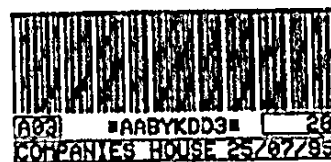


WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 December 1994

Registered number: 597708



**KIDSONS IMPEY
CHARTERED ACCOUNTANTS
MANCHESTER**

Williams Motor Co. (Holdings) Limited

Company Information

31 December 1994

DIRECTORS

M D Heeley, FCIB
N J Cook, BSc, FCCA
Mrs M M Orton Williams, BA
J S Cochrane, MA, LLB
N J Dunning

SECRETARY

P Horsfield

REGISTERED OFFICE

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

BANKERS

National Westminster Bank Plc
Liverpool City Office
PO Box 138
22 Cartle Street
Liverpool
L69 2BE

AUDITORS

Kidsons Impoy
Chartered Accountants
Devonshire House
36 George Street
Manchester
M1 4HA

Williams Motor Co. (Holdings) Limited

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Williams Motor Co. (Holdings) Ltd will be held at St James's Club, Charlotte Street, Manchester on Friday, 30 June 1995 at 12 noon to carry out the following business:

Ordinary Business

Resolution 1

To receive and adopt the report of the directors and the audited accounts for the year ended 31 December 1994.

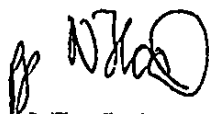
Resolution 2

To declare a final dividend of 21% net of tax on the ordinary shares of the company.

Resolution 3

To re-appoint Kidsons Impey as auditors to the company until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.

By Order of the Board



P Horsfield
Secretary

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

7 June 1995

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the company.

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Williams Motor Co. (Holdings) Limited

Directors' Report

31 December 1994

The directors have pleasure in presenting their report and audited accounts for the year ended 31 December 1994. The accounts were approved by the board on 12 May 1995.

Principal activities

The principal activities of the group are the sale and service of new and used motor vehicles, and the sale of parts and accessories.

Business review, results and dividends

The company completed building a new dealership in Liverpool during the year, which became fully operational during May 1994.

Group turnover amounted to £33,528,895 (1993: £26,051,656) and the profit before taxation was £800,271 (1993: £405,716). After providing for dividends and taxation, the retained profit of £391,058 (1993: £247,341) has been added to reserves.

The directors recommend a final dividend for 1994 of £54,893 (1993: £26,140) for the year on the ordinary share capital. If approved by the shareholders, the final dividend is proposed to be paid on 5 July 1995.

Fixed assets

Movements in fixed assets during the year are set out in the notes to the financial statements.

In the opinion of the directors the market value of freehold and leasehold property exceeds the amount at which they are stated in the accounts but they are unable to quantify the excess.

Employment of disabled persons

It is the policy of the group to give full and fair consideration to applications for employment by disabled persons having regard to their necessary abilities and skills for the position applied for. If an employee becomes disabled during employment with the group, every effort is made to retrain that employee for a position appropriate to his or her abilities.

Employee involvement

It is company policy to ensure that employees are provided with information on all matters of concern to them. Accordingly appropriate steps are taken to ensure that employees or their representatives are aware of the financial and economic factors affecting the company's performance, are consulted wherever necessary and are encouraged generally to be involved in the company's overall performance.

Charitable and political donations

Donations for charitable purposes in 1994 were £1,680. There were no donations for political purposes in the year.

Williams Motor Co. (Holdings) Limited

Directors' Report

31 December 1994

Statement of Directors Responsibilities

We are required under company law to prepare accounts 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 these accounts we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business;

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

Directors

The directors of the company at 31 December 1994 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	Shareholdings at 31 December 1994		Shareholdings at 31 December 1993	
	Ordinary		Ordinary	
	B	C	B	C
M D Hooley	-	-	-	-
N J Cook	100	1,768	100	1,768
Mrs M M Orton Williams	2,480	62,560	1,130	52,219
N J Dunning	200	10,541	200	10,541
J S Cochrane) as	19	3,352	19	2,063
N J Cook) trustees	19	3,352	19	2,063

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Kidsons Impey as the Company's auditors will be placed before the Annual General Meeting.

