COMPANY NUMBER: 2546521

# STANDSET LIMITED

## REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

## 31 DECEMBER 2000




484 2/8/01

# STANDSET LIMITED

## DIRECTORS REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report together with the financial statements for the year ended 31 December 2000.

**PRINCIPAL ACTIVITIES**
The principal activity of the group is that of garage proprietors.

**RESULTS AND DIVIDENDS**
The profit for the year after taxation was £232,402 (1999: £231,293) as shown on the profit and loss account on page 4.

The directors do not recommend the payment of an ordinary dividend for the year and propose that the profit be transferred to reserves.

**STATE OF AFFAIRS**
The directors consider the state of the group and company's affairs to be satisfactory.

**FIXED ASSETS**
The changes in fixed assets are set out in note 6 to the accounts.

**DIRECTORS**
The directors of the company and their beneficial interest in the ordinary share capital of the company were as follows:-

| | NUMBER OF SHARES | |
|---|---|---|
| | **31.12.00** | **31.12.99** |
| A K Jones | 8,000 | 8,000 |
| K Smith | 1,000 | 1,000 |
| A R Meader | 182 | 182 |
| F P J Townsend | 215 | 215 |

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**
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 group and company and of the profit or loss of the group for that period. In preparing the 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 group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**
Messrs Burnett Swayne, Chartered Accountants, have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

Signed on behalf of the board of directors

Andrew K Jones

**A K Jones, director**
Approved by the board on 5 July 2001

## STANDSET LIMITED

## REPORT OF THE AUDITORS

## FOR THE YEAR ENDED 31 DECEMBER 2000

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**
As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 group and 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 the group and the company's affairs at 31 December 2000, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BURNETT SWAYNE**
Chartered Accountants
& Registered Auditors

**SOUTHAMPTON**
5 July 2001

## STANDSET LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED 31 DECEMBER 2000

| | NOTE | 2000 £ | 1999 £ |
|---|---|---|---|
| **TURNOVER** | | 20,605,750 | 21,606,094 |
| Cost of sales | | 17,426,853 | 18,374,240 |
| **GROSS PROFIT** | | 3,178,897 | 3,231,854 |
| Administrative expenses | | 2,755,895 | 2,793,361 |
| **OPERATING PROFIT** | 2 | 423,002 | 438,493 |
| Interest receivable | | ( 5,161) | ( 3,443) |
| Interest payable and similar charges | 4 | 115,636 | 127,338 |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | 312,527 | 314,598 |
| Taxation | 5 | 80,125 | 83,305 |
| **PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION** | | 232,402 | 231,293 |
| Minority interests | 12 | 2,053 | 1,206 |
| **RETAINED PROFIT FOR THE YEAR** | 15 | 230,349 | 230,087 |

All of the group's operations are classed as continuing.

There are no gains or losses for 2000 or 1999 other than those recognised above in the profit and loss account.

## STANDSET LIMITED

## BALANCE SHEET

## AS AT 31 DECEMBER 2000

| | NOTE | Group 2000 £ | Group 1999 £ | Company 2000 £ | Company 1999 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Tangible fixed assets | 6 | 1,998,249 | 1,924,382 | 1,221,138 | 1,097,371 |
| Investments | 7 | 115,574 | 187,657 | 438,461 | 510,544 |
| | | 2,113,823 | 2,112,039 | 1,659,599 | 1,607,915 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 8 | 2,075,610 | 1,826,375 | - | - |
| Debtors | 9 | 1,141,130 | 1,068,251 | 70,186 | 172,189 |
| Cash at bank and in hand | | 9,471 | 125,492 | 9,095 | 28 |
| | | 3,226,211 | 3,020,118 | 79,281 | 172,217 |
| **CREDITORS**: amounts falling due within one year | 10 | 3,422,943 | 3,368,669 | 1,037,021 | 1,097,840 |
| **NET CURRENT LIABILITIES** | | ( 196,732) | ( 348,551) | ( 957,740) | ( 925,623) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 1,917,091 | 1,763,488 | 701,859 | 682,292 |
| **CREDITORS**: amounts falling due after more than one year | 10 | 362,874 | 437,023 | 346,543 | 415,143 |
| **MINORITY INTERESTS** | 12 | 6,357 | 4,304 | - | - |
| **PROVISION FOR LIABILITIES AND CHARGES** | 13 | 33,959 | 38,609 | - | - |
| | | 1,513,901 | 1,283,552 | 355,316 | 267,149 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 14 | 1,029 | 1,029 | 1,029 | 1,029 |
| Reserves | 15 | 1,512,872 | 1,282,523 | 354,287 | 266,120 |
| Shareholders Funds - Equity Interests | 16 | 1,513,901 | 1,283,552 | 355,316 | 267,149 |

