

Ryauto Limited

Accounts - 31st December 1999

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Ryauto Limited
Directors' report
for the year ended 31st December 1999

The directors present their report together with the audited accounts for the year ended 31st December 1999.

Principal activity

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

Review of business

On 1st May 1999 the company opened Fiat businesses in Birmingham and Wolverhampton.

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 year end was satisfactory.

On 1st January 2000 the company transferred the trading operations and assets of its Fiat business in Birmingham and its Alfa Romeo business in Solihull to Ryauto East Limited, a fellow wholly owned subsidiary of Ryland Group plc. The results of these two operations have been disclosed as discontinued operations in the profit and loss account on page 4.

Results and dividend

The loss for the year was £270,274. The directors do not recommend payment of a dividend.

Directors and their interests

The directors of the company during the year were:-

P. W. Whale	Chairman
K. Hampson	

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

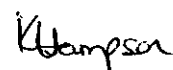
Year 2000

Ryland Group undertook a group wide review which resulted in all main operating systems becoming Year 2000 compliant during 1999. The overall costs associated with this review were not considered significant and fell within each subsidiary company's normal expenditure budgets.

Auditors

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

By order of the board



Secretary
10th March 2000

Ryauto 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 year ended 31st December 1999, 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.

Ryauto Limited

Report of the auditors to the members of Ryauto Limited

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 2, this includes responsibility for preparing the accounts, in accordance with applicable U.K. accounting standards. Our responsibilities, as independent auditors, are established in the U.K. by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the U.K. Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

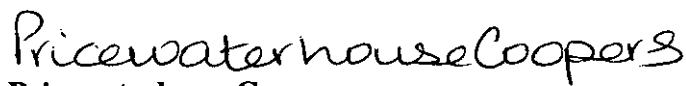
Basis of opinion

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 1999 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Birmingham
10th March 2000

Ryauto Limited
Profit and loss account
for the year ended 31st December 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> (restated) £
Turnover			
Continuing operations		24,576,038	15,553,530
Acquisitions		<u>1,591,759</u>	<u>-</u>
		26,167,797	15,553,530
Discontinued operations		<u>6,508,076</u>	<u>1,800,078</u>
		32,675,873	17,353,608
Cost of sales	2	<u>28,629,787</u>	<u>15,086,243</u>
Gross profit		4,046,086	2,267,365
Net operating expenses	2	<u>4,042,961</u>	<u>2,248,725</u>
Operating profit	3		
Continuing operations		183,251	154,664
Acquisitions		<u>(151,682)</u>	<u>-</u>
		31,569	154,664
Discontinued operations		<u>(28,444)</u>	<u>(136,024)</u>
		3,125	18,640
Interest payable and similar charges	6	<u>273,399</u>	<u>85,666</u>
Loss on ordinary activities before taxation		(270,274)	(67,026)
Taxation	7	<u>-</u>	<u>-</u>
Retained loss for the year	14	<u>(270,274)</u>	<u>(67,026)</u>

There were no recognised gains or losses other than the retained losses shown above.

The notes set out on pages 6 to 12 form part of these accounts.

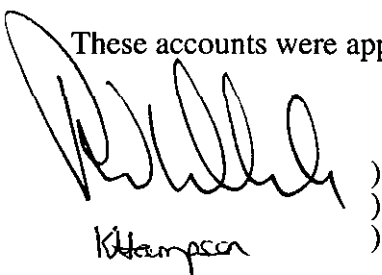
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Ryauto Limited

Balance sheet at 31st December 1999

	<u>Notes</u>	<u>£</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Fixed assets				
Tangible assets	8		420,852	<u>283,142</u>
Current assets				
Stocks	9	4,435,400		2,537,383
Debtors	10	2,025,767		1,176,855
Cash in hand		<u>3,426</u>		<u>1,823</u>
		<u>6,464,593</u>		<u>3,716,061</u>
Creditors: Amounts falling due within one year				
Bank overdraft	11	1,482,676		381,563
Creditors	12	<u>5,172,976</u>		<u>3,117,573</u>
		<u>6,655,652</u>		<u>3,499,136</u>
Net current (liabilities)/assets			<u>(191,059)</u>	<u>216,925</u>
			<u>229,793</u>	<u>500,067</u>
Capital and reserves				
Called up share capital	13		500,002	500,002
Profit and loss account	14		<u>(270,209)</u>	<u>65</u>
Shareholders' funds	15		<u>229,793</u>	<u>500,067</u>

These accounts were approved by the board of directors on 10th March 2000.

