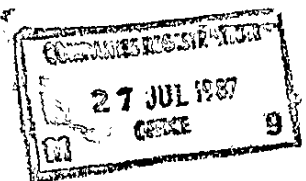
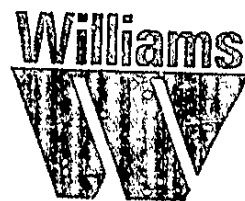


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WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

TWENTY-NINTH
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 1986



WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

DIRECTORS

J. S. COCHRANE, M.A., LL.B. — Chairman
D. SCHOFIELD, F.C.A. — Managing Director
B. DUNNING
P. HARDCASTLE
Mrs. M. M. DUNNING, B.A.
N. J. DUNNING

SECRETARY

P. HORSFIELD

AUDITORS

KIDSONS
Chartered Accountants

REGISTERED OFFICE

325/327 DEANS_GATE,
MANCHESTER M3 4LS.

TRADING DIVISIONS

B.M.W. Dealership — Upper Brook Street, Manchester.
B.M.W. Dealership — Scotland Road, Liverpool.
B.M.W. Used Vehicles — Deansgate, Manchester.
Motor Body Repair — Hadfield Street, Manchester.
Motor Body Repair — Vauxhall Road, Liverpool.
Fazakerley Engineering — Lees Road, Liverpool.
Ford Power Products — Worsley Street, Manchester.
P.S.V. Sales and Production — Worsley Street, Manchester.

LIMITED

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Director

Notice is hereby given that the TWENTY-NINTH ANNUAL GENERAL MEETING of the Company will be held at The Four Seasons Hotel, Hale Road, Hale Barns, Altrincham on Wednesday, 27th May, 1987, at 12.30 p.m. for the following purposes:

TO approve the Report of the Directors and financial statements for the year ended 31st December, 1986.

TO approve a final dividend of 15% net of tax on the Ordinary Shares.

TO reappoint Messrs. Kidsons as Auditors of the Company and to authorize the Directors to agree their remuneration.

TO transact any other ordinary business of the Company.

A member entitled to attend and vote is entitled to appoint a proxy who need not be a member of the Company,

By order of the Board, 
P. HORSFIELD,
Secretary.

325/327 Deansgate,
Manchester, M3 4LS.
15th April, 1987

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31st December, 1986.

Activities

The principal activity of the Group is Distributor, Dealer and Repairer of Motor Vehicles and Engines.

Financial Position

The operating profit for the year after allocating £20,000 to the employees profit share scheme amounted to £220,638 before tax. It is recommended that a final ordinary dividend of £35,700 be paid, which with the interim ordinary dividend of £23,800 and the preference dividend of £107 a total of £59,607 will have been paid for the year (1985 £57,605). The balance of £131,031, after the taxation provision of £30,000 is added to reserves.

The balance sheet at 31st December 1986 as detailed on page seven shows the financial position with shareholders' funds amounting to £2,382,036.

Share Capital

During the year the company approved the establishment of an Employee Profit Sharing Share Scheme. Under the scheme, 8,000 £1 'C' Ordinary Shares were issued to employees at a value, agreed with the Inland Revenue, of £5 per share.

Directors

Directors who have served during the year and their interests in the Company's Shares were:—

	Shareholdings at 31st December, 1986			Shareholdings at 1st January, 1986			
	Ordinary			Ordinary			
	B.	C.	Preference	A.	B.	C.	Preference
D. Schofield	8	11,455	—	—	8	11,050	—
B. Dunning	8	2,290	—	—	8	2,050	—
P. Harcastle	—	169	—	—	—	—	—
Mrs. M. Williams	1,350	22,800	516	765	585	26,800	516
Mrs. M. M. Dunning	1,130	39,144	100	—	1,130	35,144	100
D. D. Kidson	19	25,019	—	—	19	25,019	—
Mrs. M. Williams	—	36,950	—	—	—	36,950	—
Mrs. M. M. Dunning	—	11,950	—	—	—	11,950	—
J. S. Cochrane	19	25,019	—	—	19	25,019	—

Mr. D. D. Kidson and Mrs. M. Williams have retired from the Board since the year end. The Directors wish to record their appreciation to both of them for their contribution and many years service to the company.