Signed by the board of directors

Andrew K Jones

**A K Jones, Director**

Approved by the board on 5 July 2001



The notes on pages 7 to 15 form part of these financial statements

## STANDSET LIMITED

## GROUP CASHFLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2000

| | NOTE | 2000 £ | 2000 £ | 1999 £ |
|---|---|---|---|---|
| **NET CASH INFLOW FROM OPERATING ACTIVITIES** | 18 | | 95,757 | 504,553 |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | | |
| Interest paid | | ( 109,162) | | ( 121,617) |
| Interest received | | 5,161 | | 3,443 |
| Interest element of finance lease rental payments | | ( 6,474) | | ( 5,721) |
| **NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | ( 110,475) | ( 123,895) |
| **TAXATION** | | | | |
| Corporation tax paid | | ( 78,951) | | ( 67,728) |
| **TAX PAID** | | | ( 78,951) | ( 67,728) |
| **CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT** | | | | |
| Payments to acquire tangible fixed assets | | ( 146,311) | | ( 132,629) |
| Payments to acquire minority shareholding | | - | | ( 16,175) |
| Loans to investments | | 72,083 | | ( 84,657) |
| **NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT** | | | ( 74,228) | ( 233,461) |
| **NET CASH INFLOW BEFORE FINANCING** | | | ( 167,897) | 79,469 |
| **FINANCING** | | | | |
| Capital element of finance lease rental payments | | ( 5,450) | | ( 7,570) |
| Loan repayments | | ( 16,740) | | ( 249,438) |
| **NET CASH OUTFLOW FROM FINANCING** | 19 | | ( 22,190) | ( 257,008) |
| **DECREASE IN CASH FOR THE YEAR** | 19 | | ( 190,087) | ( 177,539) |
| **Opening Balances** | | | | |
| Overdraft | | | ( 513,417) | |
| Cash at bank and in hand | | | 125,492 | |
| | | | ( 387,925) | |
| **Closing Balances** | | | | |
| Overdraft | | ( 587,483) | | |
| Cash at bank and in hand | | 9,471 | | |
| | | | ( 578,012) | |
| **DECREASE IN CASH FOR YEAR** | | | ( 190,087) | |

## 1 ACCOUNTING POLICIES

**Accounting Convention**
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Basis of Consolidation**
The consolidated financial statements include the results of the company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Inter group items are eliminated. All accounting periods end on 31 December 2000.

**Turnover**
Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods and services provided, excluding VAT and trade discounts.

**Depreciation**
Depreciation is calculated to write down the cost less estimated residual value on all tangible fixed assets at the following rates:

| | |
|---|---|
| Freehold buildings | 2% straight line |
| Long leasehold premises | Straight line over lease term (71 years) |
| Short leasehold premises | Straight line over lease term (25 years) |
| Plant and equipment | 10% straight line |
| Fixtures and fittings | 10% straight line |

**Stock and Work In Progress**
Stock and work in progress are stated at the lower of cost and net realisable value.

Cost is based on the cost of purchase on a first in first out basis. Net realisable value is based on estimated selling price. The cost of work in progress comprises direct labour, materials and an appropriate proportion of production overheads based on normal levels of activity.

**Deferred Taxation**
Provision is provided on the liability method only to the extent that the liability is expected to crystallise in the foreseeable future.

**Contributions to Pension Funds:**
**Defined Contribution Scheme**
Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Defined Benefit Scheme**
The group also operates a small (3 employees) defined benefit scheme. In view of the size of the scheme the directors have not followed the requirements of SSAP 24 and accordingly contributions are charged to the profit and loss account as they become payable.

