

## GRASSICK'S GARAGE LIMITED

### Report of the Directors for the year ended 30 November 1989

1 The Directors present herewith the audited accounts for the year ended 30 November 1989.

### Principal Activities

2 The principal activity of the Company is the operation of a BMW dealership, and Rolls-Royce distributorship in Perth, Scotland.

### Review of business and future developments

3 The Directors consider that both the level of business and the year end financial position were satisfactory, and they expect that the present level of activity will be maintained for the foreseeable future. The company's profits have been detrimentally affected by high financing costs, and steps will be taken to minimise these and other costs in the future.

As disclosed in note 18 to the accounts the company has purchased 4.5 acres of land situated at the Inveralmond roundabout at the junction of the A9 and the A912.

The purchase provides an exciting opportunity for the company to relocate its activities to a prominent and accessible trading site, which the directors confidently expect will lead to growth in all departments.

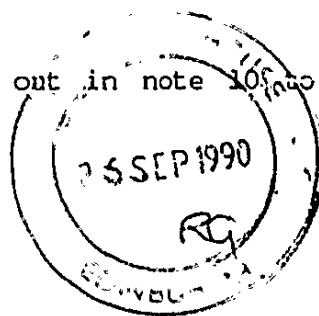
Once outline planning permission is granted, it is the company's intention to build and operate showrooms, workshops and parts departments for their BMW and Rolls-Royce franchises, a petrol filling station, motel and restaurant.

### Results and Dividends

4 The trading profit before taxation for the year was £18,334 and £5,890 after taxation.

### Fixed Assets

5 The movements in fixed assets are set out in note 10 of the accounts.



GRASSICK'S GARAGE LIMITED

Report of the Directors (continued)

Directors

6 The Directors of the Company during the year were

M L Grassick (Chairman)  
C D Grassick  
K A Graham

Directors' interests in shares

7

Ordinary Shares of £1 each

At 30 November 1989

At 30 November 1988

M L Grassick

4,414

4,414

C D Grassick

1,100

1,100

On 16 March 1990 Mrs M L Grassick transferred 600 ordinary shares to the Mrs M L Grassick Accumulation and Maintenance Trust of which she is a trustee.

Auditors

8 Our auditors Coopers and Lybrand merged their practice with Deloitte Haskins and Sells and now practice in the name Coopers and Lybrand, Deloitte. They have signed their audit report in that name.

A resolution to reappoint Coopers and Lybrand, Deloitte as company auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

*I M Paxton*

IAN M PAXTON

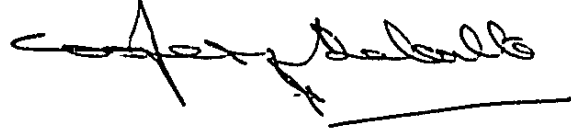
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF

GRASSICK'S GARAGE LIMITED

We have audited the accounts set out on pages 1-16 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 30 November 1989, and of its result 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  
CHARTERED ACCOUNTANTS

EDINBURGH

14th September 1990

GRASSICKS GARAGE LIMITED

Profit and Loss Account  
for the year ended 30 November 1989

	<u>Notes</u>	<u>1989</u>	<u>1988</u>
		£	£
Turnover	2	<u>7,867,179</u>	<u>7,569,351</u>
Profit on ordinary activities before taxation	3	18,334	39,839
Tax on profit on ordinary activities	7	<u>(12,444)</u>	<u>(14,474)</u>
Profit on ordinary activities after taxation		5,890	25,365
Extraordinary Item		<u>-</u>	<u>77,279</u>
		5,890	102,644
Dividends paid	8	<u>-</u>	<u>6,750</u>
Profit for the financial year		<u>5,890</u>	<u>95,894</u>
<u>Statement of retained profits</u>			
Retained profits at 1 December 1988		520,554	611,910
Utilised for purchase of Company's shares		-	(176,194)
Transfer to capital redemption reserve		-	(2,236)
Utilised to acquire beneficial interest in shares		-	(8,820)
Profit for the financial year		<u>5,890</u>	<u>95,894</u>
Retained profits at 30 November 1989		<u>526,444</u>	<u>520,554</u>