On behalf of the Board


P Horsfield
Secretary

7 June 1995

Williams Motor Co. (Holdings) Limited

Auditors' report to the members of Williams Motor Co. (Holdings) Limited

We have audited the accounts on page 6 to 17 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

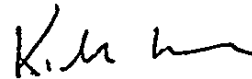
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditors
Chartered Accountants

Devonshire House
36 George Street
Manchester
M1 4HA

7 June 1995.

Williams Motor Co. (Holdings) Limited**Profit and Loss Account****for the year ended 31 December 1994**

	Note	1994 £	1993 £
Turnover	2	33,528,895	26,051,656
Cost of sales		(28,575,387)	(21,936,760)
Gross profit		<u>4,953,508</u>	<u>4,114,896</u>
Administrative expenses	5	(4,010,626)	(3,563,261)
Operating profit	3	<u>942,882</u>	<u>551,635</u>
Interest payable	6	(142,611)	(145,919)
Profit on ordinary activities before taxation		<u>800,271</u>	<u>405,716</u>
Taxation	7	(330,794)	(119,165)
Profit on ordinary activities after taxation		<u>469,477</u>	<u>286,551</u>
Dividends	8	(78,419)	(39,210)
Retained profit for the year	17	<u>391,058</u>	<u>247,341</u>

Statement of Total Recognised Gains and Losses**for the year ended 31 December 1994**

The company has had no recognised gains and losses during this year and last year other than profit for the financial year.

Notes of Historical Cost Profits and Losses**for the year ended 31 December 1994**

	1994 £	1993 £
Reported profit on ordinary activities before taxation	800,271	405,716
Realisation of property revaluation gains of previous years	115,745	-
Historical cost profit on ordinary activities before taxation	<u>916,016</u>	<u>405,716</u>
Historical cost profit for the year retained after taxation and dividends	<u>506,803</u>	<u>247,341</u>

The notes on pages 9 to 17 form part of these financial statements.

Williams Motor Co. (Holdings) Limited

Balance Sheet

at 31 December 1994

	Note	£	1994	£	1993	£
Fixed assets						
Tangible assets	9			4,556,526		4,063,322
Current assets						
Stocks	10	3,904,179			3,546,984	
Debtors	11	927,795			822,197	
Cash at bank and in hand		324,497			288,967	
			5,156,471		4,658,148	
Creditors: Amounts falling due within one year	12	(3,682,206)			(3,558,002)	
Net current assets				1,474,265		1,100,146
Total assets less current liabilities				6,030,791		5,163,468
Creditors: Amounts falling due after more than one year	13			(1,698,441)		(1,222,176)
				4,332,350		3,941,292
Capital and reserves						
Called up share capital	16		261,395			261,395
Share premium account	17		123,736			123,736
Revaluation reserve	17		-			115,745
Profit and loss account	17		3,947,219			3,440,416
Total shareholder's funds attributable to equity shareholders	15		4,332,350			3,941,292

The accounts on pages 6 to 17 were approved by the board of directors on 12 May 1995 and are signed on its behalf by


 M D Heeley
)
) Directors
)
 N J Cook 

The notes on pages 9 to 17 form part of these financial statements.

Williams Motor Co. (Holdings) Limited

Cash Flow Statement

for the year ended 31 December 1994

	1994	1993
	£	£
Net cash inflow from operating activities	516,873	995,126
Returns on investment and servicing of finance		
Interest paid	(142,611)	(145,919)
Dividends paid	(49,666)	(26,140)
Net cash (outflow) from returns on investments and servicing of finance	(192,277)	(172,059)
Taxation		
Corporation tax paid (including advance corporation tax)	(102,183)	(29,140)
Investing activities		
Purchase of fixed assets	(1,291,147)	(971,984)
Proceeds on disposal of fixed assets	632,285	310,427
Net cash (outflow) from investing activities	(658,862)	(661,557)
Net cash (outflow)/inflow before financing	(436,449)	132,370
Financing		
Capital element of finance lease rentals	(28,021)	(15,876)
Loan advanced in year	500,000	-
Net cash inflow/(outflow) from financing	471,979	(15,876)
Increase in cash and cash equivalents	35,530	116,494

Further details are given in note 18.