**Leasing and Hire Purchase Commitments**
Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease.

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

## 2 OPERATING PROFIT

The profit on ordinary activities before taxation and interest payable is stated after charging:

| | 2000 £ | 1999 £ |
|---|---|---|
| Depreciation - owned assets | 69,468 | 69,193 |
| Depreciation - assets under hire purchase | 2,976 | 4,000 |
| Auditors'remuneration | 18,700 | 18,200 |
| Directors'remuneration | 224,231 | 243,454 |
| Operating lease rentals - land and buildings | 30,000 | 55,803 |

## 3 DIRECTORS AND OTHER EMPLOYEES EMOLUMENTS

The directors' remuneration was paid for management services. The emoluments disclosed in accordance with Section 327 of the Companies Act 1985 were:

| | 2000 £ | 1999 £ |
|---|---|---|
| Chairman | 67,800 | 71,667 |

The other directors were remunerated in the following bands:

| | 2000 No | 1999 No |
|---|---|---|
| £0 to £5,000 | - | 1 |
| £5,000 to £10,000 | 1 | - |
| £35,000 to £40,000 | 1 | - |
| £40,000 to £45,000 | - | 1 |
| £45,000 to £50,000 | 1 | - |
| £50,000 to £55,000 | - | 1 |

Staff costs including directors' remuneration:

| | 2000 £ | 1999 £ |
|---|---|---|
| Wages and salaries | 1,691,638 | 1,603,270 |
| Social security costs | 156,794 | 143,363 |
| Other pension costs | 55,143 | 106,304 |
| | 1,903,575 | 1,852,937 |

| | 2000 No | 1999 No |
|---|---|---|
| Average number of employees | 107 | 105 |

## 4 INTEREST PAYABLE

| Loans and overdrafts: | 2000 £ | 1999 £ |
|---|---|---|
| Repayable within 5 years | 13,225 | 28,851 |
| Repayable after 5 years | 37,154 | 40,081 |
| Hire purchase | 6,474 | 5,721 |
| Other loans | 58,783 | 52,685 |
| | 115,636 | 127,338 |

## 5 TAXATION

| | 2000 £ | 1999 £ |
|---|---|---|
| UK Corporation tax | 81,484 | 75,700 |
| Deferred tax movement | ( 4,650) | 9,252 |
| Underprovision in prior years | 3,291 | ( 1,647) |
| | 80,125 | 83,305 |

6 TANGIBLE FIXED ASSETS - GROUP

| | LAND & BUILDINGS | PLANT & EQUIPMENT | FIXTURES & FITTINGS | RECOVERY VEHICLE | TOTAL |
|---|---|---|---|---|---|
| **COST** | £ | £ | £ | £ | £ |
| At 1st January 2000 | 1,774,311 | 384,903 | 128,280 | 34,936 | 2,322,430 |
| Additions | 134,767 | 12,018 | 4,702 | - | 151,487 |
| Disposals | - | - | - | ( 5,176) | ( 5,176) |
| At 31st December 2000 | 1,909,078 | 396,921 | 132,982 | 29,760 | 2,468,741 |
| **DEPRECIATION** | | | | | |
| At 1st January 2000 | 112,935 | 227,400 | 57,713 | - | 398,048 |
| Charge for year | 18,680 | 41,981 | 8,807 | 2,976 | 72,444 |
| At 31st December 2000 | 131,615 | 269,381 | 66,520 | 2,976 | 470,492 |
| **NET BOOK VALUE** | | | | | |
| At 31st December 2000 | 1,777,463 | 127,540 | 66,462 | 26,784 | 1,998,249 |
| At 31st December 1999 | 1,661,376 | 157,503 | 70,567 | 34,936 | 1,924,382 |

Net book value of land and buildings comprises:

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Freehold land and buildings | 1,181,104 | 1,053,717 |
| Short leasehold | 16,962 | 18,075 |
| Long leasehold | 579,397 | 589,584 |
| | 1,777,463 | 1,661,376 |

Included in plant and equipment are the following amounts relating to assets held under hire purchase agreements:

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Depreciation charge for the year | 2,976 | 4,000 |
| Net book value | 26,784 | 34,936 |