GRASSICK'S GARAGE LIMITED

Balance Sheet as at 30 November 1989

	Notes	1989		1988	
		£	£	£	£
FIXED ASSETS					
Investments	9	28,500			
Tangible Assets	10	<u>171,097</u>		<u>203,339</u>	
			199,597		203,339
CURRENT ASSETS					
Stocks	11	1,085,947		1,047,882	
Debtors	12	328,629		203,031	
Cash at bank and in hand		<u>112,792</u>		<u>17,929</u>	
		1,527,368		1,268,842	
CREDITORS					
Amounts falling due within one year	13	<u>1,170,421</u>		<u>920,917</u>	
NET CURRENT ASSETS			<u>356,947</u>		<u>347,925</u>
Total assets less current liabilities			556,544		551,264
CREDITORS					
Amounts falling due after more than one year	14	-		1,570	
PROVISION FOR LIABILITIES AND CHARGES	15	<u>8,748</u>		<u>7,788</u>	
			<u>8,748</u>		<u>9,358</u>
			<u>547,796</u>		<u>541,906</u>
CAPITAL AND RESERVES					
Called up share capital	16		5,764		5,764
Revaluation reserve			13,352		13,352
Capital Redemption Reserve			2,236		2,236
Profit & Loss Account			<u>526,444</u>		<u>520,554</u>
			<u>547,796</u>		<u>541,906</u>

APPROVED BY THE BOARD



M L GRASSICK  
C D GRASSICK

Director  
Director

The notes on pages 7 to 16 form part of these accounts.  
Auditor's report, page 3

GRASSICK'S GARAGE LIMITEDStatement of Source and Application of Funds  
for the year ended 30 November 1989

	1989		1988	
	£	£	£	£
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		18,334		39,839
Extraordinary item		<u>-</u>		<u>51,750</u>
		18,334		91,589
Adjustment for items not involving movement of funds:				
Depreciation	22,163		24,847	
Gain on sale of tangible fixed assets	<u>(1,638)</u>	<u>20,525</u>	<u>-</u>	<u>24,847</u>
Total from operations		38,859		116,436
Funds from other sources:				
Sale proceeds of tangible fixed assets		<u>2,450</u>		<u>-</u>
Total source of funds		41,309		116,436
APPLICATION OF FUNDS				
Dividend Paid	-		(6,750)	
Tax Paid	(52,349)		(55,280)	
Purchase of tangible fixed assets	(19,233)		(98,183)	
Acquisition of Company's own shares	-		(178,430)	
Acquisition of beneficial interest	<u>-</u>	<u>(71,582)</u>	<u>(8,820)</u>	<u>(347,463)</u>
Total Application of funds		<u>(30,273)</u>		<u>(231,027)</u>
MOVEMENTS IN WORKING CAPITAL				
(Increase) in Stocks	(38,065)		(200,335)	
(Increase)/Decrease in debtors (excluding tax recoverable)	(125,598)		30,076	
Increase in creditors excluding bank overdraft	<u>271,340</u>		<u>284,559</u>	
		107,677		114,300
Movement in net liquid funds:				
Decrease/(Increase) in:				
Cash at bank and in hand	(94,863)		36,544	
Bank overdraft	<u>17,459</u>	<u>(77,404)</u>	<u>80,183</u>	<u>116,727</u>
		<u>30,273</u>		<u>231,027</u>

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## GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989

### 1 Principal Accounting Policies

A summary of the more important accounting policies of the company is set out below. These have been applied consistently.

#### (a) Tangible Fixed Assets

Land and buildings are stated at cost or valuation on the basis described in Note 10. Other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets over the expected useful economic life of the assets concerned. The annual rates used for this purpose are:

	<u>%</u>	<u>Basis</u>
Heritable Property	2 - 4	Straight line
Plant, fittings and equipment	20	Reducing balance
Motor Vehicles	25	Straight line

#### (b) Stocks and work in progress

Stocks, except vehicles supplied on consignment, and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Vehicles supplied to the company on a consignment basis in terms of the dealership agreement with a principal distributor, are included in the balance sheet at the value of the deposit(s) paid to the distributor by the Company in respect of each vehicle.

#### (c) Deferred tax

Provision is made for deferred tax at the rate of corporation tax ruling at the year end (the liability method) except in respect of any timing differences which are unlikely to result in a tax liability in the foreseeable future.

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

Note 1 continued ...

(d) Pension Arrangements

The company pension schemes provide employees with a pension on retirement. One scheme is defined benefit in nature, where the other is deferred contribution.

In respect of the defined benefit scheme contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The pension cost charge for the other scheme represents annual contributions independently determined.

(e) Finance and Operating Leases

Rentals under operating leases are charged as incurred. Assets held under finance leases are capitalised at the present value of future rentals. Finance charges are allocated evenly over the period of the lease.



GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

Turnover

2 Turnover represents the total invoiced value of sales made during the year, exclusive of Value Added Tax. All sales are made in the United Kingdom.

Profits on ordinary activities before taxation

3	<u>1989</u>	<u>1988</u>
	£	£
Turnover (see Note 2)	7,867,179	7,569,351
Cost of sales	<u>(6,897,234)</u>	<u>(6,646,252)</u>
Gross Profit	969,945	923,099
Distribution & Selling Costs	(582,194)	(504,448)
Administrative Expenses	(305,550)	(356,197)
Other operating income	<u>913</u>	<u>1,285</u>
Operating Profit (see Note 4)	83,114	63,739
Interest payable and similar charges	<u>(64,780)</u>	<u>(23,900)</u>
Profit on ordinary activities before taxation	<u>18,334</u>	<u>39,839</u>

Operating Profit

4 Operating profit is stated after charging or (crediting):

	<u>1989</u>	<u>1988</u>
	£	£
Auditors remuneration	5,200	4,750
Hire of Plant and Machinery	2,779	2,841
Depreciation of tangible fixed assets	22,163	24,847
Directors emoluments including pension contributions (see note 5)	119,448	117,774
Gain on sale of fixed assets	<u>(1,638)</u>	-

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (Continued)

Directors' emoluments

5(a) Directors' emoluments comprise emoluments (including pension contributions) for management services.

5(b) Particulars of Directors' emoluments (excluding pension contributions), disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985 are as follows:-

	<u>1989</u>	<u>1988</u>
	£	£
Emoluments of the Chairman	52,658	62,831

Number of other Directors (excluding those above) whose emoluments were within ranges:

Nil to £5,000	1	1
£35,001 to £40,000	-	1
£40,001 - £45,000	1	-

Employee information

6(a) The average number of persons employed by the Company (including executive Directors) during the year is analysed below:-

	<u>1989</u>	<u>1988</u>
	9	5
Office and Management		
Vehicle Service and Sales	<u>32</u>	<u>34</u>
	<u>41</u>	<u>39</u>

6(b) Employment costs of all employees including those above:

	<u>1989</u>	<u>1988</u>
	£	£
Gross wages and salaries	551,115	478,301
Employers' National Insurance and State Pension Contributions	50,801	37,868
Employers' pension contributions under the Company Pension Scheme	<u>23,841</u>	<u>28,690</u>
	<u>625,757</u>	<u>544,859</u>

6(c) The number of employees whose emoluments were within the range

	<u>1989</u>	<u>1988</u>
	1	1
£30,001 - £35,000	1	-
£45,001 - £50,000	1	-

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

Tax on profit on ordinary activities

7 The tax (charge) is based on the results on ordinary activities for the year and comprises:

	<u>1989</u> £	<u>1988</u> £
Current year items:		
United Kingdom corporation tax at 25.0% (1988 : 25.7%)	(11,487)	(17,139)
Deferred tax	(960)	814
Prior year items:		
United Kingdom corporation tax	3	2,136
Deferred tax	<u>-</u>	<u>(285)</u>
Tax (charge)	<u>(12,444)</u>	<u>(14,474)</u>

<u>Dividends</u>	<u>1989</u>	<u>1988</u>
8	£	£
Dividends proposed per share : Nil (1988 £5 per ordinary share)	<u>Nil</u>	<u>6,750</u>

Mrs M L Grassick waived her right as a shareholder to receive a dividend in 1988.

Investment

9 The investment is in respect of a vintage Rolls-Royce vehicle. In the opinion of the directors the market value of the vehicle is not less than its cost.

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

Tangible fixed assets

10	Freehold land and buildings £	Motor Vehicles £	Plant fittings & equipment £	Total £
Cost or valuation (see below)				
At 1 December 1988	118,632	64,744	158,444	342,820
Additions	-	5,853	13,380	19,233
Disposals	-	(34,965)	-	(34,965)
At 30 November 1989	<u>119,632</u>	<u>35,632</u>	<u>171,824</u>	<u>327,088</u>
Depreciation				
At 1 December 1988	12,506	22,639	104,336	139,481
Charge for the year	3,005	6,108	13,050	22,163
Disposals	-	(5,653)	-	(5,653)
At 30 November 1989	<u>15,511</u>	<u>23,094</u>	<u>117,386</u>	<u>155,991</u>
Net book value at 30 November 1989	<u>104,121</u>	<u>12,538</u>	<u>54,438</u>	<u>171,097</u>
Net book value at 30 November 1988	<u>107,126</u>	<u>42,105</u>	<u>54,108</u>	<u>203,339</u>

Land and buildings are included at cost or valuation as follows:

	£
Valuations in 1968 - original building	21,000
Additions, at cost	<u>98,632</u>
	<u>119,632</u>

The valuations in 1968 were carried out by Messrs Bell Ingram, Chartered Surveyors, on an open market existing use basis. The original cost of the valued building was £7,648.

