Henry Brothers (Glasgow) Limited

Annual report

for the year ended 31 March 2000

COMPANIES HOUSE
29 JAN 2001
GLASGOW

Registered Number SC 034659

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Henry Brothers (Glasgow) Limited

Annual report

for the year ended 31 March 2000

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Henry Brothers (Glasgow) Limited

Directors and Advisors for the year ended 31 March 2000

Directors
N J Henry
C A Henry

Secretary
D Clark
3-33 Kyle Street
Glasgow
G4 0HP

Auditors
PricewaterhouseCoopers
Kintyre House
209 West George Street
Glasgow, G2 2LW

Solicitors
Burness
West George Street
Glasgow
G2 4QY

Bankers
Royal Bank of Scotland plc
Glasgow Charing Cross West Branch
9 Clifton Place
Glasgow
G3 7JU

Henry Brothers (Glasgow) Limited

Directors' report for the year ended 31 March 2000

The directors present their report and the audited financial statements of the company for the year ended 31 March 2000.

Principal activity
The principal activity of the company is the sale and servicing of motor vehicles.

Review of business
The profit and loss account for the year is set out on page 4.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends
The directors do not recommend payment of a dividend.

Directors and their interests
The directors of the company at 31 March 2000 are noted on page 1. Neither of the directors hold any interests in the shares of the company. Their interests in the shares of the holding company are disclosed within those financial statements.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Close company provisions
The company is a close company as defined by the Income and Corporation Taxes Act 1988. There has bee no change in this respect since the end of the financial period.

Auditors
The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



D Clark
Secretary
21 December 2000

Auditors' report to the members of Henry Brothers (Glasgow) Limited

We have audited the financial statements on pages 4 to 15.

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 financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 financial statements.

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 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 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 company's affairs at 31 March 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
21 December 2000

Henry Brothers (Glasgow) Limited

Profit and loss account for the year ended 31 March 2000

	Note	2000	1999
		£	£
Turnover – continuing operations	2	**18,820,971**	21,342,767
Cost of sales		**(15,960,502)**	(18,187,274)
Gross profit		**2,860,469**	3,155,493
Net operating expenses	3	**(2,615,648)**	(2,508,555)
Operating profit – continuing operations		**244,821**	646,938
Interest payable	6	**(114,980)**	(123,795)
Profit on ordinary activities before taxation	7	**129,841**	523,143
Taxation	8	**(28,601)**	(154,949)
Retained profit for the year	17	**101,240**	368,194

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

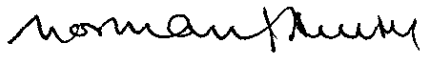
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Henry Brothers (Glasgow) Limited

Balance sheet as at 31 March 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	9	**1,579,645**	1,542,844
Current assets			
Stock	10	**1,698,205**	1,722,961
Debtors	11	**1,479,903**	1,355,652
Cash at bank and in hand		**831**	354
		3,178,939	3,078,967
Creditors: amounts falling due within one year	12	**(2,471,003)**	(2,430,122)
Net current assets		**707,936**	648,845
Total assets less current liabilities		**2,287,581**	2,191,689
Creditors : amounts falling due after more than one year	13	**(44,832)**	(54,151)
Provisions for liabilities and charges	14	**(35,613)**	(31,642)
		80,445	85,793
Net assets		**2,207,136**	2,105,896
Capital and reserves			
Called up share capital	15	**97,500**	97,500
Profit and loss account	17	**2,109,636**	2,008,396
Equity shareholders' funds	18	**2,207,136**	2,105,896

The financial statements on pages 4 to 15 were approved by the board of directors on 21 December 2000 and were signed on its behalf by:



N J Henry
Director

Henry Brothers (Glasgow) Limited

Cashflow statement
for the year ended 31 March 2000

	Note	2000	1999
		£	£
Net cash inflow from operating activities	16	**355,875**	27,959
Returns on investment and servicing of finance			
Interest paid		**(113,097)**	(122,294)
Net cash outflow from returns on investment and servicing of finance		**242,778**	(94,335)
Taxation		**(108,348)**	(124,778)
Capital expenditure			
Purchase of tangible fixed assets		**(125,619)**	(137,051)
Sale of tangible fixed assets		**12,336**	-
Net cash outflow before financing		**21,147**	(356,164)
Financing			
Decrease in stocking loan		**(106,549)**	(11,852)
Repayment of principal under finance leases		**(22,281)**	(14,508)
Decrease in cash in year		**(107,683)**	(382,524)

