

**R N Smith Holdings Ltd &  
Subsidiaries**

Report and Consolidated Financial  
Statements

Year Ended

31 October 2000

Registered number: 702316



**BDO Stoy Hayward  
Chartered Accountants**

# **R N SMITH HOLDINGS LTD & SUBSIDIARIES**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000**

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# **R N SMITH HOLDINGS LTD & SUBSIDIARIES**

**COMPANY INFORMATION**  
**AT 31 OCTOBER 2000**

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## **DIRECTORS**

D N Smith  
R G Smith  
A M Spiby

## **SECRETARY**

R G Smith

## **REGISTERED OFFICE**

Station House  
Station Road  
Kendal  
Cumbria  
LA9 6RY

## **BUSINESS ADDRESS**

Rayrigg Showrooms  
Rayrigg Road  
Bowness on Windermere  
Cumbria  
LA23 3DN

## **AUDITORS**

BDO Stoy Hayward  
Chartered Accountants  
Station House  
Station Road  
Kendal  
Cumbria  
LA9 6RY

## **PRINCIPAL BANKERS**

National Westminster Bank Plc  
2 High Street  
Windermere  
Cumbria  
LA23 1AF

# **R N SMITH HOLDINGS LTD & SUBSIDIARIES**

## **DIRECTORS' REPORT**

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The directors present their annual report with the audited financial statements for the year ended 31 October 2000.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company and its subsidiaries in the year under review were:

R N Smith Holdings Limited	-	Holding and service company
R Smith (Windermere) Limited	-	Motor engineers and garage proprietors and dealing in quoted investments
Honeywise Limited	-	Dormant
Lakeland Finance Co Limited	-	Dormant
Rayrigg Motors Limited	-	Dormant
Loweside Investments	-	Dormant
Windermere Engineering Co Limited	-	Dormant
R Smith (Bowness) Limited	-	Dormant
Newby Bridge Service Station Limited	-	Dormant

The company owns 100% of the issued share capital of all its subsidiaries.

No significant change in the nature of these activities occurred during the year.

### **REVIEW OF THE BUSINESS**

Turnover during the year increased by 11% to £15,268,646 (1999: £13,738,024).

The net profit after providing for taxation amounted to £22,763

As predicted last year, this year's results indicate a return to better volumes of car sales, although margins continue to be squeezed as a result. The wider range of options available to customers from the combined Rover and Fiat dealerships and the relative loyalty of our customer base have contributed to improved car sales turnover as compared to 1999. We await the re-branding of MG Rover and the new models that are promised should strengthen our position.

We will continue to tackle areas of the business that are under-performing and to strengthen our staff where necessary to meet the ever-changing demands of our business.

With the exchange of contracts for the purchase of the Barrow site, the planned acquisition of all of the dealership sites managed by the company has been achieved. With the support of our bankers, the Barrow purchase was successfully completed after the year-end.

In the past revaluations of the company's properties have been reflected in the accounts, the last adjustment having been included in 1997. If this were to continue, new accounting rules would require three yearly professional valuations to be prepared at considerable cost to the company. We feel that the benefit derived from revaluations does not justify this expense. As a result, we have taken advantage of the transitional provisions in the new financial reporting standard and for the time being the properties will remain at valuation in 1997 or cost if acquired later.

### **DIVIDENDS**

No dividends were paid during the year and no recommendation is made as to dividends.

### **FUTURE DEVELOPMENTS**

Our budgets for 2000/01 forecast profits from all three dealerships and a positive result for the group as a whole. We hope that the threat of a slowdown in the economy does not stop us from fulfilling our objectives.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

	Number of Shares	
	2000	1999
D N Smith	-	-
R G Smith	-	-
A M Spiby	-	-

A R Reed, a partner in BDO Stoy Hayward, the company's auditors, is a Trustee of a Trust which held 15,000 Ordinary £1 Shares in the company at 31 October 2000.