Mr. N. J. Dunning was appointed a Director on 26th February, 1987.

ED

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

Employment of Disabled Persons

It is the policy of the group to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for appropriate training, career development and promotion of disabled employees.

Charitable and Political Contributions

During the year, your Company made the following contributions:

Charitable £1,550
Political Nil

Auditors

Messrs. Kidsons have intimated their willingness to continue in office, subject to the approval of members in general meeting.

By order of the Board, *P. Horsfield*
P. HORSFIELD,
Secretary.

325/327 Deansgate,
Manchester, M3 4LS.
15th April 1987

REPORT OF THE AUDITORS

TO THE MEMBERS OF WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

We have audited the financial statements on pages 6 to 14 in accordance with approved auditing standards.

In our opinion, the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of Land and Buildings, give a true and fair view of the state of affairs of the company at 31st December, 1986 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

KIDSONS, *Kidsons*
Chartered Accountants

Royal Exchange,
Manchester.
15th April 1987

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT for the Year ended 31st December, 1986

	(Note)	1986 £	1985 £
TURNOVER	(1)	16,740,182	15,669,581
Cost of Sales	(1)	14,080,220	12,168,059
Gross Profit		2,659,962	3,501,522
Administrative Expenses	(1)	2,256,889	3,039,210
		403,073	462,312
Interest Payable	(2)	162,435	155,156
OPERATING PROFIT		240,638	307,156
Employees Profit Share Scheme ...		20,000	40,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION ...	(2)	220,638	267,156
Taxation	(3)	30,000	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION ...		190,638	267,156
Dividends	(4)	59,607	57,605
RETAINED PROFIT FOR THE FINANCIAL YEAR		131,031	209,551

LIMITED

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

BALANCE SHEET
as at 31st December, 1986

1985	(Note)	1986	1985
£		£	£
15,669,581			
12,168,059			
3,501,522			
3,039,210			
462,312			
155,156			
307,156			
40,000			
267,156			
267,156			
57,605			
209,551			

FIXED ASSETS

Tangible Assets ... (7) 1,848,347

CURRENT ASSETS

Stock and Work in Progress ... (8) 1,503,305

Debtors ... (9) 1,324,318

Cash in hand ... 7,020

2,834,643

CREDITORS

Amounts falling due within one year (10) 2,300,954

NET CURRENT ASSETS ... 533,689

NET ASSETS ... 2,382,036

CAPITAL AND RESERVES

Called up Share Capital ... (12) 239,500

Share Premium Account ... (13) 32,000

Revaluation Reserve ... (14) 244,617

Profit and Loss Account ... (14) 1,865,919

SHAREHOLDERS' FUNDS ... 2,382,036

These financial statements were approved by
the Board of Directors on 15th April, 1987J. S. COCHRANE
D. SCHOFIELDJ. S. COCHRANE
D. SCHOFIELD } Directors.

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- (a) **BASIS OF ACCOUNTING** — the financial statements have been prepared under the historical cost accounting rules except for freehold and long leasehold land and buildings which are stated at revalued amounts. It is the policy of the company to revalue properties every five years.
- (b) **TURNOVER** — represents the total of the sales invoices, excluding VAT, after deducting all credit notes, allowances and trade discounts. All sales are made within the United Kingdom.
- (c) **COST OF SALES** — cost of sales is stated as those costs directly incurred by the company, in order to bring each product sold to its saleable condition and to provide the services to customers.
- (d) **ADMINISTRATIVE EXPENSES** — all expenses, other than cost of sales, are deemed to be in the nature of administrative expenses, as the company does not incur any distribution expenses.
- (e) **DEFERRED TAXATION** — it is considered by the Directors that it is not necessary to provide for deferred taxation in respect of plant as in their opinion any liability which may arise will be covered by Advanced Corporation Tax. No deferred taxation is provided on Land and Buildings.
- (f) **DEPRECIATION** — the basis, consistently applied, is calculated to write off the cost of Fixed Assets over their expected life. The rates applied are as follows:

Freehold, Land and Buildings	— nil
Long Leasehold Land and Buildings	— nil
Plant and machinery	— 10%
Motor vehicles	— 25%
- (g) **STOCK AND WORK IN PROGRESS** — is valued at the lower of cost and net realisable value on bases and methods which are consistent from one year to another. Cost comprises expenditure in acquiring the materials and bringing them to their current condition. Net realisable value is the estimated amount realisable upon disposal in the normal course of business.

