Henry Brothers (Glasgow) Limited

Annual report

for the year ended 31 March 2001

Registered Number SC 034659





Henry Brothers (Glasgow) Limited

Annual report
for the year ended 31 March 2001

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Henry Brothers (Glasgow) Limited

Directors and Advisors for the year ended 31 March 2001

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 2001

The directors present their report and the audited financial statements of the company for the year ended 31 March 2001.

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 2001 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 2001 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 been 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
13 August 2001

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

We have audited the financial statements on pages 4 to 14.

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 2001 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
13 August 2001

Henry Brothers (Glasgow) Limited

Profit and loss account for the year ended 31 March 2001

	Note	2001	2000
		£	£
Turnover – continuing operations	2	**18,645,069**	18,820,971
Cost of sales		**(15,711,972)**	(15,960,502)
Gross profit		**2,933,097**	2,860,469
Net operating expenses	3	**(2,760,893)**	(2,615,648)
Operating profit – continuing operations		**172,204**	244,821
Interest payable	6	**(132,793)**	(114,980)
Profit on ordinary activities before taxation	7	**39,411**	129,841
Taxation	8	**13,719**	(28,601)
Retained profit for the year	17	**53,130**	101,240

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.

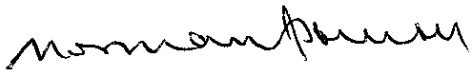
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Henry Brothers (Glasgow) Limited

Balance sheet as at 31 March 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	9	**1,527,302**	1,579,645
Current assets			
Stock	10	**1,651,979**	1,698,205
Debtors	11	**1,637,234**	1,479,903
Cash at bank and in hand		**1,535**	831
		3,290,748	3,178,939
Creditors: amounts falling due within one year	12	**(2,495,675)**	(2,471,003)
Net current assets		**795,073**	707,936
Total assets less current liabilities		**2,322,375**	2,287,581
Creditors : amounts falling due after more than one year	13	**(40,392)**	(44,832)
Provisions for liabilities and charges	14	**(21,717)**	(35,613)
		(62,109)	(80,445)
Net assets		**2,260,266**	2,207,136
Capital and reserves			
Called up share capital	15	**97,500**	97,500
Profit and loss account	17	**2,162,766**	2,109,636
Equity shareholders' funds	18	**2,260,266**	2,207,136

The financial statements on pages 4 to 14 were approved by the board of directors on 13 August 2001 and were signed on its behalf by:



N J Henry
Director

Henry Brothers (Glasgow) Limited

Cashflow statement
for the year ended 31 March 2001

	Note	2001	2000
		£	£
Net cash inflow from operating activities	16	**159,685**	355,875
Returns on investment and servicing of finance			
Interest paid		**(132,913)**	(113,097)
Net cash outflow from returns on investment and servicing of finance		**26,772**	242,778
Taxation		**(23,598)**	(108,348)
Capital expenditure			
Purchase of tangible fixed assets		**(61,224)**	(125,619)
Sale of tangible fixed assets		**19,768**	12,336
Net cash outflow before financing		**(38,282)**	21,147
Financing			
Increase/(decrease) in stocking loan		**51,324**	(106,549)
Repayment of principal under finance leases		**(25,379)**	(22,281)
Decrease in cash in year		**(12,337)**	(107,683)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		**(12,337)**	(107,683)
Cash outflow from financing		**(25,945)**	128,830
Change in net debt resulting from cash flows		**(38,282)**	21,147
New finance leases		**(25,838)**	(16,387)
Movement in net debt in the year		**(64,120)**	4,760
Opening net debt		**(901,754)**	(906,514)
Closing net debt	16	**(965,874)**	901,754

Notes to the financial statements for the year ended 31 March 2001

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

	2001	2000
	£	£
Administrative expenses	2,836,979	2,707,165
Less: other operating income	(76,086)	(91,517)
	2,760,893	2,615,648

4 Directors' emoluments

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:

	2001	2000
	Number	Number
Office management	7	6
Sales	15	14
Parts, servicing & Bodyshop	46	44
Administration	2	6
	70	70

	2001	2000
	£	£
Staff costs (for the above persons)		
Wages and salaries	1,282,873	1,162,301
Social security costs	146,814	118,097
Other pension costs	14,215	12,380
	1,443,902	1,292,778

6 Interest payable

	2001	2000
	£	£
Bank interest	**32,729**	24,940
Stock finance interest	**94,527**	84,953
HP interest	**5,537**	5,087
	132,793	114,980