No rights to subscribe for shares or debentures in the company have been granted during the financial year and there were no rights to subscribe for shares or debentures outstanding at the end of the financial year.

### 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, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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.

### AUDITORS

As a consequence of the merger of the Kendal office of Sagars with BDO Stoy Hayward (Preston, Blackpool and Kendal firm) on 1 April 2000, Sagars resigned as auditors and the vacancy was filled by BDO Stoy Hayward.

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board:



R G Smith  
Secretary

Date: 7 March 2001

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## AUDITORS' REPORT TO THE SHAREHOLDERS

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We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of accounting policies set out on pages 10 and 11.

### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, 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 as to whether 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 affairs of the company and of the group as at 31 October 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward



BDO Stoy Hayward  
Chartered Accountants  
and Registered Auditors  
Station House  
Station Road  
Kendal  
Cumbria  
LA9 6RY

Date: 14th March 2001

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2000

	Notes	2000 £	1999 £
<b>TURNOVER</b>	2	15,271,157	14,094,962
Cost of sales		13,640,967	12,608,780
<b>GROSS PROFIT</b>		1,630,190	1,486,182
Administrative expenses		1,564,609	1,569,130
		65,581	(82,948)
Other operating income		44,039	59,988
<b>OPERATING PROFIT / (LOSS)</b>	3	109,620	(22,960)
Profit on disposal of listed investments		-	9,951
Interest on tax refund		212	-
Investment income and interest receivable		-	176
Amounts written off investments		-	(21,315)
Interest payable and similar charges	4	(76,048)	(39,333)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		33,784	(73,481)
Tax on profit / (loss) on ordinary activities	7	(11,021)	12,665
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		22,763	(60,816)

### Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

### Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 OCTOBER 2000

	2000 £	1999 £
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	33,784	(73,481)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	2,722	2,722
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	36,506	(70,759)
Historical cost profit for the year retained after taxation, minority interests, dividends and transfers to reserves	25,485	(58,094)

The notes on pages 10 to 23 form part of these financial statements.



# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2000

	Notes	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets	8		1,804,662		1,674,776
Investments	9		14,375		14,375
			<u>1,819,037</u>		<u>1,689,151</u>
<b>CURRENT ASSETS</b>					
Stocks	11	1,311,033		1,151,462	
Debtors	12	589,728		855,682	
Investments	13	-		76,491	
Cash at bank and in hand		-		1,273	
		<u>1,900,761</u>		<u>2,084,908</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	(1,855,577)		(2,318,601)	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			<u>45,184</u>		<u>(233,693)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,864,221</u>		<u>1,455,458</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		(386,000)		-
<b>NET ASSETS</b>			<u>1,478,221</u>		<u>1,455,458</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		15,000		15,000
Revaluation reserve	18		693,069		695,791
Other reserves	19		14,169		14,169
Profit and loss account	20		755,983		730,498
<b>TOTAL SHAREHOLDERS' FUNDS</b>	21		<u>1,478,221</u>		<u>1,455,458</u>

Approved by the board of directors on 7 March 2001 and signed on its behalf by the following directors:

D N Smith:

R G Smith:

The notes on pages 10 to 23 form part of these financial statements.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## BALANCE SHEET AT 31 OCTOBER 2000

	Notes	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets	8		325,000		325,000
Investment in subsidiaries	10		13,961		13,961
			<u>338,961</u>		<u>338,961</u>
<b>CURRENT ASSETS</b>					
Debtors	12	126,347		159,564	
<b>CREDITORS: amounts falling due within one year</b>					
	14	(115,400)		(149,003)	
<b>NET CURRENT ASSETS</b>			<u>10,947</u>		<u>10,561</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>349,908</u>		<u>349,522</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		15,000		15,000
Revaluation reserve	18		181,392		181,392
Profit and loss account	20		153,516		153,130
<b>TOTAL SHAREHOLDERS' FUNDS</b>	21		<u>349,908</u>		<u>349,522</u>

Approved by the board of directors on 7.11.2001 and signed on its behalf by:

