

WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

REPORT AND ACCOUNTS

31 December 1999

Registered number: 597708

**HLB KIDSONS
CHARTERED ACCOUNTANTS
MANCHESTER**



Williams Motor Co. (Holdings) Limited

Company Information

31 December 1999

DIRECTORS

N J Cook, BSc, FCCA
Mrs M M Orton Williams, BA
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

HLB Kidsons
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) Limited will be held at the Stanneylands Hotel, Wilmslow on Friday 23 June 2000 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 1999.

Resolution 2

To declare a final dividend of 80.0% net of tax on the ordinary shares of the company.

Resolution 3

To re-appoint HLB Kidsons 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

23 MAY 2000

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 1999

The directors have pleasure in presenting their report and audited accounts for the year ended 31 December 1999. The accounts were approved by the board on 9 May 2000.

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.

The company has been granted the franchises for Land Rover and BMW Motorcycles for the city of Manchester. Both franchises require purpose built premises from which to operate and construction of these new facilities will be completed during the year 2000.

Business review, results and dividends

Company turnover amounted to £53,943,088 (1998: £52,516,817) and the profit before taxation was £2,458,108 (1998: £2,456,858). After providing for dividends and taxation, the retained profit of £1,388,691 (1998: £1,366,027) has been added to reserves.

During the year, the company paid an interim dividend of £100,637 (1998: £100,637). The directors recommend a final dividend for 1999 of £209,116 (1998: £209,116) for the year on the ordinary share capital. If approved by the shareholders, the final dividend is proposed to be paid on 30 June 2000.

Fixed assets

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

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.

Depreciation of freehold and long leasehold building

Following the introduction of the new accountancy standard on fixed assets and depreciation, FRS15, with effect from 1 January 2000 the company will depreciate freehold and long leasehold buildings over their useful economic life. The company will not be depreciating the land on which the buildings stand. This will have no material effect on profits. The company estimates that if the new policy were adopted in the current year an additional sum of depreciation amounting to £37,500 would have been charged.

Charitable and political donations

Donations for charitable purposes in 1999 were £3,448 (1998: £3,425). There were no donations for political purposes in the year.

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 judgments 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.

Williams Motor Co. (Holdings) Limited

Directors' Report

31 December 1999

Statement of directors' responsibilities (continued)

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 and their interests

The directors of the company at 31 December 1999 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	Shareholdings at 31 December 1999		Shareholdings at 31 December 1998	
	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
N J Cook) as	19	8,887	19	7,956
Mrs M M Orton Williams) trustees	19	8,887	19	7,956

Mr M D Heeley resigned as director of the company on 31 December 1999. The directors wish to record their appreciation for his contribution and service to the company.

No right to subscribe for shares in or debentures of the company was granted or exercised during the year.

Year 2000

There were no adverse effects on the company to date resulting from the advent of the Year 2000. The directors had assessed the potential impact and undertaken modifications to systems where necessary. The costs incurred in respect of Year 2000 related projects were not significant.

Auditors

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

On behalf of the Board



J Roberts
Secretary

23 MAY 2000

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 18, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3, 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 1999 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

HLB Kim

23 May

2000

Williams Motor Co. (Holdings) Limited

Profit and Loss Account

for the year ended 31 December 1999

	Note	1999 £	As restated 1998 £
Turnover	2	53,943,088	52,516,817
Cost of sales		(45,055,311)	(43,854,307)
Gross profit		8,887,777	8,662,510
Administrative expenses		(6,418,935)	(6,200,455)
Operating profit	3	2,468,842	2,462,055
Interest payable (net)	5	(10,734)	(5,197)
Profit on ordinary activities before taxation		2,458,108	2,456,858
Taxation	6	(759,664)	(781,078)
Profit for the financial year		1,698,444	1,675,780
Dividends	7	(309,753)	(309,753)
Retained profit for the year	16	1,388,691	1,366,027

All of the activities of the company are classed as continuing.

Statement of Total Recognised Gains and Losses

for the year ended 31 December 1999

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

The notes on pages 9 to 18 form part of these accounts.

at 31 December 1999

The accounts on pages 6 to 18 were approved by the board of directors on 9 May 2000 and are signed on its behalf by:

Margaret Chan Williams

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Williams Motor Co. (Holdings) Limited

Cash Flow Statement

for the year ended 31 December 1999

	1999		1998	
	£	£	£	£
Net cash inflow from operating activities		3,205,485		2,447,102
Returns on investments and servicing of finance				
Interest received	99,069		125,778	
Interest paid	(98,021)		(122,736)	
Interest element of finance lease rental payments	(11,782)		(8,239)	
		(10,734)		(5,197)
Taxation				
UK corporation tax paid		(981,403)		(579,433)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(1,925,171)		(795,971)	
Receipts from sales of tangible fixed assets	522,162		568,875	
		(1,403,009)		(227,096)
Equity dividends paid		(309,753)		(201,274)
Financing				
Repayment of bank loan	(700,000)		(200,000)	
Capital element of finance lease rental payments	(53,721)		(68,039)	
		(753,721)		(268,039)
(Decrease)/increase in cash		(253,135)		1,166,063

Further details are given in note 17.