ED

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1986 £	1985 £
Is stated after charging:-		
Interest payable on loans repayable within 5 years		
Bank Overdraft	162,435	155,156
Depreciation	83,613	83,692
Auditors remuneration	9,600	10,000
Directors' emoluments (including pension contributions)	152,745	165,714
Provision for Bad Debts	149,210	18,704
and after crediting:		
Profit on sale of Fixed Assets	<u>22,956</u>	<u>2,495</u>

3. TAXATION

Corporation Tax		
The charge for the year comprises:		
U.K. Corporation Tax on the profit for the year at 29% (1985: 30%)	<u>30,000</u>	<u>—</u>

4. DIVIDENDS

Preference — 7.1% (10% gross) — Paid	107	105
Interim Ordinary		
10% (14.08% gross) Paid 1st December, 1986	23,800	23,000
Final Ordinary		
15% (20.5% gross) Payable 28th May, 1987	35,700	34,500
	<u>59,607</u>	<u>57,605</u>

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

5. STAFF COSTS

(a) The average number of persons including directors employed by the company during the year was:

	1986	1985
Productive	95	153
Administrative	44	121

(b) The aggregate costs of employment were as follows:

	£	£
Wages and salaries	1,080,053	1,767,407
Social security costs	116,682	167,224
Other pension costs	72,355	100,159
	<u>1,269,090</u>	<u>2,034,790</u>

6. DIRECTORS' EMOLUMENTS

	£	£
Fees	22,750	17,500
Executives	96,491	114,569
Pensions paid	400	400
Pension scheme contributions	33,104	33,245
	<u>152,745</u>	<u>165,714</u>

Directors' emoluments excluding pension contributions

Chairman	8,500	9,000
Highest paid Director	<u>44,310</u>	<u>59,017</u>

Other directors whose emoluments

did not exceed £5,000 were	4	3
exceeded £25,000 but did not exceed £30,000 were	2	2

LIMITED WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

7. TANGIBLE ASSETS		Freehold Land and Buildings	Long Leasehold Land and Buildings	Plant and Machinery	Motor Vehicles	Total
		£	£	£	£	£
COST OR VALUATION						
Cost 1st January, 1986 ...		—	—	593,548	224,411	817,959
Valuation 1st January, 1986		334,795	880,194	—	—	1,214,989
Expenditure		—	—	75,697	281,839	357,536
Disposals		(1,500)	—	(24,412)	(180,018)	(205,930)
31st December, 1986 ...		333,295	880,194	644,833	326,232	2,184,554
AGGREGATE DEPRECIATION						
1st January, 1986		—	—	203,089	73,419	276,508
Disposals		—	—	(432)	(23,482)	(23,914)
Charge for year		—	—	50,386	33,227	83,613
31st December, 1986 ...		—	—	253,043	83,164	336,207
NET BOOK VALUE ...		333,295	880,194	391,790	243,068	1,848,347
Net Book Value, 1985 ...		334,795	880,194	390,459	150,992	1,756,440

Notes:—

- (a) The cost of Land and Buildings includes the revaluation surplus of £244,617 resulting from a professional valuation in 1984. On an historical cost basis land and buildings would have been included at

1986	1985
£	£
968,872	970,372

- (b) Commitments for future capital expenditure:—

Contracted for	Nil	Nil
Authorised but not contracted for	Nil	Nil

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

8. STOCK AND WORK IN PROGRESS

	1986	1985
	£	£
Vehicles	842,132	869,263
Parts and Petrol	562,656	522,899
Work in Progress	98,517	195,720
	<u>1,503,305</u>	<u>1,587,882</u>

