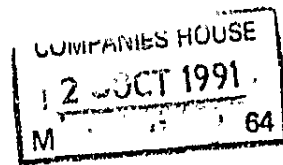


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SKIPPER OF CHELTENHAM LIMITED



REPORT OF THE DIRECTORS AND THE ACCOUNTS  
FOR THE YEAR ENDED 31st DECEMBER 1990

SKIPPER OF CHELTENHAM LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31st December 1990.

Profits and Appropriation

The results of the Company and the appropriation thereof are set out in the Profit and Loss Account on page 3.

Dividend

The Directors are not recommending a final dividend for the year.

Principal Activity and Review of Business

The Company's principal activity is the sale of new cars and used motor vehicles, short term vehicle hire, repairs and maintenance work, sale of vehicle parts and accessories.

In the face of difficult trading conditions the Company reported a loss on ordinary activities before taxation for the year. The Company has continued to improve its operating efficiency and is well placed to take advantage of increases in demand. The financial position of the Company at the year-end was satisfactory.

Future Development

The Company will continue to seek opportunities to expand its range of products and services in areas related to both its existing activities and markets as well as to new ones.

Directors

The composition of the Board of Directors of the Company during the year was as follows:-

L.A. Fowler	(Chairman)
J.E.R. Barker	(Appointed 19th March, 1990)
B. Walker	(Resigned 19th March, 1990)

The Company is not required to disclose details of the interests of Messrs. L.A. Fowler, J.E.R. Barker and B. Walker in shares, loan stock or debentures of The RTZ Corporation PLC or any of its subsidiaries as they are (or were up to the date of resignation) directors of a company of which the Company is a wholly-owned subsidiary.

SKIPPER OF CHELTENHAM LIMITED

REPORT OF THE DIRECTORS (continued)


Tangible Fixed Assets

The movement in the Company's tangible fixed assets during the year is set out in note 7 to the accounts.

AUDITORS

The Auditors, Coopers & Lybrand Deloitte will be proposed for re-election at the Annual General Meeting.

By Order of the Board



J.E.R. Barker  
Secretary

12th February, 1991

SKIPPER OF CHELTENHAM LIMITED

PROFIT AND LOSS ACCOUNT - for the year ended 31st December 1990.

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£	£
Turnover	2	8,060,099	7,205,367
Net Operating Costs	3	7,885,771	7,336,146
Operating profit/(loss)		<u>174,328</u>	<u>(130,779)</u>
Interest	5	227,289	225,976
Loss on ordinary activities before taxation		<u>(52,961)</u>	<u>(356,755)</u>
Taxation on loss on ordinary activities	6	(102,524)	(119,388)
Retained profits/(loss) deducted for the year	✓	<u>49,563</u> =====	<u>(237,367)</u> =====

The statement of reserves is given in note 15

SKIPPER OF CHELTENHAM LIMITED

BALANCE SHEET - 31st December 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	1,116,289	1,146,892
<b>CURRENT ASSETS</b>			
Stocks	8	571,771	669,101
Debtors	9	208,237	103,583
Corporation tax recoverable		118,725	117,229
Cash at bank and in hand		300	280
		<u>899,033</u>	<u>890,193</u>
<b>CURRENT LIABILITIES</b>			
Amounts falling due within one year:			
Creditors	10	904,971	2,213,222
Short term borrowings	11	94,370	163,646
		<u>999,341</u>	<u>2,376,868</u>
<b>NET CURRENT LIABILITIES</b>		<u>(100,308)</u>	<u>(1,486,675)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,015,981</u>	<u>(339,783)</u>
<b>LONG TERM LIABILITIES</b>			
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	13	16,039	(162)
		<u>999,942</u>	<u>(339,621)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,300,000	10,000
Profit and loss account	15	(300,058)	(349,621)
		<u>999,942</u>	<u>(339,621)</u>

L.A. Fowler

J.E.R. Barker

12th February, 1991

Directors

SKIPPER OF CHELTENHAM LIMITED

SOURCES AND APPLICATIONS OF FUNDS - for the year ended 31st December 1990.