**TANGIBLE FIXED ASSETS - COMPANY**

| | LAND & BUILDINGS | PLANT & EQUIPMENT | TOTAL |
|---|---|---|---|
| **COST** | £ | £ | £ |
| At 1st January 2000 | 1,190,763 | 2,005 | 1,192,768 |
| Additions | 134,767 | 2,968 | 137,735 |
| At 31st December 2000 | 1,325,530 | 4,973 | 1,330,503 |
| **DEPRECIATION** | | | |
| At 1st January 2000 | 95,397 | - | 95,397 |
| Charge for year | 13,968 | - | 13,968 |
| At 31st December 2000 | 109,365 | - | 109,365 |
| **NET BOOK VALUE** | | | |
| At 31st December 2000 | 1,216,165 | 4,973 | 1,221,138 |
| At 31st December 1999 | 1,095,366 | 2,005 | 1,097,371 |

Net book value of land and buildings comprises:

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Freehold land and buildings | 636,768 | 505,781 |
| Long leasehold | 579,397 | 589,585 |
| | 1,216,165 | 1,095,366 |

## 7 INVESTMENTS

| | Group 2000 £ | Group 1999 £ | Company 2000 £ | Company 1999 £ |
|---|---|---|---|---|
| Shares in group undertakings | - | - | 322,887 | 322,887 |
| Shares in associated undertakings | 28,000 | 28,000 | 28,000 | 28,000 |
| Loans to associated undertakings | 87,574 | 159,657 | 87,574 | 159,657 |
| | 115,574 | 187,657 | 438,461 | 510,544 |

The shares in associated undertakings represent the cost of 28% of the issued share capital of Freehit Limited, a company registered in England and Wales, with which the group has a trading relationship.

The loan to Freehit Limited was granted on 29 January 1999. Interest of 100% of the loan was added at the end of the two year loan period. The loan is repayable in sixty equal monthly instalments of £2,500.

Details of the subsidiary companies are as follows:

| NAME OF COMPANY | COUNTRY OF REGISTRATION & OPERATION | HOLDING | PROPORTION OF VOTING RIGHTS & SHARES HELD | NATURE OF BUSINESS |
|---|---|---|---|---|
| Freeborn Garages Limited | England & Wales | Ordinary Shares | 100% | Garage Proprietors |
| Elfords of New Milton Limited | England & Wales | Ordinary Shares | 100% | Dormant |
| S E Thomas Limited | England & Wales | Ordinary Shares | 98% | Garage Proprietors |
| | | Preference Shares | 100% | |
| Freeborn Hyundai Limited | England & Wales | Ordinary Shares | 100% | Garage Proprietors |

All holdings in the above subsidiary companies are held by the company.

## 8 STOCKS

| | Group 2000 £ | Group 1999 £ | Company 2000 £ | Company 1999 £ |
|---|---|---|---|---|
| Finished goods and goods held for resale | 2,075,610 | 1,826,375 | - | - |

The group operates a consignment stock arrangement with PSA Wholesale Limited and Hyundai UK Limited. The stock is held on sale or return until such time as the group adopts the stock which is when the vehicle is sold or has been on consignment for a predetermined period. Only those vehicles which have been adopted are included in stock. The value of sale or return stock at 31 December 2000 was £772,881 (1999: £2,736,180), these stocks are not included within the financial statements.

## 9 DEBTORS

| | Group 2000 £ | Group 1999 £ | Company 2000 £ | Company 1999 £ |
|---|---|---|---|---|
| Trade debtors | 806,370 | 746,620 | - | - |
| Amounts owed by group undertaking | - | - | - | 158,012 |
| Other debtors | 66,913 | 10,000 | 66,913 | - |
| Prepayments and accrued income | 267,847 | 311,631 | 3,273 | 14,177 |
| | 1,141,130 | 1,068,251 | 70,186 | 172,189 |

## 9 DEBTORS (continued)

Included in other debtors, for both the company and the group, are the following amounts:

| | Year End Balance | Maximum Balance Outstanding in year |
|---|---|---|
| | £ | £ |
| A K Jones | 6,300 | 6,300 |
| A K J Fund | 44,625 | 44,625 |

The AKJ Fund is a small self administrated pension scheme, which is independent of the company, for the benefit of Mr A K Jones.

Subsequent to the year end both of these amounts have been repaid in full.