D N Smith

R G Smith

Directors

The notes on pages 10 to 23 form part of these financial statements.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2000

	Notes	2000 £	1999 £
Net cash inflow from operating activities	3	271,889	395,763
Returns on investments and servicing of finance	22	(75,836)	(39,157)
Taxation	22	11,979	(21,235)
Capital expenditure and financial investment	22	(183,045)	(389,876)
Cash inflow / (outflow) before use of liquid resources and financing		24,987	(54,505)
Management of liquid resources	22	-	(7,164)
Financing	22	244,682	(57,167)
<b>INCREASE / (DECREASE) IN CASH IN THE YEAR</b>		<b>269,669</b>	<b>(118,836)</b>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

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<b>INCREASE / (DECREASE) IN CASH IN THE YEAR</b>	269,669	(118,836)
Cash (inflow) / outflow from movement in debt and lease financing	(244,682)	57,167
Cash (inflow) / outflow from movement in liquid resources	-	7,164
Change in net debt resulting from cash flows	24,987	(54,505)
Non-cash movements in liquid asset investments	(76,491)	(11,364)
Movement in debt in the year	(51,504)	(65,869)
Net debt at 1 November 1999	(826,054)	(760,185)
Net debt at 31 October 2000	<b>(877,558)</b>	<b>(826,054)</b>

The notes on pages 10 to 23 form part of these financial statements.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

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### 1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

#### **Consolidation**

The group accounts consolidate the accounts of R N Smith Holdings Limited and all its subsidiary companies, made up to 31 October each year. No profit and loss account is presented for R N Smith Holdings Limited, as provided by S230 of the Companies Act 1985.

#### **Turnover**

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

#### **Depreciation of tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Freehold and leasehold buildings	2% on cost/valuation on buildings used for trading purposes
Plant and machinery	20% or 33% on straight line basis
Motor vehicles	25% reducing balance

No depreciation is charged on freehold and long leasehold land.

#### **Stocks**

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

#### **Investments**

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought into account in the profit and loss account when received.

#### **Investment properties**

Investment properties are valued at their open market value at the balance sheet date. Any surplus on revaluation is transferred to the investment property revaluation reserve. Any deficit is deducted from the investment property revaluation reserve, except for permanent diminutions in value, which are charged to the profit and loss account.

No amortisation or depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to expiry, in accordance with Statement of Standard Accounting Practice 19: "Accounting for investment properties". This treatment is contrary to the requirements of the Companies Act 1985 to provide for depreciation but is considered necessary to ensure the financial statements give a true and fair view. Depreciation is only one of the factors reflected at the balance sheet date valuation and the amount that might otherwise have been shown cannot be separately identified or quantified.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 1. STATEMENT OF ACCOUNTING POLICIES - (continued)

#### Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

#### Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

#### Operating lease commitments

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### Restatement of comparatives

The comparative figures for turnover and cost of sales have been restated to include commission and bonuses received in sales as in the current year. This has no effect on the profit for either year.

#### Accounting standards

The accounts comply with accounting standards.

### 2. TURNOVER

	2000 £	1999 £
<b>Analysis by class of business:</b>		
Vehicle sales and services	14,535,641	13,836,565
Rent received by holding company	31,087	23,897
Property dealing	-	234,500
Proceeds on sale of investments	701,918	-
Other income receivable as turnover	2,511	-
	<u>15,271,157</u>	<u>14,094,962</u>

The company's turnover arose wholly in the United Kingdom.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 3. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated	2000 £	1999 £
<b>After charging:</b>		
Depreciation of fixed assets	66,975	65,494
Auditors' remuneration	7,910	7,875
Non-audit service remuneration paid to auditors	3,968	2,265
Hire of equipment	18,245	13,710
	<u>13,816</u>	<u>3,517</u>
<b>After crediting:</b>		
Profit on disposal of tangible assets	13,816	3,517

