

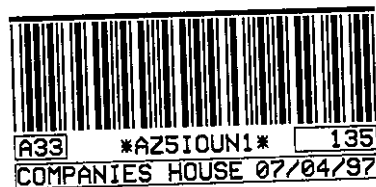


J. RAWSON AND SONS LIMITED

Report and Financial Statements

30 June 1996

**Deloitte & Touche
Cornwallis House
Instone Road
Dartford DA1 2AG**



**REPORT AND FINANCIAL STATEMENTS 1996**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B W J Whitehouse
P C Bischoff
R M Chapman
P Reynolds
J S Dalton
J L Green

SECRETARY

J S Dalton

REGISTERED OFFICE

138 Blendon Road
Bexley
Kent DA5 1BZ

BANKERS

Barclays Bank PLC
6 Market Place
Bexleyheath
Kent DA6 7DY

AUDITORS

Deloitte & Touche
Chartered Accountants
Cornwallis House
Instone Road
Dartford DA1 2AG

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 1996.

ACTIVITIES

The principal activity of the company is that of retail motor traders.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company is a wholly owned subsidiary of J. Rawson Holdings Limited, the share capital of which was acquired by Whitehouse Prestige Cars (UK) Limited on 30 April 1996. The directors believe that, given a favourable economic climate, the company will trade profitably in the future.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends have been paid or are proposed (1995 - £nil). The retained loss for the year of £33,942 (1995 - profit £33,721) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. Mr J L Green was appointed on 12 October 1995. Messrs. B W J Whitehouse, P C Bischoff, S Hemlock and P Reynolds were appointed on 30 April 1996. Mr D R Rawson resigned on 30 April 1996 and Mr S Hemlock resigned on 13 August 1996. Each of the other directors served throughout the year.

None of the directors had any interest in the shares of the company. Mr B W J Whitehouse held 499,900 ordinary shares in Whitehouse Group Limited at 30 April 1996 and 30 June 1996.

AUDITORS

Following the acquisition of the J. Rawson Holdings Limited group by Whitehouse Prestige Cars (UK) Limited Deloitte & Touche have replaced Gilbert Allen & Co. as auditors. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



B W J Whitehouse
Director

24 March 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 as at the end of the financial year and of the profit or loss of the company 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;
- state whether applicable accounting standards have been followed;
- 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 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.



Chartered Accountants

Deloitte & Touche
Cornwallis House
Instone Road
Dartford DA1 2AG

Telephone: National 01322 277777
International + 44 1322 277777
Telecopier (Gp. 3): 01322 291443

AUDITORS' REPORT TO THE MEMBERS OF

J. RAWSON AND SONS LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

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 as at 30 June 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors
Dartford

26 March 1997

PROFIT AND LOSS ACCOUNT
Year ended 30 June 1996

	Note	1996 £	1995 £
TURNOVER	2	12,522,928	11,194,071
Cost of sales		(10,603,175)	(9,338,157)
Gross profit		1,919,753	1,855,914
Administrative expenses		(1,942,949)	(1,750,496)
OPERATING (LOSS)/PROFIT	4	(23,196)	105,418
Net interest payable and similar charges	5	(35,684)	(53,750)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(58,880)	51,668
Tax on (loss)/profit on ordinary activities	6	24,938	(17,947)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(33,942)	33,721
Retained profit brought forward		550,771	517,050
Retained profit carried forward		516,829	550,771

All the results derive from continuing operations. There are no further recognised gains and losses nor movements in shareholders' funds for the current financial year and preceding financial year other than as stated in the profit and loss account.



BALANCE SHEET
30 June 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	7	111,648	51,238
CURRENT ASSETS			
Stocks	8	767,645	956,495
Debtors	9	635,712	605,990
Cash at bank and in hand		403,990	168,412
		1,807,347	1,730,897
CREDITORS: amounts falling due within one year	10	(1,078,314)	(956,764)
NET CURRENT ASSETS		729,033	774,133
TOTAL ASSETS LESS CURRENT LIABILITIES		840,681	825,371
CREDITORS: amounts falling due after more than one year	11	(49,252)	-
		791,429	825,371
CAPITAL AND RESERVES			
Called up share capital	12	274,600	274,600
Profit and loss account		516,829	550,771
Total equity shareholders' funds		791,429	825,371

These financial statements were approved by the Board of Directors on

24 MARCH 1997

Signed on behalf of the Board of Directors

B W J Whitehouse
Director

NOTES TO THE ACCOUNTS
Year ended 30 June 1996

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Motor vehicles	-	25%
Equipment	-	20%

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the purchase price paid to suppliers.

Consignment stocks

Vehicle consignment stocks and the corresponding creditor are recognised on the balance sheet when the vehicles are in substance an asset of the company. This is determined by reference to whether there is clear control of the vehicles by the company and whether a finance charge is borne by the company on the value of the consignment stock held.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

2. TURNOVER

The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the company's principal activity.


