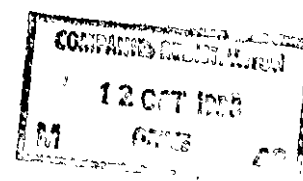


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SKIPPER OF CHELTENHAM LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1987



SKIPPER OF CHELTENHAM LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the year ended 31st December, 1987.

Profits and Appropriation

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

Dividend

The Directors recommend that no dividend be paid 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 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:-

A.N. Copley	(Chairman)
S. Latham	(Managing Director)
D.F. Turner	(Resigned 17th March, 1987)

None of the Directors had an interest in the Shares, Debentures and Loan Stock of the RTZ Corporation PLC or any of its subsidiaries at any time during the year.

SKIPPER OF CHELTENHAM LIMITED

REPORT OF THE DIRECTORS (continued)

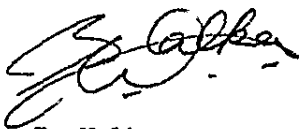
Tangible Fixed Assets

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 will be proposed for re-election at the Annual General Meeting.

By Order of the Board



B. Walker
Secretary

8th February, 1988

SKIPPER OF CHELTENHAM LIMITED

PROFIT AND LOSS ACCOUNT - for the year ended 31st December 1987.

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
Turnover	2	2,449,657	453,555
Net Operating Costs	3	2,481,450	453,700
		<hr/>	<hr/>
Operating loss		(31,793)	(145)
Interest	5	17,344	(372)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(49,137)	227
Taxation on (loss)/profit on ordinary activities	6	(3,289)	(84)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation for the financial year		(45,848) =====	311 =====

The statement of reserves is given in note 13

The auditors' report is on page 10

SKIPPER OF CHELTENHAM LIMITED

BALANCE SHEET - 31st December 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
<u>FIXED ASSETS</u>			
Tangible fixed assets	7	817,590	-
<u>CURRENT ASSETS:</u>			
Stocks	8	205,682	-
Deposits on vehicles		109,301	-
Debtors	9	107,546	36,760
Taxation recoverable		3,012	-
Cash at bank and in hand		44	77,770
		<u>425,585</u>	<u>114,530</u>
<u>CURRENT LIABILITIES:</u>			
Amounts falling due within one year:			
Creditors	10	1,229,708	72,922
Short term borrowings	11	17,984	-
		<u>1,247,692</u>	<u>72,922</u>
<u>NET CURRENT ASSETS</u>		(822,107)	41,608
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>(4,517)</u>	<u>41,608</u>
<u>LONG TERM LIABILITIES</u>			
<u>CREDITORS:</u>			
Amounts falling due after one year:			
Corporation tax payable		-	265
<u>PROVISIONS FOR LIABILITIES AND CHARGES:</u>			
Deferred taxation	12	2	14
		<u>2</u>	<u>279</u>
		<u>(4,519)</u>	<u>41,329</u>
<u>Representing:</u>			
<u>CAPITAL AND RESERVES</u>			
Called up share capital	13	10,000	10,000
Profit and loss account	14	(14,519)	31,329
		<u>(4,519)</u>	<u>41,329</u>

A.N. Copley

S. Latham

8th February, 1988.

Directors

The auditors' report is on page 11

SKIPPER OF CHELTENHAM LIMITED

SOURCES AND APPLICATIONS OF FUNDS - for the year ended 31st December, 1987.

	<u>1987</u> £	<u>1986</u> £
SOURCES:		
(Loss)/profit on ordinary activities before taxation	(49,137)	227
Depreciation	10,310	-
	<u>(38,827)</u>	<u>227</u>
APPLICATIONS:		
Stocks	205,682	(29,168)
Vehicle deposits	109,301	-
Debtors	70,786	(14,407)
Creditors	<u>(319,258)</u>	<u>(29,493)</u>
Net working capital	66,511	(73,068)
Purchases less disposals of tangible fixed assets	827,900	-
Dividends paid	-	10,500
Taxation and group relief paid	-	4,609
	<u>894,411</u>	<u>(57,959)</u>
Increase in borrowings	(933,238)	(58,186)
	=====	=====
Made up by:		
Decrease in cash deposits	(77,726)	(58,186)
Increase in net short term borrowings	(17,984)	-
Increase in loan from parent company	<u>(837,528)</u>	<u>-</u>
	<u>(933,238)</u>	<u>(58,186)</u>
	=====	=====

The auditors' report is on page 11

SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December, 1987.

