

Ryauto Limited

Accounts - 31st December 2001

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Ryauto Limited

Directors' report

for the year ended 31st December 2001

The directors present their report together with the audited accounts for the year ended 31st December 2001.

Principal activity

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

Review of business

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 progression.

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

Results and dividend

The loss for the year was £111,275. 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.

Auditors

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

By order of the board

K Hampson

Secretary
14th March 2002

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 2001, appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been consistently used and applicable accounting standards have been followed. The accounts have been prepared under the going concern basis.

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

Independent auditors' report to the members of Ryauto Limited

We have audited the accounts which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the notes to the accounts.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable U.K. accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and U.K. Auditing Standards issued by the Auditing Practices Board.

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 Companies Act 1985. 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 Directors' report 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 audit 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 2001 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
14th March 2002

Ryauto Limited
Profit and loss account
for the year ended 31st December 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Turnover		31,958,252	25,474,288
Cost of sales		<u>27,697,173</u>	<u>22,404,682</u>
Gross profit		4,261,079	3,069,606
Net operating expenses	2	<u>4,151,598</u>	<u>3,710,338</u>
Operating profit/(loss)	3	109,481	(640,732)
Interest payable and similar charges	6	<u>220,756</u>	<u>266,719</u>
Loss on ordinary activities before taxation		(111,275)	(907,451)
Taxation	7	<u>-</u>	<u>-</u>
Retained loss for the year	14	<u>(111,275)</u>	<u>(907,451)</u>

There were no recognised gains or losses other than the retained losses shown above. There were no acquisitions or discontinued operations in 2001 and no discontinued operations in 2000.

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

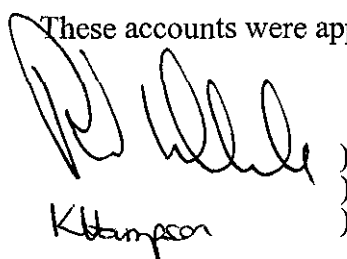
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Ryauto Limited

Balance sheet at 31st December 2001

	<u>Notes</u>	<u>£</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Fixed assets				
Tangible assets	8		238,769	<u>282,618</u>
Current assets				
Stocks	9	2,337,722		3,121,395
Debtors	10	1,071,170		1,644,828
Cash at bank and in hand		<u>696,888</u>		<u>2,980</u>
		<u>4,105,780</u>		<u>4,769,203</u>
Creditors: Amounts falling due within one year				
Bank overdraft	11	-		1,129,319
Creditors	12	<u>5,133,482</u>		<u>4,600,160</u>
		<u>5,133,482</u>		<u>5,729,479</u>
Net current liabilities			<u>(1,027,702)</u>	<u>(960,276)</u>
			<u>(788,933)</u>	<u>(677,658)</u>
Capital and reserves				
Called up share capital	13		500,002	500,002
Profit and loss account	14		<u>(1,288,935)</u>	<u>(1,177,660)</u>
Shareholders' funds	15		<u>(788,933)</u>	<u>(677,658)</u>

These accounts were approved by the board of directors on 14th March 2002.


) Directors
 K. Thompson

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

Independent auditors' report - page 3.

Ryauto Limited

Notes to the accounts - 31st December 2001

1. Accounting policies

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

The company has adopted FRS17 "Retirement benefits", which requires additional disclosures in respect of a defined benefit pension scheme to which the company contributes.

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 to 4 years
Plant and equipment	Over 7 years
Computer equipment	Over 3 to 5 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. Net operating expenses

	<u>2001</u> £	<u>2000</u> £
Distribution costs	2,604,551	2,379,842
Administrative expenses	<u>1,547,047</u>	<u>1,330,496</u>
Net operating expenses	<u><u>4,151,598</u></u>	<u><u>3,710,338</u></u>

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:-

	<u>2001</u> £	<u>2000</u> £
Depreciation	92,832	87,667
Auditors' remuneration	6,000	7,000
Operating lease rentals - land and buildings	<u><u>272,496</u></u>	<u><u>272,496</u></u>

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.

