"Registrar"

Company Registered Number : 856474

SANDWOOD SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKING

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 1996

B L Y T H E N S

Chartered Accountants
Nottingham

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SANDWOOD SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKING

YEAR ENDED 31st MARCH 1996

DIRECTORS

J K Willoughby
J P Willoughby

COMPANY SECRETARY

J K Willoughby

REGISTERED OFFICE

69-87 Wollaton Road
Beeston
Nottingham

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SANDWOOD SECURITIES LIMITED AND SUBSIDIARY UNDERTAKING

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31st March 1996.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 those financial statements, the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the group during the year has been that of garage proprietors.

REVIEW OF THE BUSINESS

Both the level of business and the year end financial position were satisfactory.

FIXED ASSETS

The directors are of the opinion that the value of freehold land and buildings is in excess of the book value.

RESULTS AND DIVIDENDS

The profit after tax for the year amounted to £1,816, as shown on Page 4. The directors recommend the payment of a dividend of 30p per share. Transfers taken to reserve are shown on Page 4.

DIRECTORS

The directors during the year and their beneficial interests in the share capital of the company were :

	Ordinary Shares of £1 Each	
	At 31st March 1996	*At 31st March 1995*
J K Willougby	16,494	16,494
J P Willoughby	1,432	1,432

TAX STATUS

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint Blythens as auditors of the company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

J K WILLOUGHBY

CHAIRMAN

31st July 1996

REPORT OF THE AUDITORS

TO THE MEMBERS OF

SANDWOOD SECURITIES LIMITED

We have audited the financial statements on Pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on Pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on Page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31st March 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BLYTHENS

Registered Auditor
Chartered Accountants

Haydn House
309-329 Haydn Road
Sherwood
Nottingham
NG5 1HG

31st July 1996

SANDWOOD SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKING

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 1996

	Note	£	1995 £
TURNOVER	2	6,053,203	6,226,649
Cost of Sales		5,664,047	5,798,946
GROSS PROFIT		389,156	427,703
Administrative Expenses		411,092	416,861
Other Operating Income		38,750	38,750
OPERATING PROFIT	3	16,814	49,592
Interest Receivable and Similar Income		-	629
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16,814	50,221
Tax on Profit on Ordinary Activities	6	5,040	13,484
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,774	36,737
Dividends	7	9,958	9,958
RETAINED PROFIT FOR THE YEAR		1,816	26,779
Retained Profit Brought Forward		396,609	369,830
RETAINED PROFIT CARRIED FORWARD		£ 398,425	£ 396,609
Company		11,415	11,391
Subsidiary Undertaking		387,010	385,218
		£ 398,425	£ 396,609

The only recognised gain for the year is the profit of £11,774 (1995 : £36,737). There were no acquisitions and no discontinued operations in the year.

The Notes set out on Pages 8 to 13 form part of these financial statements.

SANDWOOD SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKING

CONSOLIDATED BALANCE SHEET
AS AT 31st MARCH 1996

	Note	£	£	1995 £
FIXED ASSETS				
Tangible Assets	8		126,951	147,663
CURRENT ASSETS				
Stocks	10	396,134		464,278
Debtors : Due Within One Year	11	282,269		130,529
: Due After More Than One Year	11	100,000		100,000
Cash at Bank and in Hand		1,974		154,832
		780,377		849,639
CREDITORS Amounts Falling Due Within One Year	12	409,442		456,912
NET CURRENT ASSETS			370,935	392,727
TOTAL ASSETS LESS CURRENT LIABILITIES			497,886	540,390
CREDITORS Amounts Falling Due After More Than One Year	13		42,000	86,320
NET ASSETS			£ 455,886	£ 454,070
CAPITAL AND RESERVES				
Called up Share Capital	14		33,193	33,193
Capital Reserve on Consolidation			24,268	24,268
Profit and Loss Account			398,425	396,609
SHAREHOLDERS' FUNDS	15		£ 455,886	£ 454,070

Approved by the Board on 31st July 1996 and signed on its behalf by :

J K WILLOUGHBY

DIRECTOR

The Notes set out on Pages 8 to 13 form part of these financial statements.