The notes on pages 9 to 17 form part of these financial statements.

Williams Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

1 Principal Accounting policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

Plant and machinery:	Up to a maximum of twenty-five years
Motor vehicles:	Up to a maximum of four years

No provision is made for depreciation in respect of freehold and leasehold property. This policy is adopted because the value of these premises is maintained by the company and as a consequence any element of depreciation would in the directors' opinion be immaterial.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks, including work in progress are valued at the lower of cost and net realisable value.

Deferred taxation

The company does not provide for deferred tax unless there is a reasonable probability that the liability will arise in the foreseeable future.

Defined benefit scheme

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working life with the company. The regular cost is attributed to the individual years using cash equivalent and market valuation methods.

2 Turnover

Turnover is the value of goods and services, excluding value added tax. All activities are classed as continuing. There were no acquisitions or disposals of operations during the year or previous year.

Williams Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

3 Operating profit

	1994 £	1993 £
Operating profit is stated after charging:		
Auditors' remuneration - audit services	11,500	11,200
- other services	11,547	22,660
Depreciation of tangible fixed assets	264,035	204,927
Directors' remuneration (note 4)	124,547	116,619

4 Directors and employees

	1994	1993
The average number of persons including executive directors employed by the company during the year was:		
Productive	44	41
Sales and distribution	76	70
Administrative	27	26
	147	137

	1994 £	1993 £
Staff costs including directors' remuneration		
Wages and salaries	2,331,068	2,049,702
Social security costs	220,327	187,949
Pension costs	107,073	105,478
	2,658,468	2,343,129

Pension costs

The company operates a pension scheme providing benefits based on final pensionable pay or on contributions paid. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions funding the defined benefit part of the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using cash equivalent and market valuation methods. The most recent valuation was at 30 June 1994. The pension charge for the period was £107,073 (1993: £105,478).

The actuarial valuation showed that the market value of the scheme's assets at 30 June 1994 was £729,984 and that the actuarial value of those assets fully cover the liabilities at that date.

William Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

4 Directors and employees (continued)

	1994 £	1993 £
Directors		
Fees	24,000	24,000
Executive remuneration and benefits (including pension contributions)	100,547	92,619
	<u>124,547</u>	<u>116,619</u>
Emoluments excluding pension contributions		
Chairman	9,195	10,240
Highest paid director	<u>73,779</u>	<u>61,028</u>
Other directors	Number	Number
£5,001 - £10,000	2	3
£15,001 -£20,000	1	-

During the year, £19,000 was paid by way of consultancy and advisory fees to a company in which M D Heeley has an interest.

5 Exceptional Item

	1994 £	1993 £
Included in administrative expenses - Loss on sale of property	46,173	-

6 Interest payable

	1994 £	1993 £
Bank loans and overdrafts		
Wholly repayable within five years	6,840	5,376
Other loans	121,009	109,274
Stock finance and lease charges	14,762	31,269
	<u>142,611</u>	<u>145,919</u>

7 Taxation

	1994 £	1993 £
Corporation tax at 33% (1993: 33%)	327,000	134,182
Corporation tax under/(over) provided in previous years	3,794	(15,017)
	<u>330,794</u>	<u>119,165</u>

William Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

8 Dividends

	1994 £	1993 £
Interim ordinary 9% (11.25% gross) paid 2 December 1994	23,526	13,070
Final ordinary 21% (26.25% gross) proposed	54,893	26,140
Dividends to equity shareholders	<u>78,419</u>	<u>39,210</u>

