

3. INTEREST PAYABLE AND SIMILAR CHARGES	1990 £	1989 £
Bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	25,259	6,982
Repayable within five years, not by instalments	<u>403,416</u>	<u>233,926</u>
	<u>428,675</u>	<u>240,908</u>

Included in the above is the interest element of charges payable under finance leases (and hire purchase contracts) amounting to £25,259 (1989 £6,982).

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1990 £	1989 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	17,000	18,517
Depreciation	<u>161,878</u>	<u>81,636</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments

Fees as directors	90,500	65,200
Other emoluments (including pension contributions)	<u>85,318</u>	<u>53,546</u>
	<u>175,818</u>	<u>118,746</u>

The directors remuneration shown above (excluding pension contributions) includes:

Remuneration of the chairman and highest paid director	<u>83,300</u>	<u>65,200</u>
---	---------------	---------------

Scale of other directors remuneration
(excluding pension contributions)

	No.	No.
£0 - £5,000	2	2
£20,001 - £25,000	-	1
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-
£35,001 - £40,000	1	-



DIXON MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1990

(continued)

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES	1990 £	1989 £
Employee costs during the year:		
Wages and salaries	2,580,560	1,932,006
Social security costs	240,038	203,262
Other pension costs	<u>43,357</u>	<u>12,334</u>
	<u>2,863,955</u>	<u>2,147,602</u>
	No.	No.
Average number of persons employed	<u>299</u>	<u>230</u>
United Kingdom corporation tax at 35% (1989 35%) based on the results for the year	80,000	157,047
Deferred taxation	<u>8,116</u>	<u>31,798</u>
	88,116	188,845
Adjustment to prior years' tax provision:		
Current	(1,621)	(52,819)
Deferred	<u>-</u>	<u>(543)</u>
	<u>86,495</u>	<u>135,483</u>

7. TANGIBLE FIXED ASSETS

	Total £	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £
Cost or valuation				
At 1 February 1989	1,649,392	-	345,610	1,303,782
Additions : External	358,201	9,123	12,746	336,332
Additions : Internal	1,099,937	955,000	-	144,937
Disposals : External	(59,679)	-	-	(59,679)
Disposals : Internal	<u>(114,857)</u>	<u>-</u>	<u>-</u>	<u>(114,857)</u>
At 31 January 1990	<u>2,932,994</u>	<u>964,123</u>	<u>358,356</u>	<u>1,610,515</u>
At valuation	69,894	-	-	69,894
At cost	<u>2,863,100</u>	<u>964,123</u>	<u>358,356</u>	<u>1,540,621</u>
	<u>2,932,994</u>	<u>964,123</u>	<u>358,356</u>	<u>1,610,515</u>



DIXON MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1990

(continued)

7. TANGIBLE FIXED ASSETS (continued)

	Total £	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £
Accumulated depreciation:				
At 1 February 1989	298,572	-	58	298,514
Additions : Internal	9,486	-	-	9,486
Provision	<u>161,878</u>	<u>-</u>	<u>-</u>	<u>161,878</u>
At 31 January 1990	<u>469,936</u>	<u>-</u>	<u>58</u>	<u>469,878</u>

Net book value:

At 31 January 1990	<u>2,463,058</u>	<u>964,123</u>	<u>358,298</u>	<u>1,140,637</u>
At 31 January 1989	<u>1,350,820</u>	<u>-</u>	<u>345,552</u>	<u>1,005,268</u>

Comparable amounts determined according to the historical cost convention:

Cost	2,903,183	964,123	358,356	1,580,704
Accumulated depreciation	<u>496,056</u>	<u>-</u>	<u>58</u>	<u>495,998</u>

Net book value:

At 31 January 1990	<u>2,407,127</u>	<u>964,123</u>	<u>358,298</u>	<u>1,084,706</u>
At 31 January 1989	<u>1,294,889</u>	<u>-</u>	<u>345,552</u>	<u>949,337</u>

Assets acquired under hire purchase agreements included above had a net book value of £235,913 at 31 January 1990 (1989 £112,841).

