

Ryauto Limited

Accounts - 31 December 2002

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Ryauto Limited
Directors' report
for the year ended 31 December 2002

The directors present their report together with the audited accounts for the year ended 31 December 2002.

Principal activity

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

Review of business

On 12 July 2002 the company closed its Fiat dealership in Wolverhampton.

On 21 October 2002 the company ceased trading as a result of the disposal of its Fiat/Alfa Romeo dealerships in Oldbury and Stourbridge.

Results and dividend

The profit for the year was £16,004. 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	

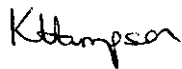
The directors do not have any interests required to be disclosed under the Companies Act 1985.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 25 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

The company will be a dormant company throughout the financial year ending 31 December 2003 and therefore auditors will not be re-appointed at the annual general meeting.

By order of the board



Secretary
30 April 2003

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 31 December 2002, 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, the statement of total recognised gains and losses 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. law and 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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

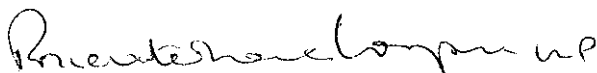
Basis of audit opinion

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 31 December 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Birmingham
30 April 2003

Ryauto Limited
Profit and loss account
for the year ended 31 December 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u> (restated)
		£	£
Turnover		21,127,973	31,958,252
Cost of sales		<u>17,739,379</u>	<u>27,697,173</u>
Gross profit		3,388,594	4,261,079
Net operating expenses	2	<u>3,196,074</u>	<u>4,151,598</u>
Operating profit	3	192,520	109,481
Exceptional item			
Net loss on disposal of discontinued operations		<u>(92,857)</u>	<u>-</u>
Profit on ordinary activities before interest		99,663	109,481
Interest payable and similar charges	6	<u>89,609</u>	<u>220,756</u>
Profit/(loss) on ordinary activities before taxation		10,054	(111,275)
Taxation	7	<u>(5,950)</u>	<u>503</u>
Retained profit/(loss) for the year	13	<u><u>16,004</u></u>	<u><u>(111,778)</u></u>

As the company ceased trading in October 2002, the above results relate entirely to discontinued operations.

The notes set out on pages 7 to 13 form part of these accounts.

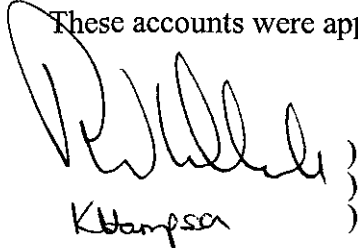
Independent auditors' report - page 3.

Ryauto Limited

Balance sheet at 31 December 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> (restated) £
Fixed assets			
Tangible assets	8	-	238,769
Current assets			
Stocks	9	-	2,337,722
Debtors	10	-	1,085,906
Cash at bank and in hand		-	696,888
		-	4,120,516
Creditors: Amounts falling due within one year			
Creditors	11	758,193	5,133,482
Net current liabilities		(758,193)	(1,012,966)
		<u>(758,193)</u>	<u>(774,197)</u>
Capital and reserves			
Called up share capital	12	500,002	500,002
Profit and loss account	13	(1,258,195)	(1,274,199)
Shareholders' funds		<u>(758,193)</u>	<u>(774,197)</u>

These accounts were approved by the board of directors on 30 April 2003.

 } Directors
K. Hampson

The notes set out on pages 7 to 13 form part of these accounts.

Independent auditors' report - page 3.

Ryauto Limited

Statement of total recognised gains and losses

for the year ended 31 December 2002

	<u>2002</u>	<u>2001</u> (restated)
	£	£
Profit/(loss) for the financial year	16,004	<u>(111,778)</u>
Prior year adjustment on adoption of FRS 19 (as explained in note 1)	<u>14,736</u>	
Total gains and losses recognised since last accounts	<u>30,740</u>	

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2002

	<u>2002</u>	<u>2001</u> (restated)
	£	£
Profit/(loss) for the financial year	16,004	(111,778)
Opening shareholders' funds (originally £(788,933) before prior year adjustment of £14,736)	<u>(774,197)</u>	<u>(662,419)</u>
Closing shareholders' funds	<u>(758,193)</u>	<u>(774,197)</u>

The notes set out on pages 7 to 13 form part of these accounts.

Independent auditors' report - page 3.

Notes to the accounts - 31 December 2002

1. Accounting policies

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

The company has adopted FRS19 "Deferred tax" and now makes full provision for deferred tax balances. This new accounting standard has required previously reported figures to be restated in this year's accounts. Deferred tax assets of £15,239 and £14,736 have been added respectively to the December 2000 and December 2001 balance sheets with a matching increase in shareholders' funds. A deferred tax charge of £503 has also been included in the 2001 profit and loss account.

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.

Ryauto Limited

Notes to the accounts (continued)

1. Accounting policies (continued)

f) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, where transactions or events that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the accounts when it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured, on an undiscounted basis, at the average tax rates expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

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>2002</u>	<u>2001</u>
	£	£
Distribution costs	2,022,499	2,604,551
Administrative expenses	<u>1,173,575</u>	<u>1,547,047</u>
Net operating expenses	<u><u>3,196,074</u></u>	<u><u>4,151,598</u></u>

3. Operating profit

Operating profit is stated after charging:-

	<u>2002</u>	<u>2001</u>
	£	£
Depreciation	71,344	92,832
Auditors' remuneration	1,000	6,000
Operating lease rentals - land and buildings	<u><u>212,539</u></u>	<u><u>272,496</u></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>2002</u>	<u>2001</u>
	£	£
Wages and salaries	1,689,517	2,099,174
Social security costs	153,851	184,176
Other pension costs	<u>46,790</u>	<u>45,413</u>
	<u>1,890,158</u>	<u>2,328,763</u>

The average monthly number of employees including directors during the year was 89 (2001 - 103).