7 Profit on ordinary activities before taxation

		2001	2000
		£	£
Profit on ordinary activities before taxation is stated after charging:			
Depreciation on fixed assets		**119,637**	92,869
Auditors' remuneration:	for audit services	**7,500**	6,100
:	for non audit services	**6,700**	17,680
Finance charges in respect of finance leases		**5,537**	5,087
Loss on disposal of fixed assets		**17,755**	-
Management charge from Henry Brothers (Holdings) Limited		**486,825**	628,353

8 Taxation

	2001	2000
	£	£
Corporation tax at 20% (1999: 31%)		
Current	**2,885**	25,400
Deferred	**(15,256)**	3,888
Under/(over) provision in respect of prior years		
Current	**(2,708)**	(770)
Deferred	**1,360**	83
Total	**(13,719)**	28,601

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures & fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2000	1,195,774	686,316	272,133	171,130	2,325,353
Additions	-	26,873	60,189	-	87,062
Disposals	-	-	-	(114,849)	(114,849)
At 31 March 2001	**1,195,774**	**713,189**	**332,322**	**56,281**	**2,297,566**
Depreciation					
At 1 April 2000	-	432,078	204,018	109,612	745,708
Charge for the year	-	70,967	28,671	20,000	119,637
Disposals	-	-	-	(95,082)	(95,082)
At 31 March 2001	**-**	**503,045**	**232,689**	**34,530**	**770,264**
Net book value					
At 31 March 2001	**1,195,774**	**210,144**	**99,633**	**21,751**	**1,527,302**
At 31 March 2000	1,195,774	254,239	68,115	61,518	1,579,645

The net book value includes an amount of £83,580 (2000: £81,883) 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

	2001	2000
	£	£
New car stock	**171,669**	84,524
Used car stock	**567,791**	779,287
Demonstrator car stock	**709,393**	657,185
Parts stock	**203,126**	177,209
	1,651,979	1,698,205

At 31 March 2001 consignment stock valued at £575,037 (2000: £818,916) 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

	2001	2000
	£	£
Amounts falling due within one year		
Trade debtors	**704,852**	743,108
Other debtors	**2,162**	4,001
Amount owed by group undertaking	**712,157**	533,020
Prepayments and accrued income	**218,065**	199,774
	1,637,234	1,479,903

12 Creditors: amounts falling due within one year

	2001	2000
	£	£
Bank overdraft	**644,707**	631,666
Stocking loan	**255,423**	204,099
Trade creditors	**1,305,056**	1,276,088
Corporation tax	**1,979**	25,400
Other taxation and social security	**185,297**	108,191
Accruals and deferred income	**76,327**	203,571
Hire purchase contracts	**26,887**	21,988
	2,495,675	2,471,003

The bank borrowings are secured by a guarantee by Henry Brothers (Holdings) Limited securing Henry Brothers (Glasgow) Limited in the sum of £250,000 (2000: £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

	2001	2000
	£	£
Obligations under finance leases – maturity of debt		
Due in one to two years	**24,184**	18,063
Due in three to five years	**16,208**	26,769
	40,392	44,832

14 Provision for liabilities and charges – deferred taxation

	£
At 1 April 2000	35,613
Transfer from profit and loss account	13,896
At 31 March 2001	**21,717**

15 Called up share capital

	2001	2000
	£	£
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

	2001	2000
	£	£
Operating profit	**172,204**	244,821
Depreciation charge	**119,637**	92,869
Decrease in stocks	**46,226**	24,756
Increase in debtors	**(157,331)**	(124,251)
(Decrease)/increase in creditors	**(21,051)**	117,680
Net cash inflow from operating activities	**159,685**	355,875

ii) Analysis of net debt

	1 April 2000		Other Non-cash Changes	31 March 2001
	£	£	£	£
Net cash:				
Cash at bank and in hand	831	704	-	**1,535**
Bank overdraft	(631,666)	(13,041)	-	**(644,707)**
	(630,835)	(12,337)	-	**(643,172)**
Debt:				
Finance leases	(66,820)	25,379	(25,838)	**(62,279)**
Stocking loan	(204,099)	(51,324)	-	**(255,423)**
	(270,919)	(25,945)	(25,838)	**(322,702)**
Net debt	(901,754)	(38,282)	(25,838)	**(965,874)**

17 Profit and loss account

	2001	2000
	£	£
At 1 April 2000	**2,109,636**	2,008,396
Retained profit for the year	**53,130**	101,240
At 31 March 2001	**2,162,766**	2,109,636

18 Reconciliation of movement in shareholders funds

	2001	2000
	£	£
Profit for financial year	**53,130**	101,240
Opening shareholders' funds	**2,207,136**	2,105,896
Closing shareholders' funds	**2,260,266**	2,207,136

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 £14,215 (1999: £12,380.)

20 Holding company

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