) Directors
K. Thompson)

The notes set out on pages 6 to 12 form part of these accounts.

Auditors' report - page 3.

Ryauto Limited

Notes to the accounts - 31st December 1999

1. Accounting policies

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) Goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of the separate net assets acquired.

Goodwill on acquisition is included in fixed assets and amortised through the profit and loss account, using the straight line basis, over a maximum period of 20 years. The amortisation period for each acquisition is determined by the directors, based on their best estimate of the useful economic life of the attributable goodwill.

If any of the individual businesses to which this goodwill relates are disposed of, the attributable unamortised goodwill is charged in the profit and loss account.

c) 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

d) Stocks

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

e) 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.

f) 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.

Ryauto Limited

Notes to the accounts (continued)

1. Accounting policies (continued)

g) Pension costs

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

In respect of the defined benefit scheme the expected regular cost of pensions is charged to the profit and loss account so as to spread the cost of pensions over the average expected service period of employees in the scheme. Variations from regular cost are spread over the expected remaining service lives of employees currently in the scheme. The pension cost is estimated on the basis of independent actuarial advice.

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

2. Cost of sales and net operating expenses

	<u>Continuing</u> £	<u>Discontinued</u> £	<u>Total</u> <u>1999</u> £	<u>1998</u> £
Cost of sales	<u>23,058,187</u>	<u>5,571,600</u>	<u>28,629,787</u>	<u>15,086,243</u>
Distribution costs	1,949,402	572,681	2,522,083	1,428,341
Administrative expenses	<u>1,128,639</u>	<u>392,239</u>	<u>1,520,878</u>	<u>820,384</u>
Net operating expenses	<u>3,078,041</u>	<u>964,920</u>	<u>4,042,961</u>	<u>2,248,725</u>

The total figures for continuing operations for the year ended 31st December 1999 include, in relation to acquisitions, cost of sales of £1,309,729 and net operating expenses of £433,712 (distribution costs £251,012 and administrative expenses £182,700).

The figures for 1998 include in relation to discontinued operations, cost of sales of £1,592,089 and net operating expenses of £344,013 (distribution costs £192,805 and administrative expenses £151,208).

3. Operating profit

Operating profit is stated after charging:-

	<u>1999</u> £	<u>1998</u> £
Depreciation	87,837	42,333
Auditors' remuneration	19,510	6,000
Operating lease rentals - land and buildings	<u>348,628</u>	<u>156,753</u>

Ryauto Limited

Notes to the accounts (continued)

4. Directors

Mr P. W. 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>1999</u> £	<u>1998</u> £
Wages and salaries	2,153,912	1,074,744
Social security costs	171,605	89,266
Other pension costs	<u>35,106</u>	<u>24,877</u>
	<u>2,360,623</u>	<u>1,188,887</u>

The average monthly number of employees including directors during the year was 109 (1998 - 56).

6. Interest payable and similar charges

	<u>1999</u> £	<u>1998</u> £
Bank overdraft	94,774	15,835
Interest receivable on deposits with manufacturer	(4,000)	(9,804)
Stock finance charges	<u>182,625</u>	<u>79,635</u>
	<u>273,399</u>	<u>85,666</u>

7. Taxation

No corporation tax will be payable on the loss for the year due to the availability of current year tax losses.