6. Interest payable and similar charges

	<u>2002</u>	<u>2001</u>
	£	£
Bank (balance)/overdraft	(3,665)	64,075
Interest receivable on deposits with manufacturer	(2,427)	(10,585)
Other	(898)	-
Stock finance charges	<u>96,599</u>	<u>167,266</u>
	<u>89,609</u>	<u>220,756</u>

7. Taxation

	<u>2002</u>	<u>2001</u>
	£	(restated) £
Current tax:-		
U.K. corporation tax on profits for the year	4,000	-
Deferred tax:-		
Origination and reversal of timing differences	<u>(9,950)</u>	<u>503</u>
Tax (credit)/charge	<u>(5,950)</u>	<u>503</u>

Ryauto Limited

Notes to the accounts (continued)

7. Taxation (continued)

The current tax charge for the year is higher than the standard rate of U.K. corporation tax of 30% (2001 - 30%). The reasons are set out below:-

	<u>2002</u>	<u>2001</u>
	£	£
Profit/(loss) on ordinary activities before taxation	<u>10,054</u>	<u>(111,275)</u>
Tax on profit/(loss) on ordinary activities before taxation at the standard rate of U.K. corporation tax of 30% (2001 - 30%)	3,016	(33,383)
Effects of:-		
Expenses not deductible for tax purposes/(income not taxable)	14,652	(23,074)
Capital allowances for the year in excess of depreciation	(9,989)	-
Depreciation for the year in excess of capital allowances	-	6,462
Capital loss	2,069	-
Group relief	(3,748)	49,995
Reduction in tax rate for small companies	<u>(2,000)</u>	<u>-</u>
Total current tax	<u>4,000</u>	<u>-</u>

Included in the tax charge for the year is a current tax credit of £59,668 (2001 - £nil) and a deferred tax charge of £33,879 (2001 - £nil) representing the taxation effect of exceptional items.

8. Tangible assets

	<u>Plant and equipment</u>
	£
Cost	
At 1 January 2002	572,952
Additions	17,975
Disposals	(472,606)
Inter-company transfers out	<u>(118,321)</u>
At 31 December 2002	<u>-</u>
Accumulated depreciation	
At 1 January 2002	334,183
Charge for the year	86,594
Disposals	(361,210)
Inter-company transfers out	<u>(59,567)</u>
At 31 December 2002	<u>-</u>
Net book value	
At 31 December 2002	<u>-</u>
At 1 January 2002	<u>238,769</u>

Ryauto Limited

Notes to the accounts (continued)

9. Stocks

	<u>2002</u>	<u>2001</u>
	£	£
Vehicle stocks	-	944,769
Parts, accessories and other stocks	-	340,724
Vehicle consignment stocks	-	1,052,229
	<u>-</u>	<u>2,337,722</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 £nil (2001 - £1,429,977) which are not, in substance, assets of the company. These stocks, and their related liabilities, are not recognised on the balance sheet.

10. Debtors

	<u>2002</u>	<u>2001</u>
	£	(restated) £
Trade debtors	-	474,154
Amounts owed by group undertakings	-	1,747
Deposits with manufacturer	-	385,000
Prepayments	-	210,269
Deferred tax	-	14,736
	<u>-</u>	<u>1,085,906</u>

All debtors fall due within one year with the exception of deferred tax of £nil (2001 - £14,736) which falls due after more than one year.

The deferred tax asset comprises:-

	<u>2002</u>	<u>2001</u>
	£	(restated) £
Depreciation in excess of capital allowances	-	12,336
Other timing differences	-	2,400
	<u>-</u>	<u>14,736</u>

Movements during the year in the deferred tax asset are as follows:-

	<u>2002</u>	<u>2001</u>
	£	(restated) £
At 1 January 2002 (restated)	14,736	15,239
Deferred tax credit/(charge) for the year	9,950	(503)
Transfer to fellow subsidiary undertaking	(24,686)	-
At 31 December 2002	<u>-</u>	<u>14,736</u>

Ryauto Limited

Notes to the accounts (continued)

11. Creditors

Amounts falling due within one year:-	<u>2002</u>	<u>2001</u>
	£	£
Trade creditors	-	1,279,729
Amounts owed to group undertakings	758,193	2,433,610
Other creditors	-	121,374
Taxation and social security	-	75,913
Accruals	-	170,627
Consignment stock creditors	-	1,052,229
	<u>758,193</u>	<u>5,133,482</u>

12. Called up share capital

	<u>2002 and 2001</u>	
	Authorised	Allotted, called up and fully paid
	£	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>500,002</u>

13. Profit and loss account

	£
Accumulated losses:-	
At 1 January 2002 as previously stated	(1,288,935)
Prior year adjustment on adoption of FRS 19 (as explained in note 1)	<u>14,736</u>
At 1 January 2002 as restated	(1,274,199)
Retained profit for the year	<u>16,004</u>
At 31 December 2002	<u>(1,258,195)</u>

14. 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>2002</u>	<u>2001</u>
	£	£
Leases expiring:-		
Within one year	-	65,004
Over five years	-	214,500
	<u>-</u>	<u>279,504</u>

Notes to the accounts (continued)

15. Contingent liabilities

The company was a member of a VAT group registration scheme. At 31 December 2001 the company's contingent liability in respect of group VAT was £570,741.

16. Pension schemes

During the year ended 31 December 2002 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 31 December 2002, 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 £4,738 (2001 - £3,901).

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 £42,052 (2001 - £41,512).

17. 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.

18. 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 2002 or 2001.