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the year		**(107,683)**	(382,524)
Cash outflow from financing		**128,830**	26,360
Change in net debt resulting from cash flows		**21,147**	(356,164)
New finance leases		**(16,387)**	(63,000)
Movement in net debt in the period		**4,760**	(419,164)
Opening net debt		**(906,515)**	(487,351)
Closing net debt	16	**901,755**	(906,515)

Henry Brothers (Glasgow) Limited

Notes to the financial statements for the year ended 31 March 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies, which have been applied consistently, is set out below:

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets
The cost of tangible fixed assets is their purchase price, together with any incidental expenses of acquisition.

Depreciation is calculated to write off the cost of the fixed assets evenly over their expected useful lives, as follows:

Land and building	- Nil
Motor vehicles	- 15 – 25% straight line
Fixtures and fittings	- 15 – 33% straight line
Plant and machinery	- 15 – 33% straight line

Stocks
Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less further costs expected to be incurred on disposal.

Deferred taxation
Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension scheme arrangements
The company administers two pension schemes on behalf of the directors and employees, a directors executive benefits scheme and the employees personal pension scheme. The assets of the scheme are held separately from those of the company. The company makes contributions which are charged against the results in the period in which they are payable.

Lease and hire purchase contracts
Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably consistent charge in the outstanding liability.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, entirely within the United Kingdom, stated net of value added tax.

3 Net operating expenses

	2000	1999
	£	£
Administrative expenses	**2,707,165**	2,628,730
Less: other operating income	**(91,517)**	(120,175)
	2,615,648	2,508,555

4 Directors' emoluments

	2000	1999
	£	£
Aggregate emoluments	**-**	116,451
Company pension contributions to directors personal pension scheme	**-**	755
	-	117,206

	2000	1999
Highest paid director	**£**	£
Aggregate emoluments and benefits	**-**	62,444
Company pension contributions to directors personal pension scheme	**-**	503

The directors were remunerated by the holding company, Henry Brothers (Holdings) Limited.

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2000 Number	1999 Number
Office management	**6**	6
Sales	**14**	14
Parts, servicing & Bodyshop	**44**	44
Administration	**6**	6
	70	70

	2000 £	1999 £
Staff costs (for the above persons)		
Wages and salaries	**1,162,301**	1,353,808
Social security costs	**118,097**	133,434
Other pension costs	**12,380**	12,923
	1,292,778	1,500,165

6 Interest payable

	2000 £	1999 £
Bank interest	**24,940**	20,284
Stock finance interest	**84,953**	100,717
HP interest	**5,087**	2,794
	114,980	123,795

7 Profit on ordinary activities before taxation

		2000	1999
		£	£
Profit on ordinary activities before taxation is stated after charging:			
Depreciation on fixed assets		**92,869**	37,466
Auditors' remuneration:	for audit services	**6,100**	5,750
:	for non audit services	**17,680**	12,120
Finance charges in respect of finance leases		**5,087**	2,794
Management charge from Henry Brothers (Holdings) Limited		**628,353**	302,629

8 Taxation

	2000	1999
	£	£
Corporation tax at 20% (1999: 31%)		
Current	**25,400**	132,525
Deferred	**3,888**	22,165
Under/(over) provision in respect of prior years		
Current	**(770)**	145
Deferred	**83**	114
Total	**28,601**	154,949

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures & fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 1999	1,195,774	614,167	219,895	181,092	2,210,928
Additions	-	72,149	52,238	17,619	142,006
Disposals	-	-	-	(27,581)	(27,581)
At 31 March 2000	**1,195,774**	**686,316**	**272,133**	**171,130**	**2,325,353**
Depreciation					
At 1 April 1999	-	372,244	187,983	107,857	668,084
Charge for the year	-	59,834	16,035	17,000	92,869
Disposals	-	-	-	(15,245)	(15,245)
At 31 March 2000	**-**	**432,078**	**204,018**	**109,612**	**745,708**
Net book value					
At 31 March 2000	**1,195,774**	**254,239**	**68,115**	**61,518**	**1,579,645**
At 31 March 1999	1,195,774	241,923	31,912	73,235	1,542,844

The net book value includes an amount of £81,883 (1999: £82,147) in respect of assets held under finance leases.

