

# **Dick Lovett Limited**

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

**31 December 1996**

Registered number 414098



# Dick Lovett Limited

## Directors' report and financial statements

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# Dick Lovett Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

### Principal activities

The principal activity of the company is the sale and maintenance of Porsche and Jeep vehicles.

### Business review

Turnover achieved during the year was £16,570,228 (1995 : £14,040,978). The profit for the year retained in the company was £55,152 (1995 : £6,806).

### Proposed dividend

The directors recommend the payment of an ordinary dividend of £55,153 for the year (1995 : £6,806).

### Directors and directors' interests

The directors who held office during the year together with their interests in the issued ordinary shares of £1 each were as follows:

		<i>Number of £1 ordinary shares</i>
		<b>At beginning and end of year</b>
PC Lovett		1
DJ Maurice		-
LR Campbell		-
PF Fruen	(resigned 30 August 1996)	-

The interests of the directors in the parent undertaking are disclosed in the directors' report of that company.

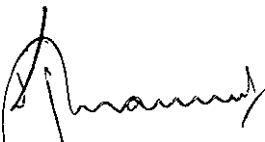
# Dick Lovett Limited

## Directors' report

### Auditors

In accordance with Section 384 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

  
**DJ Maurice**  
*Secretary*

Ashworth Road  
Bridgemoor  
Swindon  
Wilts  
SN5 7XR

*April 1997*      Date

# Dick Lovett Limited

## 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 Cricklade Court  
Cricklade Street  
Old Town  
Swindon SN1 3EY

## Report of the auditors to the members of Dick Lovett Limited

We have audited the financial statements on pages 5 to 17.

### *Respective responsibilities of directors and auditors*

As described on page 3 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 at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

8 April 1997

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*



# Dick Lovett Limited

## Profit and loss account for the year ended 31 December 1996

	Note	1996 £	1995 £
<b>Turnover from continuing operations</b>	2	<b>16,570,228</b>	14,040,978
Cost of sales		(15,593,184)	(13,224,897)
<b>Gross profit from continuing operations</b>		<b>977,044</b>	816,081
Distribution costs		(343,337)	(273,681)
Administrative expenses		(532,905)	(478,925)
Other operating income		100,807	62,939
<b>Operating profit from continuing operations</b>		<b>201,609</b>	126,414
Interest payable and similar charges	6	(40,779)	(47,240)
<b>Profit on ordinary activities before taxation</b>	2-6	<b>160,830</b>	79,174
Tax on profit on ordinary activities	7	(50,525)	(65,562)
<b>Profit for the financial year</b>		<b>110,305</b>	13,612
Dividends proposed	8	(55,153)	(6,806)
<b>Retained profit for the financial year</b>		<b>55,152</b>	6,806

No other gains or losses have been recognised during the year.

There is no material difference between the company results as reported and on an unmodified historical cost basis. Accordingly no note of historical cost profits and losses has been included.

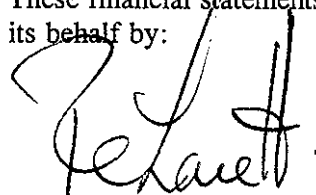
A statement of movements on reserves is given in note 16.

# Dick Lovett Limited

## Balance sheet at 31 December 1996

	Note	1996	1995
		£	£
<b>Fixed assets</b>			
Tangible assets	9	181,660	207,528
<b>Current assets</b>			
Stocks	10	1,626,576	1,554,108
Debtors	11	763,161	618,727
Cash		200	150
		<u>2,389,937</u>	<u>2,172,985</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,816,165)</u>	<u>(1,667,378)</u>
<b>Net current assets</b>		<u>573,772</u>	<u>505,607</u>
<b>Total assets less current liabilities</b>		<u>755,432</u>	<u>713,135</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(5,625)	(10,451)
<b>Provisions for liabilities and charges</b>	14	<u>(28,435)</u>	<u>(36,464)</u>
<b>Net assets</b>		<u>721,372</u>	<u>666,220</u>
<b>Capital and reserves</b>			
Called up share capital	15	250,000	250,000
Profit and loss account	16	<u>471,372</u>	<u>416,220</u>
<b>Equity shareholders' funds</b>	17	<u>721,372</u>	<u>666,220</u>

These financial statements were approved by the board of directors on 14 April 1997 and were signed on its behalf by:



PC Lovett  
Director



# Dick Lovett Limited

## 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.

#### *Cash flow statement*

The company is exempt from Financial Reporting Standard No 1 "Cash Flow Statements", being a wholly owned subsidiary undertaking of Dick Lovett Companies Limited, which prepares a consolidated cash flow statement dealing with the cash flows of the group.

#### *Fixed assets and depreciation*

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

Plant and machinery	-	15% per annum based on written down value
Computer equipment	-	20% per annum based on cost
Motor vehicles	-	25% per annum based on written down value
Fixtures and fittings	-	15% per annum based on written down value

#### *Hire purchase contracts*

Items purchased under hire purchase contracts are capitalised from the contract date. Obligations under hire purchase contracts are shown net of potential future interest payments.