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

Stocks

<u>11</u>	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Spare parts, petrol and oil etc	182,916	211,927
Vehicles	753,121	777,169
Deposits paid on vehicles supplied on consignment (See Note 1)	<u>149,910</u>	<u>58,766</u>
	<u>1,085,947</u>	<u>1,047,882</u>

Debtors

<u>12</u>	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Trade Debtors	185,328	123,724
Other Debtors	16,905	19,202
Taxation recoverable	13,807	13,807
Pre-payments and accrued income	<u>112,589</u>	<u>46,298</u>
	<u>328,629</u>	<u>203,031</u>

With the exception of £13,002 all the above amounts are due within one year of the balance sheet date. This amount which is included in other debtors is due from Mr C D Grassick. The sum is deemed to have been withdrawn by the director and is to be repaid.

Creditors : Amounts falling due within one year

<u>13</u>	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Trade creditors	233,508	155,117
HP creditors and Finance Leases	421,323	272,822
Other creditors	90,357	44,209
Taxation and social security	24,701	57,475
Gratuities and deferred income	91,293	99,514
overdraft	<u>309,239</u>	<u>291,780</u>
	<u>£1,170,421</u>	<u>920,917</u>

The creditor for taxation and social security includes UK corporation tax payable amounting to £5,521 (1988: £46,386)

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

	<u>1989</u>	<u>1988</u>
<u>Creditors : Amounts falling due</u> <u>after more than one year</u> 14		
HP Creditors and Finance Leases	<u>£ -</u>	<u>£1,570</u>

Provision for liabilities and charges  
15 Deferred Taxation

	<u>1989</u>		<u>1988</u>	
	<u>Provision</u> <u>made</u>	<u>Full</u> <u>Potential</u> <u>liability</u>	<u>Provision</u> <u>made</u>	<u>Full</u> <u>Potential</u> <u>liability</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated capital allowances	8,748	8,748	7,788	7,788

Movements on the provision for deferred taxation are;

At 1 December 1988	<u>£</u> 7,788	
Transferred to Profit and Loss Account	<u>960</u>	
At 30 November 1989	<u>8,748</u>	
<u>Called up Share Capital</u> 16	<u>1989</u> <u>£</u>	<u>1988</u> <u>£</u>
Authorised: 8,000 ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>
Issued and fully paid		
Ordinary shares of £1 each	<u>5,764</u>	<u>5,764</u>

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

Pension Obligations

17

Money Purchase Arrangement:

The pension cost charge for the year for the money purchase arrangement was £15,000 and there were no outstanding contributions at the year end.

Defined Benefit Scheme:

The company operates a contributory pension scheme for certain of its employees to provide benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives in accordance with the requirements of Statement of Standard Accounting Practice No 24.

Contributions are determined by a qualified actuary and the last full valuation was carried out on 1 November 1988 using the Projected Unit Method.

The pension cost for the year was £3,851 and for 1988 it was £9,690 on a funding basis.

The assumptions which have the most significant effect on the results of the actuarial valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that these would be 8½% and 7% per annum respectively.

The market value of the scheme assets at the date of the last full actuarial valuation was £533,100 and the actuarial value of these represented 142% of the benefits due to the members.

Commitments and contingent liabilities

18

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
(a) <u>Refurbishment Programme</u>		
<u>&amp; Capital Commitments</u>		
Expenditure contracted for	-	-
Expenditure authorised by		
Directors but not yet		
contracted for	<u>500,000</u>	<u>-</u>
	<u>500,000</u>	<u>NIL</u>

GRASSICK'S GARAGE LIMITED

Notes to the accounts - 30 November 1989 (continued)

Commitments and contingent liabilities (continued)

(b) Operating Lease Commitments

The following amounts are payable within one year under non-cancellable operating lease agreements which expire

	£
Within one year	908
Within two to five years	<u>1,572</u>
	<u>2,480</u>

Post Balance Sheet Event

- 19 On 30 May 1990 the company purchased 4.5 acres of land situated at Inveralmond A9 roundabout. The company intends to relocate its dealership to this site when 'outline' planning permission is granted.