### Reconciliation of operating profit to net cash inflow from operating activities

	2000 £	1999 £
Operating profit / (loss)	109,620	(22,960)
Depreciation	66,975	65,494
Profit on disposal of fixed assets	(13,816)	(3,517)
(Increase) / decrease in stocks	(159,571)	834,920
Decrease / (increase) in debtors	254,054	(183,185)
Decrease in creditors	(61,864)	(294,989)
Transfer of equities to trading activities	76,491	-
<b>Net cash inflow from operating activities</b>	<u>271,889</u>	<u>395,763</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
On bank loans and overdrafts	69,410	32,429
On other loans	6,202	6,499
Lease finance charges and hire purchase interest	-	405
Other interest	436	-
	<u>76,048</u>	<u>39,333</u>

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

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### 5. INFORMATION ON DIRECTORS AND EMPLOYEES

	2000 £	1999 £
<b>Staff costs</b>		
Wages and salaries	805,590	820,186
Social security costs	89,460	89,875
Other pension costs	12,801	13,194
	<u>907,851</u>	<u>923,255</u>

	2000 No.	1999 No.
The average number of employees during the year was made up as follows:		
Sales	9	9
Service and parts	28	27
Office and administration	11	11
Subsidiary company directors	2	2
Holding company directors	3	3
	<u>53</u>	<u>52</u>

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	2000 £	1999 £
<b>Directors' emoluments</b>		
Emoluments	146,746	112,159
Pension contributions to money purchase (defined contribution) schemes	12,801	13,194
	<u>159,547</u>	<u>125,353</u>

	2000 No.	1999 No.
During the year the following number of directors:		
Accrued benefits under money purchase (defined contribution) pension schemes	<u>2</u>	<u>2</u>

### 6. PENSION COSTS

#### Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,801 (1999: £13,194). All contributions were paid in the year.

### 7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2000 £	1999 £
The taxation charge comprises:		
Corporation tax	11,100	-
Adjustment in respect of prior years	(79)	(12,665)
	<u>11,021</u>	<u>(12,665)</u>



# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 8. TANGIBLE FIXED ASSETS

The Company	Land and buildings £	Total £
<b>Valuation:</b>		
At 1 November 1999 and at 31 October 2000	325,000	325,000

No depreciation is charged on freehold investment property.

The Group	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation:</b>				
At 1 November 1999	1,563,249	496,292	133,546	2,193,087
Additions	190,525	3,661	43,584	237,770
Disposals	-	-	(109,649)	(109,649)
At 31 October 2000	1,753,774	499,953	67,481	2,321,208
<b>Depreciation:</b>				
At 1 November 1999	43,588	404,847	69,876	518,311
Charge for year	9,387	38,538	19,050	66,975
On disposals	-	-	(68,740)	(68,740)
At 31 October 2000	52,975	443,385	20,186	516,546
<b>Net book value:</b>				
At 31 October 2000	1,700,799	56,568	47,295	1,804,662
At 31 October 1999	1,519,661	91,445	63,670	1,674,776
			<b>2000 £</b>	<b>1999 £</b>

#### Analysis of net book value of land and buildings:

Freehold	1,520,799	1,519,661
Long leasehold	180,000	-
	1,700,799	1,519,661

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 8. TANGIBLE FIXED ASSETS - (continued)

	The Company		The Group	
	2000	1999	2000	1999
	£	£	£	£
<b>Analysis of tangible assets stated at valuation:</b>				
Freehold land and buildings				
Cost	143,608	143,608	869,082	858,557
Revaluation surplus	181,392	181,392	704,692	704,692
	<u>325,000</u>	<u>325,000</u>	<u>1,573,774</u>	<u>1,563,249</u>
Long leasehold land and buildings				
Cost			180,000	-

	The Company		The Group	
	2000	1999	2000	1999
	£	£	£	£
<b>If shown on an historical cost basis, the revalued tangible assets would be stated as follows:</b>				
Freehold land and buildings				
Cost	143,608	143,608	869,082	858,557
Depreciation	-	-	25,019	18,354
	<u>143,608</u>	<u>143,608</u>	<u>844,063</u>	<u>840,203</u>
<b>Total historical net book value of revalued assets, at 31 October 2000</b>	<u>143,608</u>	<u>143,608</u>	<u>844,063</u>	<u>840,203</u>

The transitional provisions of FRS15 have been followed and the valuation made in 1997 has not been updated.