The property relates to the garage showroom at 3-33 Kyle Street, Glasgow. This property is secured against a loan from BMW Financial Services (GB) Limited to the holding company, Henry Brothers (Holdings) Limited.

10 Stocks

	2000	1999
	£	£
New car stock	**84,524**	34,619
Used car stock	**779,287**	830,881
Demonstrator car stock	**657,185**	700,323
Parts stock	**177,209**	157,138
	1,698,205	1,722,961

At 31 March 2000 consignment stock valued at £818,916 (1999: £814,374) was available to the company under a sale or return agreement. If not returned, the company will be obliged to purchase the consignment stock at the earlier of 180 days or date of vehicle sale.

11 Debtors

	2000	1999
	£	£
Amounts falling due within one year		
Trade debtors	**743,108**	690,631
Other debtors	**4,001**	80,909
Amount owed by group undertaking	**533,020**	399,568
Prepayments and accrued income	**199,774**	184,544
	1,479,903	1,355,652

12 Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank overdraft	**631,666**	523,507
Stocking loan	**204,099**	310,648
Trade creditors	**1,276,088**	1,178,174
Corporation tax	**25,400**	109,118
Other taxation and social security	**108,191**	177,757
Accruals and deferred income	**203,571**	112,355
Hire purchase contracts	**21,988**	18,563
	2,471,003	2,430,122

The bank borrowings are secured by a guarantee by Henry Brothers (Holdings) Limited securing Henry Brothers (Glasgow) Limited in the sum of £250,000 (1999: £250,000) supported by a bond and floating charge for all monies executed by Henry Brothers (Holdings) Limited and Henry Brothers (Glasgow) Limited respectively on 27 April 1998.

The stocking loan is secured over certain used car stocks and is repayable after 90 days on a car by car basis.

13 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Obligations under finance leases – maturity of debt		
Due in one to two years	**18,063**	16,351
Due in three to five years	**26,769**	37,800
	44,832	54,151

14 Provision for liabilities and charges – deferred taxation

	£
At 1 April 1999	31,642
Transfer from profit and loss account	3,971
At 31 March 2000	**35,613**

15 Called up share capital

	2000	1999
	£	£
Authorised		
100,000 ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
97,500 ordinary shares of £1 each	**97,500**	97,500

16 Notes to the cash flow statement

i) Reconciliations of operating profit to net cash flow from operating activities

	2000	1999
	£	£
Operating profit	**244,821**	646,938
Depreciation charge	**92,869**	37,466
Decrease/(increase) in stocks	**24,756**	(300,630)
Increase in debtors	**(124,251)**	(587,218)
Increase in creditors	**117,680**	231,403
Net cash inflow from operating activities	**355,875**	27,959

ii) Analysis of net debt

	1 April 1999		Other non-cash changes	**31 March 2000**
	£	£	£	**£**
Net cash:				
Cash at bank and in hand	354	476	-	**830**
Bank overdraft	(523,507)	(108,159)	-	**(631,666)**
	(523,153)	(107,683)	-	**(630,836)**
Debt:				
Finance leases	(72,714)	22,281	(16,387)	**(66,820)**
Stocking loan	(310,648)	106,549	-	**(204,099)**
	(383,362)	128,830	(16,387)	**(270,919)**
Net debt	(906,515)	21,147	(16,387)	**(901,755)**

17 Profit and loss account

	2000	1999
	£	£
At 1 April 1999	**2,008,396**	2,008,396
Retained profit for the year	**101,240**	368,194
At 31 March 2000	**2,109,636**	2,008,396

18 Reconciliation of movement in shareholders funds

	2000	1999
	£	£
Profit for financial year	**101,240**	368,194
Opening shareholders' funds	**2,105,896**	1,737,702
Closing shareholders' funds	**2,207,136**	2,105,896

19 Pension obligations

The company administers two pension schemes on behalf of the directors and employees – a directors executive benefits scheme and the employees personal pension scheme.

The assets of the scheme are held separately from those at the company. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,380 (1999: £13,620.)

20 Holding company

The company is a wholly owned subsidiary of Henry Brothers (Holdings) Limited, a company registered in Scotland.