	<u>1990</u>	<u>1989</u>
	£	£
<b>SOURCES</b>		
Loss on ordinary activities before taxation	(52,961)	(356,755)
Depreciation	35,985	38,324
	<u>(16,976)</u>	<u>(318,431)</u>
Issue of capital	1,290,000	-
	<u>1,273,024</u>	<u>(318,431)</u>
 <b>APPLICATIONS</b>		
Stocks	(97,330)	124,969
Debtors	104,654	(29,161)
Creditors	128,251	(87,194)
	<u>135,575</u>	<u>8,614</u>
 Purchases less disposals of tangible fixed assets	5,382	(8,134)
Taxation and group relief received	(117,229)	(10,482)
	<u>23,728</u>	<u>(10,002)</u>
 Decrease/(increase) in borrowings	<u>1,249,296</u>	<u>(308,429)</u>
	=====	=====
 Made up by decrease/(increase) in:-		
Net short-term borrowings	69,296	(223,429)
Loan from holding company	1,180,000	(85,000)
	<u>1,249,296</u>	<u>(308,429)</u>
	=====	=====

SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December 1990

1. Principal Accounting Policies

- (a) These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Turnover represents the invoiced value of goods and services provided by the company excluding value added tax and car tax.
- (c) Depreciation of tangible fixed assets is provided on a straight line basis by reference to their expected useful lives as follows:-
 

Freehold Buildings	-	over 50 years
Plant & Equipment	-	over 3 to 10 years
- (d) Stocks are valued at the lower of cost and net realisable value.
- (e) Deferred taxation has been accounted for on all material timing differences to the extent that it is probable that a liability will crystallise.

2. Turnover and Loss on Ordinary Activities Before Taxation and Average Number of Employees

The Company's turnover and loss before taxation related to its principal activity.

The Company's turnover arose in the United Kingdom.

The average number of employees in the year was 41 (1989 - 42).

3. Net Operating Costs

	<u>1990</u>	<u>1989</u>
	£	£
Raw materials and consumables	6,734,247	6,221,110
Change in stocks of finished goods and w-i-p	97,330	(124,969)
Other external charges	408,458	639,271
Staff costs:		
Wages & salaries	550,096	507,104
Social Security costs	50,805	38,176
Directors' emoluments for management (including pension contributions)(note 4)	-	9,330
Depreciation of tangible fixed assets	35,985	38,324
Auditors' remuneration	8,850	7,800
	<u>7,885,771</u>	<u>7,336,146</u>
	=====	=====

SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December 1990

4. <u>Directors' Emoluments</u>	<u>1990</u>	<u>1989</u>
	£	£
Directors emoluments, excluding pension contributions		
Emoluments of the Chairman Highest paid director	Nil Nil	Nil 8,940
The other directors received emoluments within the following ranges:	Numbers	Numbers
Nil - £ 5,000	1	2
5. <u>Interest</u>	<u>1990</u>	<u>1989</u>
	£	£
Interest payable and similar charges: Bank loans, overdrafts and other loans wholly repayable within five years Amounts to Group companies Other loans	14,170 142,600 70,519 <u>227,289</u> =====	11,201 146,437 68,338 <u>225,976</u> =====
6. <u>Taxation on Loss on Ordinary Activities</u>	<u>1990</u>	<u>1989</u>
	£	£
Taxation (credit)/charge based on the taxable loss of the year		
Group relief receivable at 35% (1989 - 35%)	(30,795)	(118,414)
Adjustment in respect of prior years	(87,930)	1,231
Transfer to/(from) deferred taxation for the year Increase in deferred taxation provision due to change in inter-group taxation arrangements	(118,725) 16,201 <u>-</u> <u>(102,524)</u> =====	(117,183) (7,311) <u>5,106</u> <u>(119,388)</u> =====



SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December 1990

7. Tangible Fixed Assets

	<u>Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Total</u>
	£	£	£
<b>Cost:</b>			
At 1st January	1,055,560	159,328	1,214,888
Additions	-	4,982	4,982
Additions inter-Group	-	1,156	1,156
Disposals	-	(130)	(130)
At 31st December	<u>1,055,560</u>	<u>165,336</u>	<u>1,220,896</u>
<b>Depreciation:</b>			
At 1st January	21,630	46,366	67,996
Depreciation for the year	12,355	23,630	35,985
Attributable to inter-Group	-	756	756
Attributable to disposals	-	(130)	(130)
At 31st December	<u>33,985</u>	<u>70,622</u>	<u>104,607</u>
Net book value at 31st December	<u>1,021,575</u>	<u>94,714</u>	<u>1,116,289</u>
Net book value at 1st January	<u>1,033,930</u>	<u>112,962</u>	<u>1,146,892</u>