## 10 CREDITORS

| | Group 2000 | Group 1999 | Company 2000 | Company 1999 |
|---|---|---|---|---|
| **Due within one year:** | £ | £ | £ | £ |
| Bank overdraft | 587,483 | 513,417 | - | 101,333 |
| Bank loans (secured) | 68,600 | 68,600 | 68,600 | 68,600 |
| Hire purchase | 5,586 | 5,487 | - | - |
| Other loans | 50,000 | 125,000 | 50,000 | 50,000 |
| Used car stocking loan | 565,305 | 438,445 | - | - |
| New car consignment stock | 59,866 | 324,502 | - | - |
| Amount owed to group undertaking | - | - | 812,958 | 805,056 |
| Payments received on account | - | 74,244 | - | - |
| Trade creditors | 1,483,557 | 1,273,784 | - | - |
| Corporation tax | 81,524 | 75,700 | 33,325 | 26,100 |
| Other taxes and social security | 196,630 | 112,876 | 7,289 | 4,948 |
| Accruals and deferred income | 324,392 | 356,614 | 64,849 | 41,803 |
| | 3,422,943 | 3,368,669 | 1,037,021 | 1,097,840 |
| **Due after more than one year:** | | | | |
| Hire purchase | 16,331 | 21,880 | - | - |
| Bank loan (secured) | 346,543 | 415,143 | 346,543 | 415,143 |
| | 362,874 | 437,023 | 346,543 | 415,143 |

**Obligations under leases and hire purchase contracts**

The group has the following commitments under finance leases and hire purchase contracts

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Creditors falling due within one year | 5,586 | 5,487 |
| Creditors falling due within 2 - 5 years | 16,331 | 21,879 |
| | 21,917 | 27,366 |

## 11 LOANS

| | Group 2000 | Group 1999 | Company 2000 | Company 1999 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Bank loans | 415,143 | 483,743 | 415,143 | 483,743 |
| Not wholly repayable within 5 years | | | | |
| By instalment | 415,143 | 483,743 | 415,143 | 483,743 |
| Amount due within one year | ( 68,600) | ( 68,600) | ( 68,600) | ( 68,600) |
| | 346,543 | 415,143 | 346,543 | 415,143 |

| 11 LOANS (continued) | Group 2000 £ | Group 1999 £ | Company 2000 £ | Company 1999 £ |
|---|---|---|---|---|
| Amounts due by instalment are repayable as follows: | | | | |
| Bank loans: | | | | |
| After five years | 72,143 | 140,743 | 72,143 | 140,743 |
| Between two and five years | 205,800 | 205,800 | 205,800 | 205,800 |
| Between one and two years | 68,600 | 68,600 | 68,600 | 68,600 |
| | 346,543 | 415,143 | 346,543 | 415,143 |
| Within one year | 68,600 | 68,600 | 68,600 | 68,600 |
| | 415,143 | 483,743 | 415,143 | 483,743 |

**Security of Bank loans**

The Standset bank loan comprises a ten year treasury loan which is secured on the freehold and leasehold property of the group and interest is charged at 2% above bank base rate. Repayments of £17,150 are made on a quarterly basis.

**Directors Loans**

K Smith has loaned the company £50,000 (1999: £50,000) under his consultancy agreement with the company. No interest is paid on this loan.

| 12 MINORITY INTERESTS | 2000 £ | 1999 £ |
|---|---|---|
| At 1st January 2000 | 4,304 | 3,098 |
| Share of group profit | 2,053 | 1,206 |
| At 31st December 2000 | 6,357 | 4,304 |

| 13 PROVISION FOR LIABILITIES AND CHARGES | 2000 £ | 1999 £ |
|---|---|---|
| **Deferred taxation:** | | |
| Balance at 1st January 2000 | 38,609 | 29,357 |
| Transfer from current corporation tax | ( 4,650) | 9,252 |
| Balance at 31st December 2000 | 33,959 | 38,609 |

| | Provided | | Unprovided | |
|---|---|---|---|---|
| | 2000 £ | 1999 £ | 2000 £ | 1999 £ |
| Capital allowances | 33,959 | 38,609 | - | - |

## 14 SHARE CAPITAL

| | 2000 £ | 1999 £ |
|---|---|---|
| **Authorised** | | |
| 50,000 ordinary shares of 10p each | 5,000 | 5,000 |
| **Allotted** | | |
| 10,291 allotted, issued and fully paid shares of 10p | 1,029 | 1,029 |