The notes on pages 9 to 18 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

1 Principal accounting policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost 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 their 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 pension 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 regular cost is attributed to the individual years using cash equivalent and market valuation methods.

Money purchase pension scheme

Contributions are charged to the profit and loss account as they fall due.

Prior year figures

Turnover and cost of sales for 1998 have been restated as they included internal sales of £1,005,823. This has had no effect on profit.

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

2 Turnover

Turnover represents the value of goods and services, excluding value added tax, invoiced to third parties. Turnover is attributable to one continuing activity in the United Kingdom. There were no acquisitions or disposals of operations during the current year or previous year.

The directors do not wish to disclose the turnover by business segment as they believe it would be seriously prejudicial to the business.

3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging:		
Auditors' remuneration - audit services	14,165	12,000
- non audit services	17,210	6,370
Depreciation of owned fixed assets	337,314	300,229
Depreciation of assets held under finance leases and hire purchase contracts	39,102	66,275
Directors' remuneration (note 4)	176,439	169,838

4 Directors and employees

	1999 £	1998 £
Staff costs including directors' remuneration		
Wages and salaries	3,860,169	3,931,673
Social security costs	387,919	404,964
Pension costs	143,810	119,952
	4,391,898	4,456,589

	1999 Number	1998 Number
The monthly average number of persons, including executive directors, employed by the company during the year was:		
Productive	64	66
Sales and distribution	91	88
Administrative	38	37
	193	191

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

4 Directors and employees (continued)

	1999 £	1998 £
Directors' remuneration		
Fees	16,000	12,000
Executive remuneration and benefits	160,439	157,838
	176,439	169,838
Number of directors to whom retirement benefits are accruing under defined benefit pension schemes in respect of qualifying services	2	2

In addition to the fees shown above, during the year, £13,000 (1998: £12,000) was paid by way of consultancy and advisory fees to a company in which M D Heeley has an interest.

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 triennial valuation was at 1 April 1998. The pension charge to the company for the period was £143,810 (1998: £119,952).

The main assumptions used by the actuary were:

- | | |
|------------------------------|--|
| Investment return | - Long term rate of price inflation of 5% per annum and the scheme investments will over the long term earn a rate of return of 4% per annum in excess of price inflation. |
| Earnings increases | - A real rate of increase in pensionable pay of 2% per annum which equates to a nominal rate of 7% per annum. |
| Pension in payment increases | - Such increases will average 4% per annum. |
| Dividend growth | - A nominal rate of dividend growth of 4.5% per annum. |

Pension contribution rates

Under the money purchase section of the plan members' contributions were increased from 3% to 5% of pensionable pay on 1 July 1999. Employer's contributions were 8% of pensionable pay less 3% of earnings between the lower and upper earnings limit.

Under the final salary section of the plan members' contributions were 6% of pensionable pay and employer's contributions were 12.5% of pensionable pay.

Market value of scheme assets

The latest pension scheme accounts at 30 June 1999 showed that the market value of the pension scheme's assets was £2,018,048 (1998: £1,738,817) 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 1999

5 Interest payable (net)

	1999 £	1998 £
Bank interest receivable	99,069	125,778
Interest payable:		
Bank loans and overdrafts	37,317	67,689
New vehicle stock finance, finance leases and hire purchase agreements	72,486	63,286
Interest payable	109,803	130,975
Interest payable (net)	10,734	5,197

6 Taxation

	1999 £	1998 £
UK corporation tax	767,211	769,111
Corporation tax (over)/under provided in prior years	(7,547)	11,967
	759,664	781,078

7 Dividends

	1999 £	1998 £
Interim ordinary: 38.5% paid 6 December 1999	100,637	100,637
Final ordinary: 80.0% proposed	209,116	209,116
Dividends to equity shareholders	309,753	309,753

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

8 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor Vehicles £	Total £
Cost or valuation					
At 1 January 1999	2,059,738	1,381,648	2,578,550	513,543	6,533,479
Additions	175,903	1,079,313	142,575	545,932	1,943,723
Disposals	-	-	(198,752)	(565,225)	(763,977)
At 31 December 1999	2,235,641	2,460,961	2,522,373	494,250	7,713,225
Depreciation					
At 1 January 1999	-	-	1,627,631	91,804	1,719,435
Charge for year	-	-	247,062	129,354	376,416
Disposals	-	-	(198,669)	(83,857)	(282,526)
At 31 December 1999	-	-	1,676,024	137,301	1,813,325
Net book value					
At 31 December 1999	2,235,641	2,460,961	846,349	356,949	5,899,900
At 31 December 1998	2,059,738	1,381,648	950,919	421,739	4,814,044

The net book value of plant and machinery above includes £56,959 (1998: £77,509) in respect of assets held under finance leases and hire purchase agreements.

