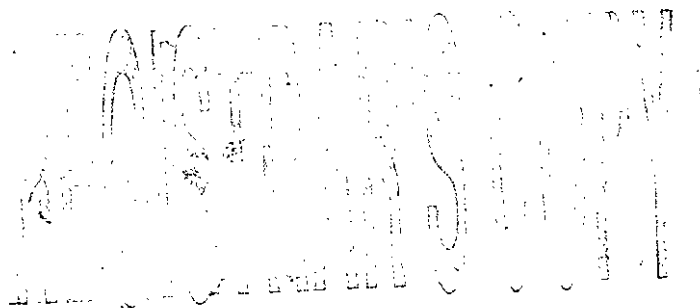


WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 December 1996

Registered number: 597708



KIDSONS IMPEY

CHARTERED ACCOUNTANTS

MANCHESTER



Williams Motor Co. (Holdings) Limited

Company Information

31 December 1996

DIRECTORS

M D Heeley, FCIB
N J Cook, BSc, FCCA
Mrs M M Orton Williams, BA
J S Cochrane, MA, LLB (resigned 31 December 1996)
N J Dunning

SECRETARY

J Roberts

REGISTERED OFFICE

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

BANKERS

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

AUDITORS

Kidsons Impey
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 the Midland Hotel, Peter Street, Manchester on Friday 27 June 1997 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 1996.

Resolution 2

To declare a final dividend of 27.5% 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



J Roberts
Secretary

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

A JUNE 1997

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.

Williams Motor Co. (Holdings) Limited

Directors' Report

31 December 1996

The directors have pleasure in presenting their report and audited accounts for the year ended 31 December 1996. The accounts were approved by the board on 25 April 1997.

Principal activities

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

Business review, results and dividends

Company turnover amounted to £44,897,363 (1995: £41,314,684) and the profit before taxation was £1,173,709 (1995: £1,042,090). After providing for dividends and taxation, the retained profit of £693,302 (1995: £606,532) has been added to reserves.

The directors recommend a final dividend for 1996 of £71,884 (1995: £65,349) for the year on the ordinary share capital. If approved by the shareholders, the final dividend is proposed to be paid on 1 July 1997.

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 company 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 company, 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 1996 were £2,940 (1995: £2,739). There were no donations for political purposes in the year.

Williams Motor Co. (Holdings) Limited

Directors' Report

31 December 1996

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 1996 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

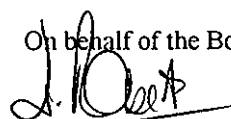
	Shareholdings at 31 December 1996		Shareholdings at 31 December 1995	
	Ordinary		Ordinary	
	B	C	B	C
M D Heeley	-	-	-	-
N J Cook	100	1,768	100	1,768
Mrs M M Orton Williams	2,480	62,560	2,480	62,560
N J Dunning	200	10,541	200	10,541
J S Cochrane) as	19	5,635	19	4,881
N J Cook) trustees	19	5,635	19	4,881

Mr J S Cochrane resigned as director of the company on 31 December 1996. The directors wish to record their appreciation for his contribution and many years service to the company,

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



J Roberts
Secretary

A JUNE 1997

Williams Motor Co. (Holdings) Limited

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

We have audited the accounts on pages 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kidson Impay

Registered Auditors
Chartered Accountants

Devonshire House
36 George Street
Manchester
M1 4HA

4 JUNE 1997

Williams Motor Co. (Holdings) Limited

Profit and Loss Account

for the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover	2	44,897,363	41,314,684
Cost of sales		(38,240,549)	(35,558,340)
Gross profit		<u>6,656,814</u>	<u>5,756,344</u>
Administrative expenses	5	(5,346,513)	(4,539,052)
Operating profit	3	<u>1,310,301</u>	<u>1,217,292</u>
Interest payable	6	(136,592)	(175,202)
Profit on ordinary activities before taxation		<u>1,173,709</u>	<u>1,042,090</u>
Taxation	7	(349,709)	(331,000)
Profit on ordinary activities after taxation		<u>824,000</u>	<u>711,090</u>
Dividends	8	(130,698)	(104,558)
Retained profit for the year	17	<u>693,302</u>	<u>606,532</u>

Statement of Total Recognised Gains and Losses

for the year ended 31 December 1996

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 1996

Profit on a historical cost basis does not differ from profit as shown in the profit and loss account.