9 Tangible fixed assets

Cost or valuation	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
At 1 January 1994	1,650,165	1,357,925	1,701,078	389,898	5,099,066
Additions	662,584	-	256,025	502,031	1,420,640
Disposals	(246,173)	-	(119,334)	(461,195)	(826,702)
Transfers	(99,614)	-	99,614	-	-
At 31 December 1994	<u>1,966,962</u>	<u>1,357,925</u>	<u>1,937,383</u>	<u>430,734</u>	<u>5,693,004</u>
Depreciation					
At 1 January 1994	-	-	956,610	79,134	1,035,744
Charge for year	-	-	179,039	84,996	264,035
Disposals	-	-	(91,390)	(71,911)	(163,301)
At 31 December 1994	-	-	<u>1,044,259</u>	<u>92,219</u>	<u>1,136,478</u>
Net book value					
At 31 December 1994	<u>1,966,962</u>	<u>1,357,925</u>	<u>893,124</u>	<u>338,515</u>	<u>4,556,526</u>
At 31 December 1993	<u>1,650,165</u>	<u>1,357,925</u>	<u>744,468</u>	<u>310,764</u>	<u>4,063,322</u>

The net book value of fixtures, motor vehicles and equipment includes £129,305 (1993: £21,963) in respect of assets held under finance leases and hire purchase contracts.

	1994 £	1993 £
Land and Buildings		
Freehold	1,966,962	1,650,165
Long leasehold	1,274,196	1,274,196
Short leasehold	83,729	83,729
Net book value	<u>3,324,887</u>	<u>3,008,090</u>

Long leaseholds are those leaseholds with more than 50 years unexpired.

William Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

9 Tangible fixed assets (continued)

	1994 £	1993 £
Future capital commitments		
Contracted for	-	534,000
Authorised but not contracted for	-	-

10 Stocks

	1994 £	1993 £
Vehicles	3,421,422	3,064,481
Parts and other stocks	482,757	482,503
	<u>3,904,179</u>	<u>3,546,984</u>

11 Debtors

	1994 £	1993 £
Trade debtors	715,941	626,686
Prepayments and accrued income	181,921	181,387
Advanced corporation tax recoverable	29,933	14,124
	<u>927,795</u>	<u>822,197</u>

12 Creditors: amounts falling due within one year:

	1994 £	1993 £
Fixed rate loan	200,000	-
Medium term loan	-	100,000
Trade creditors	2,022,847	2,051,734
Other creditors	459,816	824,431
Advanced corporation tax	19,605	6,535
Corporation tax payable	354,308	122,958
Other taxation and social security	234,030	151,464
Accruals and deferred income	302,054	262,894
Proposed dividend	54,893	26,140
Finance leases and hire purchase contracts	34,653	11,846
	<u>3,682,206</u>	<u>3,558,002</u>

William Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

13 Creditors: amounts falling due after more than one year

	1994 £	1993 £
Fixed rate loan	1,300,000	-
Medium term loan	300,000	1,200,000
Accruals and deferred income	7,400	9,800
Finance leases and hire purchase contracts	91,041	12,376
	<u>1,698,441</u>	<u>1,222,176</u>

Fixed rate loan
Amounts fall due on the fixed rate loan as follows:
In one year or less (see note 12)
Between one and two years
Between two and five years

	1994 £	1993 £
In one year or less (see note 12)	200,000	-
Between one and two years	200,000	-
Between two and five years	1,100,000	-
	<u>1,500,000</u>	<u>-</u>

The fixed rate loan is repayable by four annual instalments of £200,000 and a final repayment of £700,000 and is secured by a fixed and floating charge over the company's assets.

	1994 £	1993 £
Medium term loan		
Amounts fall due on the medium term loan facility as follows:		
In one year or less (see note 12)	-	100,000
Between one and two years	-	100,000
Between two and five years	-	-
After five years	300,000	800,000
	<u>300,000</u>	<u>1,300,000</u>

The medium term loan facility is repayable in full on 21 August 2004 and is subject to a variable interest rate.

