

Ryauto Limited
(formerly Foray 995 Limited)

Accounts - 31st December 1997

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Ryauto Limited
(formerly Foray 995 Limited)

Directors' report
for the period ended 31st December 1997

The directors present their report together with the audited accounts for the period ended 31st December 1997. The company changed its name to Ryauto Limited on 11th February 1997.

Principal activity

The principal activity of the company is the distribution, repairing and servicing of motor vehicles.

Review of business

The company was incorporated with an authorised share capital of 1,000 ordinary shares of £1 each on 31st December 1996. On 31st December 1996 2 ordinary shares of £1 each were issued and fully paid.

On 25th February 1997 the authorised share capital of the company was increased to 1,000,000 ordinary shares of £1 each.

On 25th February 1997 the issued and fully paid share capital of the company were increased to 500,002 ordinary shares of £1 each.

The company commenced trading on 1st March 1997 on the acquisition of a business and certain assets of Stourminster Motor Company (Midlands) Limited, representing the Fiat and Alfa Romeo franchises for the Stourbridge area.

The directors consider that the level of performance of the company is in accord with market conditions and that the company is well placed for further progression.

The company's state of affairs at the period end was satisfactory and there has been no material change since the balance sheet date.

Results and dividend

The profit for the period was £67,091. The directors do not recommend payment of a dividend.

Directors and their interests

The directors of the company during the period were:-

P. W. Whale	Chairman (appointed 11th February 1997)
N. A. Whale	(appointed 11th February 1997)
K. Hampson	(appointed 11th February 1997)
J. Fisher	(appointed 31st December 1996 and resigned 11th February 1997)
M. W. E. Hyland	(appointed 31st December 1996 and resigned 11th February 1997)

The directors do not have any interests required to be disclosed under the Companies Act 1985.

Ryauto Limited
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Directors' report
for the period ended 31st December 1997 (continued)

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

K. Hampson

Secretary
24th February 1998

Ryauto Limited
(formerly Foray 995 Limited)

Statement of directors' responsibilities

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that year. In preparing the accounts for the period ended 31st December 1997, appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been consistently used and applicable accounting standards have been followed.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. In addition, the directors are responsible for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Ryauto Limited (formerly Foray 995 Limited)

We have audited the accounts on pages 4 to 11.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the 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 affairs of the company at 31st December 1997 and of the profit and total recognised gains of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Birmingham
24th February 1998

Ryauto Limited
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Profit and loss account

for the period ended 31st December 1997

	<u>Notes</u>	<u>1997</u> £
Turnover		7,810,592
Cost of sales		<u>6,905,711</u>
Gross profit		904,881
Net operating expenses	2	<u>758,504</u>
Operating profit	3	146,377
Interest payable and similar charges	6	<u>48,286</u>
Profit on ordinary activities before taxation		98,091
Taxation	7	<u>31,000</u>
Retained profit for the period	13	<u><u>67,091</u></u>

There were no recognised gains or losses other than the retained profit shown above. As the company commenced trading on 1st March 1997, the above results relate entirely to acquisitions.

The notes set out on pages 6 to 11 form part of these accounts.

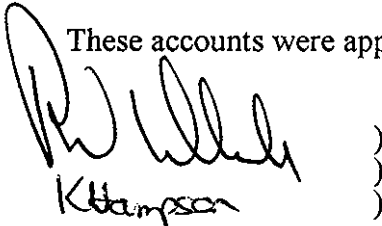
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Ryauto Limited
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Balance sheet at 31st December 1997

	<u>Notes</u>	£	<u>1997</u> £
Fixed assets			
Tangible assets	8		64,750
Current assets			
Stocks	9	998,432	
Debtors	10	533,119	
Cash at bank and in hand		<u>618,699</u>	
		2,150,250	
Creditors: Amounts falling due within one year			
Creditors	11	<u>1,647,907</u>	
Net current assets			<u>502,343</u>
			<u>567,093</u>
Capital and reserves			
Called up share capital	12		500,002
Profit and loss account	13		<u>67,091</u>
Shareholders' funds	14		<u>567,093</u>

These accounts were approved by the board of directors on 24th February 1998.


) Directors

The notes set out on pages 6 to 11 form part of these accounts.

Auditors' report - page 3.

Ryauto Limited
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Notes to the accounts - 31st December 1997

1. Accounting policies

The company was incorporated on 31st December 1996 and commenced trading on 1st March 1997.

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies, which have been applied consistently, are set out below:-

a) Turnover

Turnover represents net sales, excluding value added tax.

b) Fixed assets

Motor vehicles and plant and equipment are stated at cost. Depreciation is provided, using the straight line method, to write off the cost of the assets over their estimated useful lives, as follows:-

Motor vehicles	Over 3 years
Plant and equipment	Over 5 to 7 years

c) Stocks

Stocks are stated at the lower of cost and net realisable value.

d) Leases

Assets held under finance leases are included with owned tangible fixed assets and the obligations thereto, excluding interest charges, are included in creditors.

The amount of payments which the company is committed to make within one year under operating leases is disclosed by way of note to the accounts. Costs in respect of operating leases are charged in arriving at the operating profit.

e) Deferred taxation

Deferred taxation is taken into account to the extent that a liability or repayment will probably arise in the foreseeable future and is calculated at taxation rates expected to apply at that time.

f) Pension costs

The company contributes to a defined contribution money purchase scheme, which is operated on behalf of all Ryland Group subsidiaries, the contributions being based on pension costs across the group as a whole.