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

Williams Motor Co. (Holdings) Limited

Balance Sheet

at 31 December 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	9	4,889,831	4,792,221
Current assets			
Stocks	10	5,023,625	4,355,562
Debtors	11	1,448,097	1,019,490
Cash at bank and in hand		958,844	1,173,229
		<u>7,430,566</u>	<u>6,548,281</u>
Creditors: Amounts falling due within one year	12	(5,653,002)	(4,733,544)
Net current assets		<u>1,777,564</u>	<u>1,814,737</u>
Total assets less current liabilities		<u>6,667,395</u>	<u>6,606,958</u>
Creditors: Amounts falling due after more than one year	13	(1,035,211)	(1,668,076)
		<u>5,632,184</u>	<u>4,938,882</u>
Capital and reserves			
Called up share capital	16	261,395	261,395
Share premium account	17	123,736	123,736
Profit and loss account	17	5,247,053	4,553,751
Total shareholders' funds attributable to equity shareholders	15	<u>5,632,184</u>	<u>4,938,882</u>

The accounts on pages 6 to 17 were approved by the board of directors on 25 April 1997 and are signed on its behalf by


M D Heeley

N J Cook 

)
)
) Directors
)
)

4 JUNE 1997

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 1996

	1996	1995
	£	£
Net cash inflow from operating activities	1,374,037	1,888,555
Returns on investment and servicing of finance		
Interest paid	(136,592)	(175,202)
Dividends paid	(124,163)	(94,102)
Net cash (outflow) from returns on investments and servicing of finance	(260,755)	(269,304)
Taxation		
Corporation tax paid (including advance corporation tax)	(333,223)	(302,215)
Investing activities		
Purchase of fixed assets	(966,418)	(906,899)
Proceeds on disposal of fixed assets	717,909	471,275
Net cash (outflow) from investing activities	(248,509)	(435,624)
Net cash inflow before financing	531,550	881,412
Financing		
Capital element of finance lease rentals	(45,935)	(32,680)
Loan repayment in year	(700,000)	-
Net cash (outflow) from financing	(745,935)	(32,680)
(Decrease)/increase in cash and cash equivalents	(214,385)	848,732

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 1996

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 1996

3 Operating profit

	1996 £	1995 £
Operating profit is stated after charging:		
Auditors' remuneration - audit services	11,500	11,000
- other services	12,304	11,400
Depreciation of tangible fixed assets	329,759	217,381
Directors' remuneration (note 4)	159,606	134,983

4 Directors and employees

	1996	1995
The average number of persons including executive directors employed by the company during the year was:		
Productive	53	51
Sales and distribution	84	83
Administrative	30	28
	167	162
	1996 £	1995 £
Staff costs including directors' remuneration		
Wages and salaries	2,903,895	2,711,900
Social security costs	262,639	234,438
Pension costs	145,866	122,834
	3,312,400	3,069,172

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 1996. The pension charge for the period was £145,866 (1995: £122,834).

The actuarial valuation showed that the market value of the scheme's assets at 30 June 1996 was £1,148,071 and that the actuarial value of those assets fully cover the liabilities at that date.

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1996

4 Directors and employees (continued)

	1996	1995
	£	£
Directors		
Fees	24,000	24,000
Executive remuneration and benefits (including pension contributions)	135,606	110,983
	<u>159,606</u>	<u>134,983</u>
 Emoluments excluding pension contributions		
Chairman	6,417	4,991
Highest paid director	<u>101,433</u>	<u>81,397</u>
 Other directors	Number	Number
£ 5,001 - £10,000	2	2
£15,001 - £20,000	-	-
£25,001 - £30,000	1	1

During the year, £14,332 (1995: £19,000) was paid by way of consultancy and advisory fees to a company in which M D Heeley has an interest.

5 Exceptional items

	1996	1995
	£	£
Included in administrative expenses - Provision for closure of PSV	-	79,825

6 Interest payable

	1996	1995
	£	£
Bank loans and overdrafts		
Wholly repayable within five years	6,838	11,556
Other loans	85,165	126,894
Stock finance and lease charges	44,589	36,752
	<u>136,592</u>	<u>175,202</u>

7 Taxation

	1996	1995
	£	£
Corporation tax at 33% (1995: 33%)	387,323	331,000
Corporation tax over provided in previous years	(37,614)	-
	<u>349,709</u>	<u>331,000</u>

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1996

8 Dividends

	1996 £	1995 £
Interim ordinary 22.5% (28.13% gross) paid 11 December 1996	58,814	39,209
Final ordinary 27.5% (34.38% gross) proposed	71,884	65,349
Dividends to equity shareholders	<u>130,698</u>	<u>104,558</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 1996	1,979,189	1,357,925	1,845,405	707,554	5,890,073
Additions	32,043	16,984	451,468	616,112	1,116,607
Disposals	-	-	(54,979)	(818,240)	(873,219)
At 31 December 1996	<u>2,011,232</u>	<u>1,374,909</u>	<u>2,241,894</u>	<u>505,426</u>	<u>6,133,461</u>
Depreciation					
At 1 January 1996	-	-	971,903	125,949	1,097,852
Charge for year	-	-	189,802	139,957	329,759
Disposals	-	-	(49,895)	(134,086)	(183,981)
At 31 December 1996	-	-	<u>1,111,810</u>	<u>131,820</u>	<u>1,243,630</u>
Net book value					
At 31 December 1996	<u>2,011,232</u>	<u>1,374,909</u>	<u>1,130,084</u>	<u>373,606</u>	<u>4,889,831</u>
At 31 December 1995	<u>1,979,189</u>	<u>1,357,925</u>	<u>873,502</u>	<u>581,605</u>	<u>4,792,221</u>

The net book value of fixtures, motor vehicles and equipment includes £204,220 (1995: £106,601) in respect of assets held under finance leases and hire purchase contracts.