(a) The net book value of land and buildings comprise	£
Freeholds	<u>1,021,575</u>

8. Stocks

	<u>1990</u>	<u>1989</u>
	£	£
Goods purchased for resale	<u>571,771</u>	<u>669,101</u>

9. Debtors

	<u>1990</u>	<u>1989</u>
	£	£
Trade Debtors	78,693	83,119
Prepayments and accrued income	125,365	19,193
Amounts owed by the Company's holding company and fellow subsidiaries	4,179	1,271
	<u>208,237</u>	<u>103,583</u>

SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December 1990

10. <u>Creditors</u>	<u>1990</u>	<u>1989</u>
	£	£
Trade creditors	151,385	271,542
Other creditors including Social Security	15,544	19,196
Accruals	74,532	41,005
Amounts owed to the company's holding company and fellow subsidiaries	663,510	1,881,479
	<u>904,971</u>	<u>2,213,222</u>
	=====	=====

Amounts owed to Group companies principally represent loans bearing interest at market rates, except for an interest free loan of £nil (1989 - £750,575).

11. <u>Short-term Borrowings</u>	<u>1990</u>	<u>1989</u>
	£	£
Bank overdraft	37,027	101,502
Current portion of third party loans (note 12)	57,343	62,144
	<u>94,370</u>	<u>163,646</u>
	=====	=====

12. <u>Third Party Loans</u>	<u>1990</u>	<u>1989</u>
	£	£
Other loans:		
Repayable by instalments at varying dates in 1991, average interest rate 14% (1989 - 15%)	57,343	62,144
Less: Amounts repayable with one year (note 11)	(57,343)	(62,144)
	<u>-</u>	<u>-</u>
	=====	=====

The loans are secured on vehicles.

SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December 1990

13. Deferred Taxation

The provision for deferred taxation included in the accounts together with details of the full potential liability are:

	<u>Provision in</u> <u>Accounts</u>		<u>Full Potential</u> <u>Liability</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	£	£	£	£
In respect of accelerated capital allowances and other timing differences	16,039	(162)	16,039	(162)
In respect of taxation payable if tangible fixed assets were disposed of at their net book values	-	-	49,989	85,023
	<u>16,039</u>	<u>(162)</u>	<u>66,028</u>	<u>84,861</u>
	=====	=====	=====	=====

14. Share Capital

	<u>1990</u>	<u>1989</u>
	£	£
Authorised:		
1,300,000 Ordinary shares of £1 each	1,300,000	20,000
	=====	=====
Allotted, called up and fully paid		
1,300,000 Ordinary shares of £1 each	1,300,000	10,000
	=====	=====

During the year, the share capital was increased in order to finance continued growth of the business.

The share capital was increased by £1,290,000 with the issue of 1,290,000 ordinary shares of £1 each. The consideration received for this share issue was £1,290,000.

15. Reserves

	<u>Profit and</u> <u>Loss Account</u>
	£
At 1st January	(349,621)
Retained profit for the year	49,563
	<u>-----</u>
At 31st December	(300,058)
	=====

SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December 1990

16. Financial Commitments

The company's commitments under vehicle buy-back arrangements at 31st December 1990 were £nil (1989 - £183,100).

17. Ultimate Holding Company

The RTZ Corporation PLC, incorporated in Great Britain, is the Company's ultimate holding company at 31st December 1990.

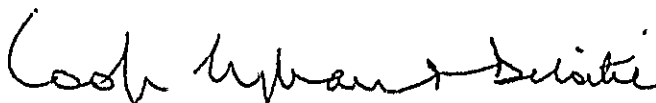
SKIPPER OF CHELTENHAM LIMITED

REPORT OF THE AUDITORS

To the members of Skipper of Cheltenham Limited

We have audited the financial statements on pages 3 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1990 and of its results and sources and applications of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND DELOITTE  
Chartered Accountants  
BRISTOL

12th February, 1991