

**First Hamblin Limited**

**Directors' report and financial statements**

30 April 1997

Registered number 395811



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 April 1997.

### **Principal activities**

The company is principally engaged in the provision of garage services and property management.

### **Results and business review**

The profit for the year after taxation amounted to £1,701,713 (1996: £8,685,092). A dividend of £600,000 was paid during the year. The profit for the year retained in the company is £1,101,713 and has been transferred to reserves.

The directors are pleased to report that, as anticipated, the company has returned to profitability in its own right. Notwithstanding the additional proceeds derived from the sale of the London Park Tower Casino in 1995 operating profits have been generated from the company's own activities for the first time in the current decade.

The directors are confident that such levels of operating profits will be maintained in the future.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

Peter R Hamblin  
PR (Bob) Hamblin  
TK Smith  
L Breathwick (resigned 6 September 1996)

At the end of the year the directors were directors of the holding company and their interests in the shares of the group companies are disclosed in the holding company's accounts.

### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



TK Smith  
Secretary

8 December 1997

St Georges House  
6 St Georges Way  
Leicester  
LE1 9GB  
~~1997~~

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 Waterloo Way  
Leicester  
LE1 6LP

## **Auditors' report to the members of First Hamblin Limited**

We have audited the financial statements on pages 4 to 19.

### ***Respective responsibilities of directors and auditors***

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### ***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 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 as at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

Chartered Accountants  
Registered Auditors

*8th. December, 1997.*

## Profit and loss account

*for the year ended 30 April 1997*

	<i>Note</i>	1997 £	1996 £
Turnover - continuing operations	1	9,881,802	9,150,384
Cost of sales - continuing operations		(9,530,124)	(8,823,055)
- exceptional	4	251,200	(250,000)
<b>Gross profit</b>		<b>602,878</b>	<b>77,329</b>
Administrative expenses - ongoing		(209,985)	(1,026,417)
exceptional	4	(55,862)	(3,802,133)
Other operating income	7	130,538	147,893
Other interest receivable and similar income	9	415,816	398,195
<b>Operating profit/(loss) - continuing operations</b>		<b>883,385</b>	<b>(4,205,133)</b>
Profit on disposal of subsidiary undertakings	5	999,363	1,164,768
Income from other fixed asset investments	8	-	12,362,349
		<b>1,882,748</b>	<b>9,321,984</b>
Interest payable and similar charges	10	(108,691)	(636,892)
<b>Profit on ordinary activities before taxation</b>	2-6	<b>1,774,057</b>	<b>8,685,092</b>
Tax on profit on ordinary activities	11	(72,344)	-
<b>Profit on ordinary activities after taxation</b>		<b>1,701,713</b>	<b>8,685,092</b>
Dividends on equity shares	12	(600,000)	(657,258)
<b>Retained profit for the year</b>	22	<b>1,101,713</b>	<b>8,027,834</b>

A statement of movements in reserves is given in note 22.

The company had no recognised gains or losses other than the profit for the year.

**Balance sheet**  
*at 30 April 1997*

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	13		2,440,376		2,733,333
Investments	14		75,360		67,912
			<hr/>		<hr/>
			2,515,736		2,801,245
<b>Current assets</b>					
Assets held for resale		452,500		225,000	
Stocks	15	669,941		599,979	
Debtors	16	7,320,987		4,471,084	
Investments	17	5,459		5,032	
Cash at bank and in hand		1,375		421,178	
		<hr/>		<hr/>	
		8,450,262		5,722,273	
<b>Creditors: amounts falling due within one year</b>	18	(1,254,882)		(1,230,804)	
		<hr/>		<hr/>	
<b>Net current assets</b>			7,195,380		4,491,469
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			9,711,116		7,292,714
<b>Creditors: amounts falling due after more than one year</b>	19		(1,772,578)		(180,889)
<b>Provisions for liabilities and charges</b>	20		-		(275,000)
			<hr/>		<hr/>
			7,938,538		6,836,825
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	21		2,057,665		2,057,665
Merger reserve	22		391,400		391,400
Profit and loss account	22		5,489,473		4,387,760
			<hr/>		<hr/>
<b>Shareholders' funds</b>			7,938,538		6,836,825
			<hr/>		<hr/>

These financial statements were approved by the board of directors on *8 December 1997* and were signed on its behalf by:

PR (Bob) Hamblin  
*Director*

TK Smith  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain freehold and investment properties.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Hybeck Limited 100% of the company's voting rights are controlled within the group headed by Hybeck Holdings Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entries which form part of the group (or investees of the group qualifying as related parties). The results of the company are included in the consolidated financial statements of Hybeck Holdings Limited.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Plant and equipment	-	5 to 10 years straight line
Motor vehicles	-	3 to 4 years straight line
Assets for lease and hire:		
Self-drive fleet	- private vehicles	- 33% per annum reducing balance
	- commercial vehicles	- 3 years straight line

Freehold land is not depreciated. No depreciation is provided on freehold buildings, as it is the company's policy to maintain these assets in a continued state of sound repair. The useful economic lives of these assets are so long and residual values so high that any depreciation would not be material. Residual values are based on prices prevailing at the date of acquisition or subsequent valuation.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Investment properties*

In accordance with the Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long term investment and are included in the balance sheet at their open market values. The surpluses or deficits on revaluation are transferred to the investment property revaluation reserves where deficits on revaluation are in excess of the revaluation reserve, the remainder is charged to the profit and loss account. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from the requirements of the Companies Act which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements given may give a true and fair view due to the properties being held for investment purposes only.

#### *Investments*

Investments are included at cost less amounts written off.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Stocks*

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

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

##### *Provision of garage services*

Turnover is the total amount receivable by the company for goods supplied and for services provided, including car tax, but excluding VAT and trade discounts.

## Notes (continued)

### 2 Analysis of turnover and profit on ordinary activities before taxation

	1997		1996	
	Turnover	Profit before taxation	Turnover	Profit before taxation
	£	£	£	£
<i>By activity</i>				
Provision of garage services	9,881,802	117,646	9,150,384	84,629
Property management				
- ongoing		130,538		147,893
- exceptional		(55,862)		(1,743,543)
Dividends from subsidiaries		-		12,362,349
Central costs and interest				
- ongoing		331,172		(1,022,414)
- exceptional		-		(1,757,411)
Profit/(loss) on disposal of subsidiary undertaking		999,363		1,164,768
Provision for loss arising from defaulted guarantee		-		(301,179)
Write down of land for resale		251,200		(250,000)
	<u>9,881,802</u>	<u>1,774,057</u>	<u>9,150,384</u>	<u>8,685,092</u>

### 3 Profit on ordinary activities before taxation

	1997	1996
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	13,725	10,300
Other services	-	1,500
Depreciation and other amounts written off tangible fixed assets:		
Owned	114,540	110,038
Leased	6,756	11,178
Directors emoluments	-	52,500
Directors pension costs	-	-
	<u>          </u>	<u>          </u>

## Notes (continued)

### 4 Exceptional items

Cost of sales include the following exceptional item:

	1997 £	1996 £
Valuation of land for resale at the lower of cost and net realisable value	251,200	(250,000)
	<u>251,200</u>	<u>(250,000)</u>

Administrative expenses include the following exceptional items:-

	1997 £	1996 £
Provision for loss arising from defaulted guarantee	-	(301,179)
Provision against investment and amount owing by subsidiary undertaking	-	(1,757,411)
Revaluation of freehold properties	(55,862)	(1,743,543)
	<u>(55,862)</u>	<u>(3,802,133)</u>

### 5 Profit on disposal of subsidiary undertaking

During the year ended 30 April 1996 the company disposed of the London Park Tower Casino. The amount of consideration was dependant upon profits earned over the three subsequent years.

During the current year additional proceeds have been received in the form of loan stock.

**Notes** *(continued)*

**6 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year was 35 (1996 : 38).

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	440,791	1,408,029
Social security costs	47,396	49,628
	<u>488,187</u>	<u>1,457,657</u>

**7 Other operating income**

	1997 £	1996 £
Rental income	130,538	147,893
	<u>130,538</u>	<u>147,893</u>

**Notes (continued)**

**8 Income from other fixed asset investments**

	1997	1996
	£	£
Income from fixed asset investments		
Unlisted	-	12,362,349
	<u>          </u>	<u>          </u>

**9 Other interest receivable and similar income**

	1997	1996
	£	£
Receivable from group undertakings	386,463	341,011
Other	29,353	57,184
	<u>          </u>	<u>          </u>
	<u>415,816</u>	<u>398,195</u>

**10 Interest payable and similar charges**

	1997	1996
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	105,564	632,773
Finance charges payable in respect of finance leases and hire purchase contracts	3,127	4,119
	<u>          </u>	<u>          </u>
	<u>108,691</u>	<u>636,892</u>

**11 Taxation**

	1997	1996
	£	£
UK Corporation tax at 33%/31%	72,344	-
	<u>          </u>	<u>          </u>