	1996 £	1995 £
Land and Buildings		
Freehold	2,011,232	1,979,189
Long leasehold	1,291,180	1,274,196
Short leasehold	83,729	83,729
Net book value	<u>3,386,141</u>	<u>3,337,114</u>

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

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1996

10 Stocks

	1996 £	1995 £
Vehicles	4,553,066	3,844,314
Parts and other stocks	470,559	511,248
	<u>5,023,625</u>	<u>4,355,562</u>

Included within stock is consignment stock valued at £2,196,101 (1995 : £2,248,298).

11 Debtors

	1996 £	1995 £
Due within one year:		
Trade debtors	1,199,863	782,460
Prepayments and accrued income	230,263	220,693
	<u>1,430,126</u>	<u>1,003,153</u>
Due after more than one year:		
Advanced corporation tax recoverable	17,971	16,337
	<u>1,448,097</u>	<u>1,019,490</u>

12 Creditors: amounts falling due within one year

	1996 £	1995 £
Fixed rate loan	200,000	200,000
Trade creditors	3,294,761	2,804,052
Other creditors	665,207	442,425
Advanced corporation tax	32,675	26,140
Corporation tax payable	374,547	362,962
Other taxation and social security	210,977	334,990
Accruals and deferred income	734,894	461,688
Proposed dividend	71,884	65,349
Finance leases and hire purchase contracts	68,057	35,938
	<u>5,653,002</u>	<u>4,733,544</u>

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1996

13 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Fixed rate loan	900,000	1,100,000
Medium term loan	-	500,000
Accruals and deferred income	-	5,000
Finance leases and hire purchase contracts	135,211	63,076
	<u>1,035,211</u>	<u>1,668,076</u>
	1996 £	1995 £
Fixed rate loan		
Amounts fall due on the fixed rate loan as follows:		
In one year or less (see note 12)	200,000	200,000
Between one and two years	200,000	200,000
Between two and five years	700,000	900,000
	<u>1,100,000</u>	<u>1,300,000</u>

The fixed rate loan is repayable by two 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.

	1996 £	1995 £
Medium term loan		
Amounts fall due on the medium term loan facility as follows:		
After five years	-	500,000

The medium term loan facility was originally repayable in full on 21 August 2004 and was subject to a variable interest rate, however it was repaid in full during the year to 31 December 1996.

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.

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1996

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:

	1996 £	1995 £
In one year or less (see note 12)	68,057	35,938
Between one and two years	62,751	28,871
Between two and five years	72,460	34,205
	<u>203,268</u>	<u>99,014</u>

14 Deferred Taxation

	Potential liability 1996 £	Potential liability 1995 £	Provision made 1996 £	Provision made 1995 £
Corporation tax deferred by capital allowances	214,902	159,445	-	-

15 Reconciliation of shareholders' funds

	1996 £	1995 £
Profit for the financial year	824,000	711,090
Dividends	(130,698)	(104,558)
Net addition to shareholders' funds	<u>693,302</u>	<u>606,532</u>
Opening shareholders' funds	4,938,882	4,332,350
Closing shareholders' funds	<u>5,632,184</u>	<u>4,938,882</u>

All shareholders funds are classed as equity.

16 Called up share capital

	Authorised		Allotted, called up and fully paid up	
	1996 Number	1995 Number	1996 Number	1995 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.

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1996

17 Reserves

	Share premium account £	Profit and loss account £
At 1 January 1996	123,736	4,553,751
Retained profit for the year	-	693,302
At 31 December 1996	<u>123,736</u>	<u>5,247,053</u>

18 Cash flow statement

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

	1996 £	1995 £
Operating profit	1,310,301	1,217,292
Depreciation on fixed assets	329,759	217,381
Profit on sale of fixed assets	(28,671)	(11,452)
Increase in stocks	(668,063)	(451,383)
Increase in debtors	(426,973)	(105,291)
Increase in creditors	857,684	1,022,008
Net cash inflow from operating activities	<u>1,374,037</u>	<u>1,888,555</u>

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

	Cash at bank and in hand £
1 January 1995	324,497
Net cash inflow for year ended 31 December 1995	848,732
1 January 1996	<u>1,173,229</u>
Net cash outflow for year ended 31 December 1996	(214,385)
31 December 1996	<u>958,844</u>

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1996

18 Cash flow statement - continued

c) Analysis of changes in financing during the year

	Finance leasing £	Bank Loans £
1 January 1995	125,694	1,800,000
New finance lease contracts	6,000	-
Cash outflow from financing	(32,680)	-
31 December 1995	99,014	1,800,000
New finance lease contracts	150,189	-
Cash (outflow) from financing	(45,935)	(700,000)
31 December 1996	203,268	1,100,000

19 Subsidiary companies

	1996 £	1995 £
Shares at valuation 1 January 1996	7,000	7,000
Less: current accounts	(7,000)	(7,000)
	-	-

The undermentioned are subsidiary companies. The companies were incorporated in Great Britain and are 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.

20 Ultimate Controlling Party

The ultimate controlling party is Mrs M M Orton Williams.