Interest payable on hire purchase contracts is taken to the profit and loss account on a straight line basis as the payments fall due.

#### *Pension costs*

The pension cost charged against profits is the amount of contributions payable to the pension schemes in respect of the accounting period.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value after making due allowances for obsolete and slow moving items.

New vehicles on consignment are included in stock as if purchased outright and the related finance thereon is included within trade creditors.

# Dick Lovett Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for taxation is based on the result 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*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

### 2 Analysis of turnover

	1996	1995
	£	£
<i>By activity</i>		
Car sales	14,953,053	12,591,839
Servicing and parts	1,617,175	1,449,139
	<u>16,570,228</u>	<u>14,040,978</u>

In the opinion of the directors the above classes of business do not differ substantially from each other and accordingly the amount of profit on ordinary activities before taxation attributable to the above classes of business has not been given.

### 3 Profit on ordinary activities before taxation

	1996	1995
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	8,200	8,000
Other services	1,500	1,500
Depreciation and other amounts written off tangible fixed assets	33,081	40,384
Hire of plant & machinery	2,639	2,759
Loss on sale of fixed assets	-	578
<i>after crediting</i>		
Profit on sale of fixed assets	1,774	-

# Dick Lovett Limited

## Notes (continued)

### 4 Remuneration of directors

	1996	1995
	£	£
<b>Directors' emoluments:</b>		
As directors	<u>31,932</u>	<u>60,218</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1995 : £Nil) and those of the highest paid director were £29,350 (1995 : £58,926).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

	Numbers of directors	
	1996	1995
£Nil - £5,000	3	3
£25,001 - £30,000	1	-
£55,001 - £60,000	-	1
	<u>4</u>	<u>4</u>

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1996	1995
Sales staff	10	10
Parts staff	5	4
Servicing staff	18	19
Accounts and administration staff	8	7
	<u>41</u>	<u>40</u>

# Dick Lovett Limited

## Notes *(continued)*

### 5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	1996 £	1995 £
Wages and salaries	681,220	583,175
Social security costs	73,309	70,076
Other pension costs (see note 20)	24,132	24,204
	<u>778,661</u>	<u>677,455</u>

### 6 Interest payable and similar charges

	1996 £	1995 £
On bank loans and overdrafts	<u>40,779</u>	<u>47,240</u>

### 7 Taxation

	1996 £	1995 £
UK corporation tax at 33% (1995 : 33%) on the profit for the year on ordinary activities	61,554	12,375
Deferred taxation (note 14)	(8,029)	(3,394)
Group relief	-	57,217
Adjustment relating to an earlier year	(3,000)	(636)
	<u>50,525</u>	<u>65,562</u>

# Dick Lovett Limited

## Notes (continued)

### 8 Dividends

	1996 £	1995 £
Ordinary shares: proposed	<u>55,153</u>	<u>6,806</u>

### 9 Tangible fixed assets

	Leasehold improve- ments £	Plant and machinery £	Fixtures fittings tools and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At beginning of year	24,299	133,166	97,152	94,913	349,530
Additions	-	12,145	19,183	33,141	64,469
Disposals	-	-	-	(111,062)	(111,062)
	<u>24,299</u>	<u>145,311</u>	<u>116,335</u>	<u>16,992</u>	<u>302,937</u>
<b>At end of year</b>	<b>24,299</b>	<b>145,311</b>	<b>116,335</b>	<b>16,992</b>	<b>302,937</b>
<b>Depreciation</b>					
At beginning of year	1,642	43,645	35,917	60,798	142,002
Charge for year	1,119	12,847	16,615	2,500	33,081
Disposals	-	-	-	(53,806)	(53,806)
	<u>2,761</u>	<u>56,492</u>	<u>52,532</u>	<u>9,492</u>	<u>121,277</u>
<b>At end of year</b>	<b>2,761</b>	<b>56,492</b>	<b>52,532</b>	<b>9,492</b>	<b>121,277</b>
<b>Net book value</b>					
At 31 December 1996	<u>21,538</u>	<u>88,819</u>	<u>63,803</u>	<u>7,500</u>	<u>181,660</u>
At 31 December 1995	<u>22,657</u>	<u>89,521</u>	<u>61,235</u>	<u>34,115</u>	<u>207,528</u>

Included in the total net book value of tangible fixed assets is £17,169 (1995 : £16,974) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £3,030 (1995 : £2,995).

# Dick Lovett Limited

## Notes (continued)

### 10 Stocks

	1996 £	1995 £
Vehicles	1,444,122	1,334,500
Parts	143,624	184,610
Work in progress	15,250	19,447
Oil, tyres and consumables	23,580	15,551
	<u>1,626,576</u>	<u>1,554,108</u>

Stocks of vehicles include an amount of £434,673 (1995 : £408,899) in respect of new vehicles held on consignment.