Ryauto Limited

Notes to the accounts (continued)

8. Tangible assets

	<u>Plant and equipment</u> £
Cost	
At 1st January 1999	352,304
Additions	219,197
Inter-company transfer	<u>90,782</u>
At 31st December 1999	<u>662,283</u>
Accumulated depreciation	
At 1st January 1999	69,162
Charge for the year	87,837
Inter-company transfer	<u>84,432</u>
At 31st December 1999	<u>241,431</u>
Net book value	
At 31st December 1999	<u><u>420,852</u></u>
At 1st January 1999	<u><u>283,142</u></u>

9. Stocks

	<u>1999</u> £	<u>1998</u> £
Vehicle stocks	2,080,143	2,066,542
Parts, accessories and other stocks	496,088	201,488
Vehicle consignment stocks	<u>1,859,169</u>	<u>269,353</u>
	<u><u>4,435,400</u></u>	<u><u>2,537,383</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 £484,235 (1998 - £432,894) which are not, in substance, assets of the company. These stocks, and their related liabilities, are not recognised on the balance sheet.

Ryauto Limited

Notes to the accounts (continued)

10. Debtors

Amounts falling due within one year:-	<u>1999</u>	<u>1998</u>
	£	£
Trade debtors	972,926	557,726
Amounts owed by group undertakings	58,906	6,856
Deposits with manufacturer	438,000	273,000
Other debtors	3,254	64,648
Prepayments	<u>552,681</u>	<u>274,625</u>
	<u>2,025,767</u>	<u>1,176,855</u>

11. Bank overdraft

The bank overdraft is secured by a guarantee given by a fellow subsidiary undertaking.

12. Creditors

Amounts falling due within one year:-	<u>1999</u>	<u>1998</u>
	£	£
Trade creditors	1,484,198	1,398,539
Amounts owed to group undertakings	1,493,241	1,300,230
Other creditors	84,743	23,762
Taxation and social security	75,094	44,879
Accruals	176,531	80,810
Consignment stock creditors	<u>1,859,169</u>	<u>269,353</u>
	<u>5,172,976</u>	<u>3,117,573</u>

13. Called up share capital

	<u>1999 and 1998</u>	
	<u>Authorised</u>	Allotted, called up and <u>fully paid</u>
	£	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>500,002</u>

Ryauto Limited

Notes to the accounts (continued)

14. Profit and loss account

	£
Accumulated losses:-	
At 1st January 1999	65
Retained loss for the year	<u>(270,274)</u>
At 31st December 1999	<u><u>(270,209)</u></u>

15. Reconciliation of movements in shareholders' funds

	<u>1999</u>	<u>1998</u>
	£	£
Loss for the financial year	(270,274)	(67,026)
Opening shareholders' funds	<u>500,067</u>	<u>567,093</u>
Closing shareholders' funds	<u><u>229,793</u></u>	<u><u>500,067</u></u>

16. 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>1999</u>	<u>1998</u>
	£	£
Leases expiring:-		
Within one year	215,000	128,208
Over five years	<u>214,500</u>	<u>149,000</u>
	<u><u>429,500</u></u>	<u><u>277,208</u></u>

17. Contingent liabilities

The company is a member of a VAT group registration scheme. At 31st December 1999 the company's contingent liability in respect of group VAT was £nil (1998 - £82,550)

Ryauto Limited

Notes to the accounts (continued)

18. Pension schemes

As at 31st December 1999 the company contributed to two retirement benefit schemes:-

a) The Ryland Group Pension Scheme

This is a defined benefit funded pension scheme operated on behalf of all Ryland Group subsidiaries, the contributions being based on pension costs across the group as a whole. The assets of the scheme are held in a separate trustee administered fund. The contributions to the scheme are determined by an independent qualified actuary on the basis of triennial valuations. Details of the latest valuation are contained in the accounts of the ultimate holding company, Ryland Group plc. The pension charge for the company for the year was £4,637 (1998 - £4,200).

b) 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 year was £30,469 (1998 - £20,677).

19. 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.

20. 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 1999 or 1998.