## Notes (continued)

### 12 Dividends

	1997 £	1996 £
Equity shares:		
Dividends paid	600,000	657,258

### 13 Tangible fixed assets

	Freehold investment properties £	Other freehold properties £	Plant, equipment and motor vehicles £	Assets for lease and hire £	Total £
<i>Cost or valuation</i>					
At beginning of year	1,511,500	825,000	301,431	380,133	3,018,064
Additions	13,362	-	2,613	258,424	274,399
Disposals	(176,000)	-	-	(308,210)	(484,210)
Deficit on revaluation	(55,862)	-	-	-	(55,862)
At end of year	1,293,000	825,000	304,044	330,347	2,752,391
<i>Depreciation</i>					
At beginning of year	-	-	203,363	81,368	284,731
Charge for year	-	-	27,156	94,140	121,296
On disposals	-	-	-	(94,012)	(94,012)
At end of year	-	-	230,519	81,496	312,015
<i>Net book value</i>					
At 30 April 1997	1,293,000	825,000	73,525	248,851	2,440,376
At 30 April 1996	1,511,500	825,000	98,068	298,765	2,733,333

Freehold investment properties and other freehold properties have been revalued by the directors to open market valuation at 30 April 1997.

## Notes (continued)

### 13 Tangible fixed assets (continued)

Particulars relating to revalued assets are given below:

	1997 £	1996 £
<i>Freehold investment properties</i>		
At 1997 open market value	1,293,000	1,511,500
Aggregate depreciation thereon	-	-
	<hr/>	<hr/>
Net book value	1,293,000	1,511,500
	<hr/>	<hr/>
Historical cost of revalued assets	1,732,208	2,010,046
Aggregate depreciation based on historical cost	-	(56,662)
	<hr/>	<hr/>
Historical cost net book value	1,732,208	1,953,384
	<hr/>	<hr/>
	<hr/>	<hr/>
	1997 £	1996 £
<i>Other freehold properties</i>		
At 1997 open market value	825,000	825,000
	<hr/>	<hr/>
Net book value	825,000	825,000
	<hr/>	<hr/>
Historical cost of revalued assets	1,970,443	1,970,443
	<hr/>	<hr/>
Historical cost net book value	1,970,443	1,970,443
	<hr/>	<hr/>

Included in the total net book value of plant, equipment and motor vehicles is £9,965 (1996 : £16,721) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £6,756 (1996 : 3,378).

## Notes (continued)

### 14 Fixed asset investments

	Shares in group undertakings £
<i>Cost</i>	
At beginning of year	67,912
Additions	60
Disposals	(8,654)
Release of provisions	16,042
	<hr/>
At end of year	75,360
	<hr/> <hr/>

At 30 April 1997 the company held more than 10% of the allotted share capital of the following subsidiary undertakings all of which were registered in England.

<i>Subsidiary undertakings</i>	Principal activity	Class of shares held	Percentage of shares held	
			Directly	Indirectly
First Hamblin (Midlands) Limited	Sub-holding company	Ordinary	100%	
Hybeck Estates Limited	Property management and development	Ordinary	100%	
Shieldchain Limited	Dormant	Ordinary	100%	
Unity Print Limited	Printers	Ordinary	22.50%	77.50%
Mountblaze Limited	Property	Ordinary	75%	
First Hamblin (Financial) Limited	Asset finance	Ordinary	19.8%	
Fiddlers Inns Limited	Public house	Ordinary		75%
Fiddlers Ales Limited	Brewery	Ordinary		75%
First Hamblin (Publishing) Limited	Sub-holding company	Ordinary		100%
Minerva Press Limited	Publisher	Ordinary		51%
Minerva Publications Limited	Dormant	Ordinary		51%
Minerva Press (Publishers) Limited	Dormant	Ordinary		51%
First Midland Finance and Leasing Limited	Asset finance	Ordinary	8.67%	82.66%

### 15 Stocks

	1997 £	1996 £
Finished goods and goods for resale:		
Motor vehicles	543,967	480,491
Petrol, spares, oil and clothing	125,974	119,488
	<hr/>	<hr/>
	669,941	599,979
	<hr/> <hr/>	<hr/> <hr/>

In addition to the vehicle stocks included in the balance sheet, £164,888 is held on consignment from General Motors. This is not recognised in the financial statements until the vehicles are sold.