SANDWOOD SECURITIES LIMITED

BALANCE SHEET
AS AT 31st MARCH 1996

	Note	£	£	1995 £
FIXED ASSETS				
Investments	9		48,693	48,693
CURRENT ASSETS				
Debtors	11	8,298		8,274
Cash at Bank and in Hand		113		113
		8,411		8,387
CREDITORS *Amounts Falling Due Within One Year*	12	12,496		12,496
NET CURRENT (LIABILITIES)			(4,085)	(4,109)
TOTAL ASSETS LESS CURRENT LIABILITIES			£ 44,608	£ 44,584
CAPITAL AND RESERVES				
Called up Share Capital	14		33,193	33,193
Profit and Loss Account			11,415	11,391
SHAREHOLDERS' FUNDS			£ 44,608	£ 44,584

Approved by the Board on 31st July 1996 and signed on its behalf by :

J K WILLOUGHBY

DIRECTOR

The Notes set out on Pages 8 to 13 form part of these financial statements.

SANDWOOD SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKING

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH 1996

	Note	£	£	1995 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	17		(135,662)	123,504
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest Received		-		629
Dividends Paid		(9,958)		(29,874)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(9,958)	(29,245)
TAXATION				
Corporation Tax Paid			(8,511)	(23,693)
INVESTING ACTIVITIES				
Payments to Acquire Tangible Fixed Assets		(3,995)		(5,500)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES			(3,995)	(5,500)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(158,126)	65,066
FINANCING				
Capital Element of Hire Purchase Repayment		(8,134)		(8,875)
NET CASH (OUTFLOW) FROM FINANCING			(8,134)	(8,875)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	18		£(166,260)	£ 56,191

The Notes set out on Pages 8 to 13 form part of these financial statements.

1. *ACCOUNTING POLICIES*

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's financial statements.

(a) *Basis of Accounting*

The financial statements have been prepared under the historical cost convention.

(b) *Depreciation*

Depreciation is calculated to write off the cost of tangible fixed assets (excluding freehold land) over their estimated useful lives at the following rates :

Buildings	-	2% per annum straight line
Plant and Machinery	-	14.3%, 20%, 33⅓% and 50% per annum straight line
Motor Vehicles	-	25% per annum straight line

(c) *Stock*

Stock has been valued at the lower of cost and net realisable value.

(d) *Deferred Taxation*

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all timing differences to the extent that it is considered that a net liability may crystallise.

(e) *Grants*

Capital grants are treated as deferred income which is credited to the profit and loss account by instalments over the expected useful economic life of the related asset.

(f) *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged against revenue in the year in which they are payable.

(g) *Leased Assets*

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

1. *ACCOUNTING POLICIES*
/Continued.....

(h) *Consolidation*

The consolidated accounts incorporate the accounts of Sandwood Securities Limited and its subsidiary undertaking. The accounts of its subsidiary are made up to 31st March.

A separate Profit and Loss Account dealing with the results of the company only has not been presented in accordance with Section 230 of the Companies Act 1985.

2. *TURNOVER*

Turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year.

3. *OPERATING PROFIT*

	£	*1995* £
Operating Profit is stated after charging/(crediting) :		
Depreciation	24,707	27,041
Amortisation of Capital Grant	(10,240)	(10,240)
Directors' Emoluments	55,423	124,793
Auditors' Remuneration	7,743	7,250

4. *STAFF COSTS*

The cost of employing staff, including directors, was :		
Wages and Salaries	389,936	416,653
Social Security Costs	31,901	38,011
Pension Costs	50,855	50,339
	£ 472,692	£ 505,003
The average weekly number of employees during the year was :	Number	Number
Management	7	7
Administration	6	6
Sales and Servicing	20	20
	33	33

	£	*1995* £
5. *DIRECTORS EMOLUMENTS*		
Details of Directors' Emoluments, excluding Pension Contributions are :		
The Chairman and Highest Paid Director	48,263	67,024
Other Directors were in the following bands of emoluments :	Number	Number
£5,001 to £10,000	1	-
£15,001 to £20,000	-	1
6. *TAXATION*	£	£
Taxation based on the results for the year :		
Corporation Tax at 25%	5,050	13,500
Adjustment in Respect of Previous Years	(10)	(16)
	£ 5,040	£ 13,484
7. *DIVIDENDS*		
Proposed :		
Ordinary Shares of £1 each - Final Dividend	9,958	9,958

8. *TANGIBLE FIXED ASSETS*

	Freehold Land and Buildings £	*Plant and Machinery* £	*Motor Vehicles* £	*TOTAL* £
Cost				
At 1st April 1995	155,581	200,684	6,550	362,815
Additions	-	3,995	-	3,995
At 31st March 1996	155,581	204,679	6,550	366,810
Depreciation				
At 1st April 1995	38,133	170,469	6,550	215,152
Charge for the Year	3,111	21,596	-	24,707
At 31st March 1996	41,244	192,065	6,550	239,859
Net Book Value				
At 31st March 1996	£ 114,337	12,614	-	126,951
At 31st March 1995	£ 117,448	30,215	-	147,663

Included in the total net book value of tangible fixed assets is £Nil (1995 : £8,055) in respect of hire purchase contracts. Depreciation charged during the year on these assets was £8,055 (1995 : £9,667).