Contributions payable under the scheme are charged to the profit and loss account as they arise.

Ryauto Limited
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Notes to the accounts (continued)

2. Net operating expenses

	<u>1997</u>
	£
Distribution costs	503,950
Administrative expenses	<u>254,554</u>
	<u><u>758,504</u></u>

3. Operating profit

Operating profit is stated after charging:-

	<u>1997</u>
	£
Depreciation	8,032
Auditors' remuneration	4,000
Operating lease rentals - land and buildings	<u>41,670</u>

4. Directors

Mr P. W. Whale, Mr N. A. Whale and Mr K. Hampson are also directors of the ultimate holding company, Ryland Group plc, and their emoluments and pension benefits are provided for in the accounts of that company.

5. Employees

The aggregate payroll costs of employees including directors are analysed as follows:-

	<u>1997</u>
	£
Wages and salaries	389,841
Social security costs	36,504
Other pension costs	<u>3,348</u>
	<u><u>429,693</u></u>

The average monthly number of employees including directors during the period was 26 .

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Notes to the accounts (continued)

6. Interest payable and similar charges

	<u>1997</u>
	£
Bank overdraft	28,307
Interest receivable on deposits with manufacturer	(4,312)
Stock finance charges	<u>24,291</u>
	<u><u>48,286</u></u>

7. Taxation

	<u>1997</u>
	£
Corporation tax charge on profit for the period at 31.5%	<u><u>31,000</u></u>

8. Tangible assets

	<u>Plant and equipment</u>
	£
Cost	
Additions	46,011
Inter company transfer	<u>44,137</u>
At 31st December 1997	<u><u>90,148</u></u>
Accumulated depreciation	
Charge for the period	8,032
Inter company transfer	<u>17,366</u>
At 31st December 1997	<u><u>25,398</u></u>
Net book value	
At 31st December 1997	<u><u>64,750</u></u>

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Notes to the accounts (continued)

9. Stocks

	<u>1997</u>
	£
Vehicle stocks	885,595
Parts, accessories and other stocks	72,558
Vehicle consignment stocks	<u>40,279</u>
	<u><u>998,432</u></u>

Vehicle consignment stocks have been recognised on the balance sheet where, in substance, they are deemed to be assets of the company. The principal criterion applied is whether the vehicles are interest-bearing. The corresponding liabilities have been included in creditors. The company also has vehicle consignment stocks of £103,152 which are not, in substance, assets of the company. These stocks, and their related liabilities, are not recognised on the balance sheet.

10. Debtors

Amounts falling due within one year:-	<u>1997</u>
	£
Trade debtors	188,920
Amounts owed by group undertakings	788
Deposits with manufacturer	206,000
Other debtors	4,537
Prepayments	<u>132,874</u>
	<u><u>533,119</u></u>

11. Creditors

Amounts falling due within one year:-	<u>1997</u>
	£
Trade creditors	573,105
Amounts owed to group undertakings	963,808
Other creditors	17,069
Taxation and social security	44,972
Accruals	8,674
Consignment stock creditors	<u>40,279</u>
	<u><u>1,647,907</u></u>

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Notes to the accounts (continued)

12. Called up share capital

	<u>1997</u>
	Allotted, called up and fully paid £
<u>Authorised</u> £	
Ordinary shares of £1 each	<u>1,000,000</u> <u>500,002</u>

The company was incorporated with an authorised share capital of 1,000 ordinary shares of £1 each on 31st December 1996. On 31st December 1996 2 ordinary shares of £1 each were issued and fully paid.

On 25th February 1997 the authorised share capital of the company was increased to 1,000,000 ordinary shares of £1 each.

On 25th February 1997 the issued and fully paid share capital of the company were increased to 500,002 ordinary shares of £1 each.

The consideration for all shares was cash.

13. Profit and loss account

	£
Retained profit for the period	<u>67,091</u>

14. Reconciliation of movements in shareholders' funds

	<u>1997</u> £
Profit for the financial period	67,091
New share capital subscribed	<u>500,002</u>
Closing shareholders' funds	<u>567,093</u>

Ryauto Limited
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Notes to the accounts (continued)

15. Operating lease commitments

The total amounts payable in the next year under operating leases to which the company was committed were as shown below. All commitments relate to land and buildings:-

	<u>Other</u>
	£
Leases expiring:-	
Within one year	<u>52,500</u>

16. Contingent liabilities

During the period the company became a member of a VAT group registration scheme. At 31st December 1997 the company's contingent liability in respect of group VAT was £199,972.

17. Pension scheme

As at 31st December 1997 the company contributed to the Ryland Group Pension Plan. This is a defined contribution scheme operated on behalf of all Ryland Group subsidiaries. The pension charge for the company for the period was £3,348.

18. Ultimate holding company

The ultimate holding company is Ryland Group plc, a company registered in England and Wales. Copies of the report and accounts of Ryland Group plc can be obtained from the Company Secretary, Ryland Group plc, School House, St Philip's Court, Church Hill, Coleshill, Birmingham, B46 3AD.

19. Related party disclosures

The company is a wholly owned subsidiary of Ryland Group plc. Transactions with the holding company and other subsidiary undertakings of Ryland Group plc are not disclosed. There are no other related party disclosures to be made concerning the period ended 31st December 1997.