### 11 Debtors

	1996 Due within one year £	1995 Due within one year £
Trade debtors	438,316	351,986
Amounts owed by parent and fellow subsidiary undertakings	109,866	32,020
Other debtors	44,571	25,914
Prepayments and accrued income	170,408	208,807
	<u>763,161</u>	<u>618,727</u>

# Dick Lovett Limited

## Notes (continued)

### 12 Creditors: amounts falling due within one year

	1996		1995	
	£	£	£	£
Bank loans and overdrafts		732,914		707,703
Obligations under hire purchase contracts		7,997		7,429
Payments received on account		109,929		59,343
Trade creditors		613,073		586,535
Amounts owed to parent and fellow subsidiary undertakings		50,516		103,219
Other creditors including taxation and social security:				
Corporation tax	61,554		12,375	
Other taxes and social security	23,935		23,332	
		<u>          </u>		<u>          </u>
Taxation and social security		85,489		35,707
Accruals and deferred income		161,094		160,636
Dividends proposed		55,153		6,806
		<u>          </u>		<u>          </u>
		1,816,165		1,667,378
		<u>          </u>		<u>          </u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company and a cross guarantee from other group companies.

Trade creditors include an amount of £434,673 (1995 : £408,899) in respect of new vehicles held on consignment.

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

	1996	1995
	£	£
Obligations under hire purchase contracts	5,625	10,451
	<u>          </u>	<u>          </u>

# Dick Lovett Limited

## Notes (continued)

### 13 Creditors: amounts falling due after more than one year (continued)

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

	1996 £	1995 £
Within one year	7,997	7,429
In second to fifth years	5,625	10,451
	<u>13,622</u>	<u>17,880</u>

### 14 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	36,464
Utilised during year (note 7)	(8,029)
At end of year	<u>28,435</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

			1995	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	28,435	-	36,464	-
Capital gain rolled over	-	15,431	-	15,431
	<hr/>	<hr/>	<hr/>	<hr/>
	28,435	15,431	36,464	15,431



# Dick Lovett Limited

## Notes (continued)

### 15 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

### 16 Reserves

	Profit and loss account £
At beginning of year	416,220
Retained profit for the year	<u>55,152</u>
At end of year	<u>471,372</u>

### 17 Reconciliation of movement in shareholders' funds

	1996 £	1995 £
Profit for the financial year	110,305	13,612
Dividends	<u>(55,153)</u>	<u>(6,806)</u>
Net addition to shareholders' funds	55,152	6,806
Opening shareholders' funds	<u>666,220</u>	<u>659,414</u>
Closing shareholders' funds	<u>721,372</u>	<u>666,220</u>

# Dick Lovett Limited

## Notes (continued)

### 18 Contingent liabilities

There is a contingent liability in respect of unlimited guarantees securing bank indebtedness to group undertakings. Amounts due in respect of these guarantees at the balance sheet date were as follows:

	1996 £	1995 £
Dick Lovett Companies Limited	1,143,103	916,307
PLR Limited	928,051	700,637
Dick Lovett (Specialist Cars) Limited	-	61,770
Dick Lovett (Swindon) Limited	327,537	483,140
	<u>2,398,691</u>	<u>2,161,854</u>

### 19 Commitments

There were no capital commitments contracted for at the balance sheet date (1995 : £Nil).

### 20 Pension scheme

The company is a participating company in the Dick Lovett Group Executive Self-Administered Pension Scheme and also participates in the group defined contribution pension scheme. The assets of both schemes are held separately from those of the company in independently administered funds. The pension cost charged represents contributions payable by the company to the respective funds and amounted to £24,132 (1995 : £24,204). There were no outstanding or prepaid contributions at either the beginning or the end of the year.

### 21 Related party disclosures

The company is controlled by its parent undertaking, Dick Lovett Companies Limited. The ultimate controlling party is Peter Lovett, a director of the company, and the majority shareholder in Dick Lovett Companies Limited.

The company has taken advantage of the exemptions available under Financial Reporting Standard No.8, "Related Party Disclosures", and has not disclosed transactions with companies that are part of the Dick Lovett Companies Limited group of companies.

The following related party transactions are outside the scope of the exemption:

#### Sales

The company sells parts to Spraymaster Limited, a company under common control. Included within turnover for the year is £76,142 and within debtors is £3,863 relating to sales to Spraymaster.

# Dick Lovett Limited

## Notes *(continued)*

### 21 Related party disclosures *(continued)*

#### *Purchases*

The company subcontracts bodyshop services from Spraymaster Limited, a company under common control. Included within cost of sales for the year is £42,812 and within creditors is £1,334 relating to purchases from Spraymaster.

### 22 Ultimate parent undertaking

The company's ultimate parent undertaking is Dick Lovett Companies Limited which is incorporated in the United Kingdom and registered in England. The financial statements of Dick Lovett Companies Limited may be obtained from:

Ashworth Road  
Bridgemead  
Swindon  
Wilts  
SN5 7XR