### 9. INVESTMENTS

<b>Cost or valuation:</b>	<b>1 November 1999 and 31 October 2000</b>
	<b>£</b>
Other investments	<u>14,375</u>

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 9. INVESTMENTS - (continued)

#### Other investments other than loans

##### Shares:

	Book value 2000 £	Market value 2000 £	Book value 1999 £	Market value 1999 £
Unlisted	14,375	14,375	14,375	14,375

The investment represents 1,875 "B" ordinary shares of £1 each and 12,500 10% redeemable cumulative preference shares of £1 each in Black i Limited, a vehicle fleet management company incorporated in England and Wales. In the directors' opinion the market value of this investments is not materially different from the book value.

### 10. INVESTMENT IN SUBSIDIARIES

	The Company	
	2000 £	1999 £
<b>Investment in subsidiary companies:</b>		
Shares at cost brought forward	37,096	37,096
Provision brought forward	(23,135)	(23,135)
Shares at cost net of provision carried forward	13,961	13,961

The details of the subsidiary companies are disclosed in the directors' report.

### 11. STOCKS

	The Group	
	2000 £	1999 £
Raw materials and consumables	142,935	138,295
Short term work in progress	5,627	5,812
Finished goods and goods for resale	1,162,471	1,007,355
	1,311,033	1,151,462

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

The group held £221,884 of consignment stock at 31 October 2000 which is not recorded on the balance sheet.

The principal terms of the consignment agreements, which can generally be terminated by either side, are such that the company can return any or all of the stock to the relevant suppliers without financial or commercial penalties and the supplier can vary stock prices.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 12. DEBTORS

	The Company		The Group	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	-	-	372,541	547,830
Director's current account	-	-	17,866	13,212
Amounts owed by group undertakings	77,786	115,303	-	-
Other debtors	48,561	44,261	91,564	159,977
Prepayments and accrued income	-	-	107,757	134,663
	<u>126,347</u>	<u>159,564</u>	<u>589,728</u>	<u>855,682</u>
Included in the above are amounts due after more than one year as follows:				
Other	<u>48,561</u>	<u>44,261</u>	<u>3,614</u>	<u>3,984</u>

### 13. CURRENT ASSET INVESTMENTS

	2000	1999
	£	£
Other investments	<u>-</u>	<u>76,491</u>

### 14. CREDITORS: amounts falling due within one year

	The Company		The Group	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	-	-	310,464	494,328
Payments received on account	5,179	4,659	5,179	4,659
Trade creditors	-	-	1,083,365	1,218,299
Amounts owed to group undertakings	110,121	144,344	-	-
Corporation tax	100	-	11,100	-
Other taxes and social security costs	-	-	53,704	33,764
Other creditors	-	-	358,247	525,498
Accruals and deferred income	-	-	33,518	42,053
	<u>115,400</u>	<u>149,003</u>	<u>1,855,577</u>	<u>2,318,601</u>

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 14. CREDITORS: amounts falling due within one year - (continued)

Bank overdrafts amounting to £24,030 (1999 £294,295) are secured by a first legal mortgage over Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere and an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company.

Bank loans amounting to £250,000 (1999 £200,000) are secured by a second legal charge over Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere and a second legal charge over Lowside, Bowness on Windermere, and all moveable plant and machinery and equipment and a floating charge on new and used vehicle stocks and plant and equipment.

Other loans amounting to £150,000 (1999 £210,000) are secured by a legal charge over Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere.

Bank loans amounting to £333,078 (1999 £nil) are secured by a legal mortgage dated 16 November 1999 over the freehold property at Shap Road, Kendal.