1. Principal Accounting Policies

- (a) These accounts have been prepared under the historical cost convention.
- (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) All stock has been valued at the lower of cost and estimated 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 Profit on Ordinary Activities Before Taxation and Average Number of Employees

All the Company's turnover and profit before taxation related to its principal activities and had a geographical destination of the United Kingdom.

The average number of employees in the year was 21 (1986 - 1).

3. Net Operating Costs

	<u>1987</u>	<u>1986</u>
	£	£
Material costs	2,291,702	446,067
Change in stocks	(205,682)	29,168
Other expenses	177,964	(44,528)
Staff costs:		
Wages & salaries	159,134	16,578
Social Security costs	16,814	5,875
Directors' emoluments for management (including pension contributions)(note 4)	27,208	-
Depreciation of tangible fixed assets	10,310	-
Auditors' remuneration	4,000	540
	<u>2,481,450</u>	<u>453,700</u>
	=====	=====

SKIPPER OF CHELTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December, 1987.

4.	<u>Directors' Emoluments</u>	<u>1987</u> £	<u>1986</u> £
	Directors emoluments, excluding pension contributions		
	Emoluments of the Chairman	Nil	Nil
	Highest paid Director	26,862	-
	The other directors received emoluments within the following ranges:	Numbers	Numbers
	Nil - £ 5,000	1	3
5.	<u>Interest</u>	<u>1987</u> £	<u>1986</u> £
	Interest payable:		
	Amounts owed to Group companies	17,854	1,818
	Less interest receivable:		
	Bank	(510)	(2,190)
		<u>17,344</u>	<u>(372)</u>
		=====	=====
6.	<u>Taxation on Profit on Ordinary Activities</u>	<u>1987</u> £	<u>1986</u> £
	Taxation credit/(charge) based on the taxable (Loss)/profits of the year		
	United Kingdom Corporation Tax at 35.0% (1986 - 36.25%)	(15,987)	1,373
	Reduction reflecting intra-group taxation arrangements	12,561	(1,108)
		<u>(3,426)</u>	<u>265</u>
	Prior year adjustment	149	(219)
	Transfer from deferred taxation	(12)	(130)
		<u>(3,289)</u>	<u>(84)</u>
		=====	=====

In accordance with the taxation arrangements within The RTZ Corporation PLC Group, the charge for current taxation has been reduced to 8.0% (1986 7.0%) of taxable profits. These arrangements recognise there will be either a payment for Group Relief at the rate of 8.0% or a surrender of unrelieved Advance Corporation Tax by the ultimate holding company for nil consideration. As these arrangements are expected to continue in future years, the transfer from deferred taxation has also been made at reduced rates (see note 12).

The charge for taxation for the year has not been materially reduced by accelerated capital allowances.

SKIPPER OF CHILTENHAM LIMITED

NOTES TO THE ACCOUNTS - 31st December 1987

7. Tangible Fixed Assets

	<u>Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Total</u>
	£	£	£
<u>Cost or valuation:</u>			
At 1st January	-	-	-
Additions	794,646	33,254	827,900
At 31st December	794,646	33,254	827,900
	=====	=====	=====
<u>Depreciation:</u>			
At 1st January	-	-	-
Depreciation for the year	-	10,310	10,310
At 31st December	-	10,310	10,310
	=====	=====	=====
Net book value at 31st December	794,646	22,944	817,590
	=====	=====	=====
Net book value at 1st January	-	-	-
	=====	=====	=====

(a) The net book value of land and buildings comprise:	£
Freeholds	794,646
	=====

8. Stocks

	<u>1987</u>	<u>1986</u>
	£	£
Goods purchased for resale	205,682	-
	=====	=====

9. Debtors

	<u>1987</u>	<u>1986</u>
	£	£
Trade Debtors	73,355	224
Pre-payments and accrued income	33,498	11,363
Amounts owed by the company's holding company and fellow subsidiaries	693	25,173
	107,546	36,760
	=====	=====