	1999 £	1998 £
Land and Buildings		
Freehold	2,235,641	2,059,738
Long leasehold	2,377,232	1,297,919
Short leasehold	83,729	83,729
Net book value	4,696,602	3,441,386

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

9 Stocks

	1999 £	1998 £
Vehicles	4,563,913	5,365,615
Parts and other stocks	546,626	484,187
	5,110,539	5,849,802

Included within stock is consignment stock valued at £2,833,865 (1998: £2,832,879).

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

10 Debtors

	1999 £	1998 £
Due within one year:		
Trade debtors	1,437,670	1,067,607
Prepayments and accrued income	456,678	375,139
	<u>1,894,348</u>	<u>1,442,746</u>

11 Creditors: amounts falling due within one year

	1999 £	1998 £
Fixed rate loan	-	700,000
Payments on account	139,001	355,015
Trade creditors	3,594,290	3,215,093
Other creditors	682,398	833,119
Advance corporation tax	-	25,159
Corporation tax	522,211	718,791
Other taxation and social security costs	398,851	281,257
Accruals and deferred income	637,340	654,119
Proposed dividend	209,116	209,116
Finance leases and hire purchase contracts	25,848	51,163
	<u>6,209,055</u>	<u>7,042,832</u>

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

12 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Finance leases and hire purchase contracts	25,969	35,823
	1999 £	1998 £
Fixed rate loan		
Amounts repayable:		
In one year or less (see note 11)	-	700,000
	-	700,000

The overdraft facility is secured by a fixed and floating charge over the company's assets.

Finance lease and hire purchase liabilities are secured upon the underlying assets.

Other secured 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.

Finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	1999 £	1998 £
In one year or less (see note 11)	25,848	51,163
Between one and two years	22,229	19,753
Between two and five years	3,740	16,070
	51,817	86,986

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

13 Deferred taxation

	Potential liability 1999 £	Potential liability 1998 £	Provision made 1999 £	Provision made 1998 £
Capital allowances in advance of depreciation	189,043	159,818	-	-

14 Reconciliation of shareholders' funds

	1999 £	1998 £
Profit for the financial year	1,698,444	1,675,780
Dividends paid and proposed	(309,753)	(309,753)
Net addition to shareholders' funds	1,388,691	1,366,027
Opening shareholders' funds	7,912,711	6,546,684
Closing shareholders' funds	9,301,402	7,912,711

All shareholders funds are classed as equity.

15 Called up share capital

	Authorised		Allotted, called up And fully paid up	
	1999 Number	1998 Number	1999 Number	1998 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
	300,000	300,000	261,395	261,395

'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 1999

16 Reserves

	Share premium account £	Profit and loss account £
At 1 January 1999	123,736	7,527,580
Retained profit for the year	-	1,388,691
At 31 December 1999	<u>123,736</u>	<u>8,916,271</u>

17 Cash flow statement

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

	1999 £	1998 £
Operating profit	2,468,842	2,462,055
Depreciation	376,416	366,504
Profit on sale of fixed assets	(40,711)	(89,366)
Decrease/(increase) in stocks	739,263	(810,694)
(Increase) in debtors	(451,601)	(88,624)
Increase in creditors	113,276	607,227
Net cash inflow from operating activities	<u>3,205,485</u>	<u>2,447,102</u>

b) Reconciliation of net cash flow to movement in net funds

	1999 £	1998 £
(Decrease)/increase in cash	(253,135)	1,166,063
Cash used to repay capital element of finance lease and hire purchase rentals	53,721	68,039
Cash outflow from repayment of bank loan	700,000	200,000
Change in net funds resulting from cash flows	<u>500,586</u>	<u>1,434,102</u>
New finance leases and hire purchase agreements	(18,552)	(9,566)
Movement in net funds	<u>482,034</u>	<u>1,424,536</u>
Net funds at 1 January 1999	2,097,788	673,252
Net funds at 31 December 1999	<u>2,579,822</u>	<u>2,097,788</u>

Williams Motor Co. (Holdings) Limited

Notes to the Accounts - for the year ended 31 December 1999

17 Cash flow statement (continued)

c) Analysis of changes in net funds

	At 1 January 1999	Cash flow	Other changes	At 31 December 1999
	£	£	£	£
Cash at bank and in hand	2,884,774	(253,135)	-	2,631,639
Debt due within 1 year	(700,000)	700,000	-	-
Finance leases and hire purchase agreements	(86,986)	53,721	(18,552)	(51,817)
Total	<u>2,097,788</u>	<u>500,586</u>	<u>(18,552)</u>	<u>2,579,822</u>

18 Subsidiary companies

	1999 £	1998 £
Shares at valuation 1 January and 31 December	7,000	7,000
Less: current accounts	(7,000)	(7,000)
	<u>-</u>	<u>-</u>

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

Williams Motor Co. Limited
Birchalls Motor Company (formerly Williams Motor Co. (Manchester) Limited)

On 10 June 1999 Williams Motor Co. (Manchester) Limited changed its name and is now incorporated under the name of Birchalls Motor Company 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.

19 Capital commitments

Amounts contracted for but not provided in the accounts amount to £2,195,000 (1998: £515,000)

20 Ultimate controlling party

There is no ultimate controlling party of the company.