9. DEBTORS

Due within one year:		
Trade debtors	1,046,245	871,557
Prepayments	225,134	121,199
	<u>1,271,379</u>	<u>992,756</u>
Due in more than one year:		
Advanced Corporation Tax recoverable	52,939	60,265
	<u>1,324,318</u>	<u>1,053,021</u>

10. CREDITORS

Due within one year:		
Bank overdraft	1,605,440	1,223,895
Trade creditors	288,828	343,436
Value Added Tax	54,459	134,933
P.A.Y.E. and N.H.I.	42,453	79,767
Employees Profit Share Scheme	20,000	40,000
Accruals	230,727	309,216
Proposed dividend	35,700	34,500
Advanced Corporation Tax	22,947	24,665
Corporation Tax payable	400	—
	<u>2,300,954</u>	<u>2,190,412</u>

11. CONTINGENT LIABILITY

In the event of realization of Freehold and Long Leasehold Land and Buildings at their revised book values, there would be a tax liability of £175,500. No provision for this has been incorporated in these financial statements.

LIMITED WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1985	12. SHARE CAPITAL		
£	The Share Capital of Williams Motor Co. (Holdings) Limited is authorised, issued and fully paid as follows:		
869,263	Authorised	Called up and fully paid	
522,899		1986	1985
195,720	£	£	£
1,587,882	1,500 10% Cumulative Preference Shares of £1 each	1,500	1,500
	— 'A' Ordinary Shares of £1 each	—	765
	5,000 'B' Ordinary Shares of £1 each	5,000	4,235
	293,500 'C' Ordinary Shares of £1 each	233,000	225,000
	<u>300,000</u>	<u>239,500</u>	<u>231,500</u>
871,557	13. SHARE PREMIUM ACCOUNT		
121,199	Premium on the issue of 8,000 shares	<u>32,000</u>	<u>—</u>
992,756	14. RESERVES		
60,265		Revaluation Reserve	Profit and Loss Account
1,053,021		£	£
	Balance at 1st January, 1986	244,617	1,734,888
	Profit retained in year	—	131,031
	Balance at 31st December 1986	<u>244,617</u>	<u>1,865,919</u>
1,223,895	15. SUBSIDIARY COMPANIES		
343,436		1986	1985
134,933		£	£
79,767	Shares at Valuation 1st January, 1986	7,000	7,000
40,000	Less: Current Accounts	<u>7,000</u>	<u>7,000</u>
309,216		—	—
34,500			
24,665			
2,190,412			

The undermentioned are subsidiary companies. The companies are incorporated in Great Britain and registered in England, and the parent company owns 100% of the share capital of all companies.
Williams Motor Co. Limited. Williams Motor Co. (Manchester) Limited.
In the opinion of the Directors, no useful purpose would be served by the presentation of group accounts.

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT

for the Year ended 31st December, 1986

	1986		1985	
SOURCE	£	£	£	£
TRADING				
Profit before Taxation		220,638		267,156
Depreciation		83,613		83,692
		<u>304,251</u>		<u>350,848</u>
OTHERS				
Proceeds from Disposal of Fixed Assets ...		182,016		100,663
Proceeds of Share Issue		40,000		—
		<u>526,267</u>		<u>451,511</u>
APPLICATION				
EXPENDITURE				
Dividend paid	58,407		41,505	
Advanced Corporation Tax paid ..	23,856		16,100	
Purchase of Fixed Assets	<u>357,536</u>		<u>234,447</u>	
		<u>439,799</u>		<u>292,052</u>
		<u>86,468</u>		<u>159,459</u>
MOVEMENT IN WORKING CAPITAL				
Stocks	(84,577)		(269,466)	
Debtors	271,297		177,181	
Creditors	<u>278,347</u>		<u>227,835</u>	
		465,067		135,550
MOVEMENT IN NET LIQUID FUNDS				
Bank Giro draft	(381,545)		23,380	
Cash Balance	<u>2,946</u>		<u>529</u>	
		<u>(378,599)</u>		<u>23,909</u>
		<u>86,468</u>		<u>159,459</u>