Ryauto Limited

Notes to the accounts (continued)

5. Employees

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

	<u>2001</u> £	<u>2000</u> £
Wages and salaries	2,099,174	2,029,385
Social security costs	184,176	163,967
Other pension costs	45,413	37,772
	<u>2,328,763</u>	<u>2,231,124</u>

The average monthly number of employees including directors during the year was 103 (2000 - 92).

6. Interest payable and similar charges

	<u>2001</u> £	<u>2000</u> £
Bank overdraft	64,075	69,837
Interest receivable on deposits with manufacturer	(10,585)	(8,041)
Stock finance charges	167,266	204,923
	<u>220,756</u>	<u>266,719</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 2001	507,704
Additions	20,653
Inter-company transfer in	<u>44,595</u>
At 31st December 2001	<u>572,952</u>
Accumulated depreciation	
At 1st January 2001	225,086
Charge for the year	92,832
Inter-company transfer in	<u>16,265</u>
At 31st December 2001	<u>334,183</u>
Net book value	
At 31st December 2001	<u>238,769</u>
At 1st January 2001	<u>282,618</u>

9. Stocks

	<u>2001</u> £	<u>2000</u> £
Vehicle stocks	944,769	1,659,531
Parts, accessories and other stocks	340,724	433,378
Vehicle consignment stocks	<u>1,052,229</u>	<u>1,028,486</u>
	<u>2,337,722</u>	<u>3,121,395</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 £1,429,977 (2000 - £5,202,880) 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>2001</u> £	<u>2000</u> £
Trade debtors	474,154	674,774
Amounts owed by group undertakings	1,747	507,778
Deposits with manufacturer	385,000	275,000
Other debtors	-	1,000
Prepayments	210,269	186,276
	<u>1,071,170</u>	<u>1,644,828</u>

11. Bank overdraft

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

12. Creditors

Amounts falling due within one year:-	<u>2001</u> £	<u>2000</u> £
Trade creditors	1,279,729	1,722,500
Amounts owed to group undertakings	2,433,610	1,602,393
Other creditors	121,374	58,166
Taxation and social security	75,913	67,195
Accruals	170,627	121,420
Consignment stock creditors	1,052,229	1,028,486
	<u>5,133,482</u>	<u>4,600,160</u>

13. Called up share capital

	<u>2001 and 2000</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 2001	(1,177,660)
Retained loss for the year	<u>(111,275)</u>
At 31st December 2001	<u>(1,288,935)</u>

15. Reconciliation of movements in shareholders' funds

	<u>2001</u>	<u>2000</u>
	£	£
Loss for the financial year	(111,275)	(907,451)
Opening shareholders' funds	<u>(677,658)</u>	<u>229,793</u>
Closing shareholders' funds	<u>(788,933)</u>	<u>(677,658)</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>2001</u>	<u>2000</u>
	£	£
Leases expiring:-		
Within one year	65,004	57,996
Over five years	<u>214,500</u>	<u>214,500</u>
	<u>279,504</u>	<u>272,496</u>

17. Contingent liabilities

The company is a member of a VAT group registration scheme. At 31st December 2001 the company's contingent liability in respect of group VAT was £570,741 (2000 - £1,480,054).

Ryauto Limited

Notes to the accounts (continued)

18. Pension schemes

As at 31st December 2001 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 triennial valuation has been updated, as at 31st December 2001, by a qualified independent actuary for the purposes of FRS17 "Retirement benefits". Details of the FRS17 valuation are contained in the accounts of the ultimate holding company, Ryland Group plc.

The company is unable to identify its share of the underlying assets and liabilities of the scheme and therefore accounts for contributions to the scheme as if it were a defined contribution scheme. The pension charge for the company for the year was £3,901 (2000 - £3,736).

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 £41,512 (2000 - £34,036).

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 2001 or 2000.