REEDLEY CAR CENTRE LIMITED

COMPANY NUMBER: 2101821

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31st October 1997.

Statement of 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 then 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 in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Activities
The principal activity of the company continues to be that of motor vehicle dealers.

Directors
The directors listed below held office throughout the year and their interests in the company's shares at 31st October 1997 and 1996 were:

	Ordinary shares	
	1997	**1996**
G. Cornthwaite	50	50
A.A. Ashworth	50	50

Auditors
A resolution to re-appoint Casson Beckman as auditors will be proposed at the forthcoming Annual General Meeting.

This report, is prepared in accordance with the special provisions of Part VII of the Companies Act 1985, relating to small companies and was approved by the Board on 28 November 1997 and signed on their behalf.

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G. Cornthwaite - Director

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AUDITORS' REPORT TO THE SHAREHOLDERS OF

REEDLEY CAR CENTRE LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 disclosures 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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 the company's affairs at 31st October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Casson Beckman.

Casson Beckman
Chartered Accountants and
Registered Auditors
Ashworth House
Manchester Road
Burnley BB11 1TT

19 August 1998

REEDLEY CAR CENTRE LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST OCTOBER 1997

	Note	1997 £	1996 £
Turnover - continuing operations		555,755	783,829
Cost of sales		539,887	753,593
Gross profit		15,868	30,236
Distribution costs		11,936	17,145
Administration expenses		7,677	9,526
Other operating income		(3,300)	(5,354)
		16,313	21,317
Operating (loss)/profit - continuing operations	2	(445)	8,919
Profit on sale of fixed assets		7,915	-
Profit on ordinary activities before interest		7,470	8,919
Interest payable		1,658	5,074
Profit on ordinary activities before taxation		5,812	3,845
Tax on profit on ordinary activities	3	-	1,220
Retained profit for the financial year		5,812	2,625
Profit and loss account brought forward		34,783	32,158
Profit and loss account carried forward		40,595	34,783

REEDLEY CAR CENTRE LIMITED

BALANCE SHEET

31ST OCTOBER 1997

	Note	1997 £	1997 £	1996 £	1996 £
Fixed assets					
Tangible assets	4		21,407		34,607
Current assets					
Stocks		12,000		17,900	
Debtors	5	2,500		18,875	
Cash at bank and in hand		8,188		-	
		22,688		36,775	
Creditors: amounts falling due within one year					
Bank overdraft		-		8,172	
Trade creditors		609		12,460	
Other creditors	6	2,791		15,867	
		3,400		36,499	
Net current assets			19,288		276
			40,695		34,883
Capital and reserves					
Called up share account	7		100		100
Profit and loss account			40,595		34,783
Equity shareholders' funds			40,695		34,883

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Directors on 28 November 1997 and signed on their behalf.

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A.A. Ashworth - Director

REEDLEY CAR CENTRE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31ST OCTOBER 1997

	1997 £	1996 £
Profit for the financial year	5,812	2,625

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31ST OCTOBER 1997

	1997 £	1996 £
Profit for the financial year	5,812	2,625
Opening shareholders' funds	34,883	32,258
Closing shareholders' funds	40,695	34,883

REEDLEY CAR CENTRE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST OCTOBER 1997

1. Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold land and buildings	2% per annum
Plant and machinery	15%-25% per annum

c) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant selling and distribution costs.

d) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Provision is made to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. However, no provision is required within these financial statements.

2. Operating (loss)/profit

	1997	1996
	£	£
Operating (loss)/profit is after charging:		
Depreciation of tangible fixed assets:		
Own assets	1,115	1,386
Auditors' remuneration	1,000	1,500
Directors' emoluments	2,339	2,964

REEDLEY CAR CENTRE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST OCTOBER 1997

3. Tax on profit on ordinary activities

	1997 £	1996 £
United Kingdom corporation tax	-	1,220

4. Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1st November 1996	36,510	11,103	47,613
Disposals	(12,005)	(8,318)	(20,323)
At 31st October 1997	24,505	2,785	27,290
Accumulated depreciation			
At 1st November 1996	5,451	7,555	13,006
Charge for the year	502	613	1,115
Disposals	(1,876)	(6,362)	(8,238)
At 31st October 1997	4,077	1,806	5,883
Net book value			
At 31st October 1997	20,428	979	21,407
At 31st October 1996	31,059	3,548	34,607

5. Debtors

	1997 £	1996 £
Trade debtors	-	17,700
Other debtors	2,500	1,175
	2,500	18,875

All debtors fall due within one year.

REEDLEY CAR CENTRE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST OCTOBER 1997

6. Other creditors

	1997 £	1996 £
Taxation and social security	522	2,231
Related party	-	9,300
Directors' loans	980	180
Other creditors	1,289	4,156
	2,791	15,867

The directors' loans are unsecured and interest free. No date has been set for repayment.

7. Called up share capital

Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
100 ordinary shares of £1 each	100	100