8. INVESTMENTS HELD AS FIXED ASSETS

	1990 £	1989 £
Shares in subsidiary companies at cost (note 20)	<u>650</u>	<u>650</u>

(continued)

9. STOCKS

	1990 £	1989 £
Raw materials and consumables	-	10,172
Work in progress	-	5,468
Finished goods and goods for resale	5,049,995	3,581,985
	<u>5,049,995</u>	<u>3,597,625</u>

The replacement cost of stock at 31 January 1990 is not materially different from the balance sheet value.

10. DEBTORS

	1990 £	1989 £
Amounts owed by subsidiary companies	582,831	64,472
Amounts owed by other group companies	348,733	1,769,079
Trade debtors	1,224,156	1,077,143
Other debtors	-	190,398
Prepayments and accrued income	<u>927,672</u>	<u>390,065</u>
	<u>3,083,392</u>	<u>3,491,157</u>

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	1,548,304	1,830,110
Amounts owed to group companies	7,737,710	1,452,026
Corporation tax	234,234	73,493
Other taxation and social security	161,240	331,911
Obligations under hire purchase contracts	57,203	58,059
Other creditors	298,040	3,253,095
Accruals and deferred income	<u>465,821</u>	<u>192,705</u>
	<u>10,502,552</u>	<u>7,192,299</u>

DIXON MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1990

(continued)

12. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1990 £	1989 £
Obligations under hire purchase contracts	178,040	102,643
Other loans	-	-
	<u>178,040</u>	<u>102,643</u>
Less: Amounts falling due within one year	<u>57,203</u>	<u>58,959</u>
	<u>120,837</u>	<u>43,684</u>

Borrowings, including amounts due within one year, are repayable as follows:

Bank loans and overdrafts	9,996	1,093,132
- within one year		
Other loans	57,203	74,730
- within one year	<u>120,837</u>	<u>43,684</u>
- between two and five years		
	<u>188,036</u>	<u>1,211,546</u>

The company has granted fixed and floating charges on certain of the company's assets to secure bank overdrafts and stocking loans amounting to £9,996 (1989 £3,414,000).

13. PROVISIONS FOR LIABILITIES AND CHARGES	1990 £	1989 £
Deferred taxation		
Provision at 1 February 1989	90,884	45,000
Transferred from fellow subsidiary	-	14,629
Charge to profit and loss account	8,116	31,255
ACT surrendered from Corton Beach PLC	<u>(70,714)</u>	<u>-</u>
At 31 January 1990	<u>28,286</u>	<u>90,884</u>

(continued)

13. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The amounts of deferred taxation provided and unprovided at the balance sheet date are:

	Provided		Unprovided	
	1990	1989	1990	1989
	£	£	£	£
Capital allowances in excess of depreciation	132,000	90,884	-	-
Short term timing differences	<u>(33,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	99,000	90,884	-	-
ACT set off	<u>(70,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rolled over gains	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>-</u>
	28,286	90,884	17,000	-
	<u>28,286</u>	<u>90,884</u>	<u>17,000</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

	1990	1989
	£	£
Authorised, issued and fully paid: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

15. RESERVES

	Revaluation reserve	Profit and loss account
	£	£
At 1 February 1989	29,811	869,901
Profit for the year	-	31,310
Revaluation surplus realised	<u>(11,248)</u>	<u>-</u>
At 31 January 1990	<u>18,563</u>	<u>901,211</u>

16. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date (1989 Nil).

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is Corton Beach PLC, a company incorporated in Great Britain.



DIXON MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 JANUARY 1990

(continued)

18. CONTINGENT LIABILITIES

Dixon Motor Group Limited, together with each of its fellow subsidiaries has guaranteed the borrowings of Corton Beach PLC pursuant to the terms of a syndicated loan facility entered into by Corton Beach PLC with Samuel Montague & Co Ltd. At 31 January 1990 the total amount outstanding under this facility was £25,000,000.

In addition to the general borrowing requirements of the group, the terms of this facility provides working capital and overdraft facilities to each of the operating subsidiaries. At 31 January 1990 the total amount overdrawn on these facilities was £710,303.

19. OPERATING LEASE COMMITMENTS

At 31 January 1990 the company was committed to making the following payments during the next year in respect of operating leases:

	£
Leases which expire:	
After 5 years	<u>168,510</u>

20. SUBSIDIARIES

The company has two subsidiary companies both of which are 100% owned and incorporated in Great Britain. These are Dixon Motorent Limited and Motor Retail Park limited.