**Notes (continued)**

**16 Debtors**

	1997	1996
	£	£
Trade debtors	282,392	361,493
Amounts owed by group undertakings	5,831,796	3,853,207
Taxation	26,605	70,669
Other debtors	1,003,407	57,707
Prepayments	176,787	128,008
	<hr/>	<hr/>
	7,320,987	4,471,084
	<hr/>	<hr/>

**17 Investments (held as current assets)**

	1997	1996
	£	£
Investments listed on a recognised stock exchange	5,459	5,032
	<hr/>	<hr/>

The aggregate market value of the listed investments is not considered to be materially different from the cost.

**18 Creditors: amounts falling due within one year**

	1997	1996
	£	£
Loans	102,842	13,306
Bank overdrafts	333,058	-
Obligations under finance leases and hire purchase contracts	7,213	7,845
Trade creditors	627,006	610,090
Amounts owed to group undertakings	-	20,532
Other creditors including taxation and social security:		
Corporation tax	28,280	-
Taxation and social security	22,795	124,355
Other creditors	5,680	306,134
Accruals and deferred income	128,008	148,542
	<hr/>	<hr/>
	1,254,882	1,230,804
	<hr/>	<hr/>

Bank overdrafts are secured by a composite guarantee between the company and its fellow subsidiaries and by a charge over the freehold and investment properties.

## Notes (continued)

### 19 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Bank loans	1,555,544	-
Obligations under finance lease and hire purchase contracts	6,277	13,490
Woolwich Building Society	-	6,079
GMAC stocking loans	210,757	161,320
	<u>1,772,578</u>	<u>180,889</u>

Bank loans are secured by a composite guarantee between the company and fellow subsidiaries and by a charge over the freehold and investments properties.

Two of the bank loans are repayable by equal monthly instalments. The remaining loan is repayable in one amount.

Interest on the loan of £1.2 million is charged at a fixed rate of 8.875% for the first two years and thereafter at 2% above the National Westminster base rate. Interest on the remaining bank loans is payable at 2% above the National Westminster bank base rate.

	1997 £	1996 £
Within one year	103,148	13,306
In the second to fifth years	814,289	-
Over five years	740,949	-
	<u>1,658,386</u>	<u>13,306</u>

The GMAC stocking loan is not repaid in fixed monthly instalments and incurs a variable interest rate 1% above the finance house base rate.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	1997 £	1996 £
Within one year	7,213	7,845
In the second to fifth years	6,277	13,490
	<u>13,490</u>	<u>21,335</u>

**Notes (continued)**

**20 Provisions for liabilities and charges**

	Other provisions £
At beginning of year	275,000
Charge for the year in the profit and loss account	8,295
Utilised during the year	(283,295)
	<hr/>
At end of year	-
	<hr/>

**21 Called up share capital**

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	3,000,000	3,000,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2,057,665	2,057,665
	<hr/>	<hr/>

**22 Reserves**

	Merger reserve £	Profit and loss account £
At beginning of year	391,400	4,387,760
Profit for the financial year	-	1,101,713
	<hr/>	<hr/>
At end of year	391,400	5,489,473
	<hr/>	<hr/>

The merger reserve arose on the merger with First Hamblin (Midlands) Limited in the year ended 30 April 1987.

## Notes (continued)

### 23 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	1,701,713	8,685,092
Dividends	(600,000)	(657,258)
	<hr/>	<hr/>
Net addition to equity shareholders' funds	1,101,713	8,027,834
Opening equity shareholders' funds	6,836,825	(1,191,009)
	<hr/>	<hr/>
Closing equity shareholders' funds	7,938,538	6,836,825
	<hr/>	<hr/>

### 24 Contingent liabilities

At 30 April 1997 there were contingent liabilities outstanding in respect of the matters detailed below:-

- i) Unlimited guarantees to National Westminster Bank plc in respect of bank loans and overdrafts of certain group companies. In support of these guarantees and also as security for its own overdraft facilities, the company has executed a debenture giving fixed and floating charges over all assets in favour of the groups bankers.  
  
At 30 April 1997 the amount guaranteed by the company in respect of group companies amounted to £2,739,885.
- ii) The company has entered into composite accounting arrangements which give the bank a legal right of set off between the company and certain group companies.

**Notes (continued)**

**25 Commitments**

- (a) There were no unprovided capital commitments at the year end.
- (b) Annual commitments under non-cancellable operating leases are as follows:

	1997		1996	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Over 5 years	33,000	-	33,000	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**26 Related party disclosures**

The company is controlled by Hybeck Limited, its immediate parent company. The ultimate controlling party is Hybeck Holdings Limited, its ultimate parent company.

**27 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The largest group in which the results of the company are consolidated is that headed by Hybeck Holdings Limited which is incorporated in England and Wales. No other group accounts include the results of the company