The medium term loan facility and the overdraft facility are secured by a fixed and floating charge over the company's assets.

Other creditors which represent new vehicle stocking finance is secured by a charge on the vehicles concerned, which are included in vehicle stocks.

A commercial rate of interest is charged on all loans and overdrafts.

William Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

13 Creditors: amounts falling due after more than one year (continued)

Finance leases and hire purchase contracts

Obligations under finance leases and hire purchase contracts are repayable over varying periods by monthly instalments as follows:

	1994 £	1993 £
In one year or less (see note 12)	34,653	11,846
Between one and two years	31,488	7,438
Between two and five years	59,553	4,938
	<u>125,694</u>	<u>24,222</u>

14 Deferred Taxation

	Potential liability 1994 £	Potential liability 1993 £	Provision made 1994 £	Provision made 1993 £
Corporation tax deferred by Capital Allowances	137,221	117,080	-	-
Corporation tax on revaluation surplus	-	38,196	-	-

15 Reconciliation of shareholders' funds

	1994 £	1993 £
Profit for the financial year	469,477	286,551
Dividends	(78,419)	(39,210)
Net addition to shareholders' funds	<u>391,058</u>	<u>247,341</u>
Opening shareholders' funds	3,941,292	3,693,951
Closing shareholders' funds	<u>4,332,350</u>	<u>3,941,292</u>

All shareholders funds are classed as equity.

16 Called up share capital

	Authorised		Allotted, called up and fully paid up	
	1994 Number	1993 Number	1994 Number	1993 Number
'B' Ordinary shares of £1 each	5,000	5,000	5,000	5,000
'C' Ordinary shares of £1 each	295,000	295,000	256,395	256,395
	<u>300,000</u>	<u>300,000</u>	<u>261,395</u>	<u>261,395</u>

'C' Ordinary shares rank pari passu in all respects to 'B' Ordinary shares save that they have no voting rights except on the winding up of the company.

William Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

17 Reserves

	Share premium account	Revaluation reserve	Profit and loss account
	£	£	£
At 1 January 1994	123,736	115,745	3,440,416
Retained profit for the year	-	-	391,058
Realised revaluation surplus released		(115,745)	115,745
At 31 December 1994	123,736	-	3,947,219

18 Cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities

	1994 £	1993 £
Operating profit	942,882	551,635
Depreciation on fixed assets	264,035	204,927
Loss/(profit) on sale of fixed assets	31,116	(11,946)
Increase in stocks	(357,195)	(548,508)
Increase in debtors	(89,789)	(64,184)
(Decrease)/Increase in creditors	(274,176)	863,202
Net cash inflow from operating activities	516,873	995,126

b) Analysis of balances of cash and cash equivalents as shown in the balance sheet

	Cash at bank and in hand £
1 January 1993	172,473
Net cash inflow for year ended 31 December 1993	116,494
1 January 1994	288,967
Net cash inflow for year ended 31 December 1994	35,530
31 December 1994	324,497

William Motor Co. (Holdings) Limited

Notes to the accounts - for the year ended 31 December 1994

18 Cash flow statement - continued

c) Analysis of changes in financing during the year

	Finance leasing £	Bank Loans £
1 January 1993		
New finance lease contracts	39,098	1,300,000
Cash outflow from financing	1,000 (15,876)	-
31 December 1993	24,222	1,300,000
New finance lease contracts	129,493	-
Cash (outflow)/inflow from financing	(28,012)	500,000
31 December 1994	125,694	1,800,000

19 Subsidiary companies

	1994 £	1993 £
Shares at valuation 1 January 1994	7,000	7,000
Less: current accounts	(7,000)	(7,000)
	-	-

The undermentioned are subsidiary companies. The companies have been incorporated in Great Britain and registered in England, and the parent company owns 100% of the share capital of both companies.

Williams Motor Co. Limited
Williams Motor Co. (Manchester) Limited

Both companies have been dormant throughout this year and the previous year and therefore, in the opinion of the directors, no useful purpose would be served by the presentation of group accounts.