9. *INVESTMENTS*

	£	*1995* £
Shares in Subsidiary Undertaking	£ 48,693	£ 48,693

At the Balance Sheet date the company had a 100% interest in Willoughby Garages (Nottm) Limited, a company incorporated in England.

10. *STOCKS*

	Group £	*Company* £	*1995* *Group* £	*Company* £
Goods for Resale	396,134	-	464,278	-

11. *DEBTORS*

	Group £	*Company* £	*1995* *Group* £	*Company* £
Trade Debtors	188,947	-	111,948	-
Amounts Owed by Other Group Undertakings	-	5,809	-	5,785
Advance Corporation Tax Recoverable	2,489	2,489	2,489	2,489
Other Debtors	83,023	-	9,539	-
Prepayments and Accrued Income	7,810	-	6,553	-
	£ 282,269	8,298	130,529	8,274

The following amounts are receivable more than one year after the Balance Sheet date :

	Group £	*Company* £	*1995* *Group* £	*Company* £
Other Debtors	100,000	-	100,000	-

12. *CREDITORS*

Amounts Falling Due Within One Year	*Group* £	*Company* £	*1995* *Group* £	*Company* £
Bank Overdraft	13,402	-	-	-
Trade Creditors	250,861	-	249,110	-
Other Creditors	24,067	49	19,181	49
Corporation Tax	2,560	-	6,032	-
Advance Corporation Tax	2,489	2,489	2,489	2,489
Other Taxes and Social Security Costs	24,540	-	36,246	-
Net Obligations under Finance Leases and Hire Purchase Contracts	-	-	8,134	-
Accruals and Deferred Income	81,565	-	125,762	-
Dividends Payable	9,958	9,958	9,958	9,958
	£ 409,442	12,496	456,912	12,496

Included in accruals and deferred income is £36,000 relating to an agreement with Esso which is secured by a fixed charge on the freehold land and buildings.

13. *CREDITORS*

Amounts Falling Due After More Than One Year	*Group* £	*Company* £	*1995* *Group* £	*Company* £
Deferred Income	£ 42,000	-	86,320	-

Included in deferred income is £42,000 relating to an agreement with Esso which is secured by a fixed charge on the freehold land and buildings.

14. *SHARE CAPITAL*

	£	*1995* £
Authorised :		
40,000 Ordinary Shares of £1 each	£ 40,000	£ 40,000
Issued and Fully Paid :		
33,193 Ordinary Shares of £1 each	£ 33,193	£ 33,193

There was no change in share capital during the year.

	£	*1995* £
15. *RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS*		
Profit for the Financial Year	11,774	36,737
Final Ordinary Dividends	(9,958)	(9,958)
Net Addition to Shareholders' Funds	1,816	26,779
Opening Shareholders' Funds	454,070	427,291
Closing Shareholders' Funds	£ 455,886	£ 454,070

16. *CAPITAL AND OTHER COMMITMENTS*
(Group and Company)

Capital and Other Commitments :

Contracted For	£ -	£ -

17. *RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES*

	£	*1995* £
Operating Profit	16,814	49,592
Depreciation	24,707	27,041
Amortisation of Grants	(46,240)	(46,240)
Decrease/(Increase) in Stocks	68,144	(16,773)
(Increase)/Decrease in Debtors	(151,740)	100,889
(Decrease)/Increase in Creditors	(47,347)	8,995
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	£(135,662)	£ 123,504

18. *ANALYSIS OF CASH AND CASH EQUIVALENT BALANCES AS SHOWN IN THE BALANCE SHEET*

	1996 £	*1995* £	*Change in Year* £
Cash at Bank and In Hand	1,974	154,832	(152,858)
Bank Overdraft	(13,402)	-	(13,402)
	£(11,428)	£ 154,832	£(166,260)