## 15 RESERVES

| | GROUP & COMPANY CAPITAL REDEMPTION RESERVE £ | GROUP & COMPANY SHARE PREMIUM £ | GROUP PROFIT & LOSS £ | COMPANY PROFIT & LOSS £ |
|---|---|---|---|---|
| At 1 January 2000 | 100 | 123,771 | 1,158,652 | 142,249 |
| Profit in period | - | - | 230,349 | 88,167 |
| At 31st December 2000 | 100 | 123,771 | 1,389,001 | 230,416 |

## 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

| | 2000 £ | 1999 £ |
|---|---|---|
| Profit for the period | 230,349 | 230,087 |
| Goodwill written off/back on consolidation | - | ( 16,175) |
| Increase in shareholders' funds | 230,349 | 213,912 |
| Opening shareholders' funds | 1,283,552 | 1,069,640 |
| Closing Shareholders' funds | 1,513,901 | 1,283,552 |

## 17 CONTINGENT LIABILITIES

The long leasehold property is included in the accounts at cost less depreciation to the group. As at 31 December 2000 if the asset had been sold for this amount a tax liability of £71,000 (1999: £72,000) would have arisen. This deferred tax liability is reducing each year as indexation allowance reduces the chargeable gain. As there is no intention to dispose of the property, no deferred tax provision is required.

There is a further contingent liability for VAT on new car consignment stock funded by PSA Wholesale Limited amounting to £219,447 (1999: £596,403).

There are cross guarantees between certain of its trading subsidiaries held by PSA Wholesale Limited.

There is a cross guarantee between the company and its trading subsidiaries held by Barclays Bank Plc.

## 18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2000 £ | 1999 £ |
|---|---|---|
| Operating profit | 423,002 | 438,493 |
| Depreciation | 72,444 | 73,193 |
| Decrease/(increase) in stocks | ( 249,235) | 851,563 |
| Decrease/(increase) in debtors | ( 72,879) | 224,700 |
| (Decrease)/increase in creditors | ( 77,575) | ( 1,083,396) |
| Net inflow from operating activities | 95,757 | 504,553 |

## 19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2000 £ | 1999 £ |
|---|---|---|
| Decrease in cash in the period | ( 190,087) | ( 177,539) |
| Cash outflow from repayment of debt and lease financing | 22,190 | 257,008 |
| Change in net debt resulting from cash flow | ( 167,897) | 79,469 |
| New finance leases | - | ( 34,936) |
| Movement in net debt during the year | ( 167,897) | 44,533 |
| Net debt at 1st January | ( 1,462,480) | ( 1,507,012) |
| Net debt at 31st December | ( 1,630,377) | ( 1,462,479) |

## 20 ANALYSIS OF NET DEBT

| | At 1st January 2000 £ | Cashflow £ | Non-Cash Transaction £ | At 31st December 2000 £ |
|---|---|---|---|---|
| Bank overdraft | ( 513,417) | ( 74,066) | - | ( 587,483) |
| Cash at bank and in hand | 125,492 | ( 116,021) | - | 9,471 |
| | ( 387,925) | ( 190,087) | - | ( 578,012) |
| Debt due within one year | ( 632,045) | ( 51,860) | - | ( 683,905) |
| Debt due after one year | ( 415,143) | 68,600 | - | ( 346,543) |
| Finance leases | ( 27,367) | 5,450 | - | ( 21,917) |
| Total | ( 1,462,480) | ( 167,897) | - | ( 1,630,377) |

## 21 MAJOR NON-CASH TRANSACTIONS

During the year the group entered into hire purchase and finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of £Nil (1999:£34,936).

## 22 PROFIT OF THE PARENT UNDERTAKING

Of the profit for the year recognised in the group profit and loss account on page 4, a loss of £26,535 relates to the parent undertaking. The holding company's profit and loss account has not been included in these financial statements as permitted by Section 230 of the Companies Act 1985.

## 23 RELATED PARTY TRANSACTIONS

The directors consider that A K Jones has ultimate control over the group and company by virtue of his shareholding as disclosed in the director's report on page 1.
Trading transactions between the company and its subsidiaries have not been disclosed as they have been eliminated upon consolidation.

The group rents property owned by the AKJ Fund, a pension scheme for the benefit of Mr A K Jones, which is independent from the company, at an open market rent of £30,000 p.a.