NOTES TO THE ACCOUNTS
Year ended 30 June 1996
**3. INFORMATION REGARDING DIRECTORS AND
EMPLOYEES**

	1996 £	1995 £
Directors' emoluments		
Other emoluments	17,800	8,520
	<u>£</u>	<u>£</u>
Remuneration of the chairman	-	-
	<u>£</u>	<u>£</u>
Remuneration of the highest paid director	16,170	8,176
	<u>No.</u>	<u>No.</u>
Scale of other directors' remuneration		
£ 0 - £ 5,000	4	-
£ 5,001 - £10,000	-	1
£15,001 - £20,000	1	-
	<u>No.</u>	<u>No.</u>
Average number of persons employed		
Sales	8	8
After sales	52	50
Administration	13	13
	<u>73</u>	<u>71</u>
	<u>£</u>	<u>£</u>
Staff costs during the year (including directors)		
Wages and salaries	1,069,038	1,101,181
Social security costs	93,403	85,741
Pension costs	24,704	19,358
	<u>1,187,145</u>	<u>1,206,280</u>

4. OPERATING (LOSS)/PROFIT

	1996 £	1995 £
Operating (loss)/profit is after charging:		
Depreciation and amortisation		
Owned assets	33,504	48,678
Leased assets	16,959	-
Rentals under operating leases (vehicles)	30,654	23,760
Auditors' remuneration	4,000	4,600
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS
Year ended 30 June 1996

5. NET INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
	£	£
Group finance charge	56,126	59,374
Bank loans, overdrafts and other loans repayable within 5 years	13,266	4,405
Hire purchase interest	1,862	-
Interest payable and similar charges	71,254	63,779
Interest receivable	(35,570)	(10,029)
	35,684	53,750

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
United Kingdom corporation tax at 33% (1995 - 25%) based on the (loss)/profit for the year	-	19,710
Group relief	(23,800)	-
Adjustments to prior years' tax provisions		
Corporation tax	(1,138)	(1,763)
	(24,938)	17,947

7. TANGIBLE FIXED ASSETS

	Motor vehicles	Equipment	Total
	£	£	£
Cost			
At 1 July 1995	47,717	494,463	542,180
Additions	-	119,410	119,410
Disposals	(11,382)	-	(11,382)
At 30 June 1996	36,335	613,873	650,208
Accumulated depreciation			
At 1 July 1995	36,664	454,278	490,942
Charge for the year	2,012	48,451	50,463
Disposals	(2,845)	-	(2,845)
At 30 June 1996	35,831	502,729	538,560
Net book value			
At 30 June 1996	504	111,144	111,648
At 30 June 1995	11,053	40,185	51,238

Within equipment are assets held under hire purchase contracts with a net book value of £62,836.


NOTES TO THE ACCOUNTS
Year ended 30 June 1996
8. STOCKS

	1996 £	1995 £
Vehicles	531,067	659,014
Parts, consumables and work in progress	236,578	297,481
	<u>767,645</u>	<u>956,495</u>

The company holds certain vehicles for which title of ownership has not passed to the company but which are required to be held and funded under the terms of the dealership agreements entered into by the company.

The value of vehicles for which title has not passed is £825,092 (1995 - £1,748,878). All of these vehicles are either on site at the various dealerships or held at car compounds or other nearby sites.

The consignment stock creditors are secured by the vehicles to which they relate:

9. DEBTORS

	1996 £	1995 £
Trade debtors	506,882	399,276
Amounts owed by group undertakings		
Parent company and fellow subsidiaries	86,127	160,762
Other debtors	2,940	687
Prepayments and accrued income	39,763	45,265
	<u>635,712</u>	<u>605,990</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN
ONE YEAR**

	1996 £	1995 £
Trade creditors	818,888	685,638
Obligations under hire purchase contracts	13,745	-
Amounts owed to group undertakings		
Parent company and fellow subsidiaries	68,249	43,571
Current corporation tax	-	19,710
Other taxes and social security	92,972	98,104
Accruals and deferred income	84,460	109,741
	<u>1,078,314</u>	<u>956,764</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 1996

**11. CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR**

	1996 £	1995 £
Obligations under hire purchase contracts falling due		
Within one to two years	13,745	-
Within two to five years	35,507	-
	<u>49,252</u>	<u>-</u>

12. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, issued and fully paid:		
274,600 ordinary shares of £1 each	274,600	274,600
	<u>274,600</u>	<u>274,600</u>

13. FINANCIAL COMMITMENTS

	1996 £	1995 £
Capital commitments		
Contracted for but not provided	-	70,000
	<u>-</u>	<u>70,000</u>

14. CONTINGENT LIABILITIES

The company has given unlimited guarantees to the bankers of its immediate parent and fellow subsidiary undertakings as security for their overdrafts. The relevant overdrafts at 30 June 1996 totalled £904,557 (1995 - £786,723).

15. OPERATING LEASE COMMITMENTS

At 30 June 1996 the company was committed to making the following payments during the next year in respect of operating leases:

	Vehicles £
Leases which expire:	
Within one year	26,275
	<u>26,275</u>

16. PENSION SCHEMES

The company participates in the group's defined benefit and defined contribution pension schemes. Details of these schemes are given in the accounts of J. Rawson Holdings Limited.

17. PARENT COMPANIES

The company's immediate parent undertaking is J. Rawson Holdings Limited and the company's ultimate parent undertaking is Whitehouse Group Limited. Both are incorporated in England and accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.