### 15. CREDITORS: amounts falling due after more than one year

	The Company		The Group	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	-	-	296,000	-
Other creditors	-	-	90,000	-
	-	-	386,000	-

### 16. BORROWINGS

	2000	1999
	£	£
<b>The company's borrowings are repayable as follows</b>		
Up to one year and on demand	491,558	903,818
Between one and two years	97,000	-
Between two and five years	141,000	-
After five years	148,000	-
	877,558	903,818
Wholly repayable within five years	729,558	903,818
Included in current liabilities	491,558	903,818

Bank loans amounting to £333,078 (1999 £nil) are repayable over nine years by monthly instalments of £4,024 at an interest rate of 1.325% above the bank's base rate.

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 17. SHARE CAPITAL

	2000 £	1999 £
<b>Authorised:</b>		
<b>Equity interests:</b>		
Ordinary shares of £1 each	15,000	15,000
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>		
Ordinary shares of £1 each	15,000	15,000

### 18. REVALUATION RESERVE

	<b>The Company</b>		<b>The Group</b>	
	2000 £	1999 £	2000 £	1999 £
Balance at 1 November 1999	181,392	181,392	695,791	698,513
Released during the year	-	-	(2,722)	(2,722)
Balance at 31 October 2000	181,392	181,392	693,069	695,791

### 19. OTHER RESERVES

	2000 £	1999 £
<b>The Group:</b>		
<b>Capital reserve</b>		
Balance at 1 November 1999 and 31 October 2000	14,169	14,169
<b>Total other reserves</b>	14,169	14,169

### 20. PROFIT AND LOSS ACCOUNT

	<b>The Company</b>		<b>The Group</b>	
	2000 £	1999 £	2000 £	1999 £
Retained profit as at 1 November 1999	153,130	330,101	730,498	788,592
Profit / (loss) for the year	386	(176,971)	22,763	(60,816)
Depreciation on revaluation reserve	-	-	2,722	2,722
Retained profit as at 31 October 2000	153,516	153,130	755,983	730,498

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 20. PROFIT AND LOSS ACCOUNT - (continued)

The profit / (loss) for the year before dividends dealt with in the accounts of the holding company was £386 (1999:£(176,971)).

The cumulative amount of goodwill resulting from acquisitions which has been written off is £1,416 (1999 : £1,416).

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	The Company		The Group	
	2000	1999	2000	1999
	£	£	£	£
Profit / (loss) for the year	386	(176,971)	22,763	(60,816)
Opening shareholders' funds	349,522	526,493	1,455,458	1,516,274
Closing shareholders' funds	<u>349,908</u>	<u>349,522</u>	<u>1,478,221</u>	<u>1,455,458</u>
Represented by:-				
Equity interests	<u>349,908</u>	<u>349,522</u>	<u>1,478,221</u>	<u>1,455,458</u>

### 22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000	1999
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	212	176
Interest paid	(76,048)	(38,928)
Interest element of hire purchase contracts	-	(405)
Net cash outflow from returns on investments and servicing of finance	<u>(75,836)</u>	<u>(39,157)</u>
<b>Taxation</b>		
Corporation tax paid	-	(21,235)
Corporation tax received	11,979	-
Net cash inflow / (outflow) from taxation	<u>11,979</u>	<u>(21,235)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(237,770)	(403,501)
Purchase of other investments	-	(14,375)
Receipts from sale of tangible fixed assets	54,725	28,000
Net cash outflow from capital expenditure	<u>(183,045)</u>	<u>(389,876)</u>

# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

### 22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - (continued)

	2000 £	1999 £
<b>Management of liquid resources</b>		
Purchase of equities	-	(38,397)
Sale of equities	-	31,233
<b>Net cash inflow / (outflow) from management of liquid resources</b>	-	(7,164)
<b>Financing</b>		
New long-term loans	386,000	-
Repayments of long term loans	(141,318)	(54,250)
Capital element of finance lease rental payments	-	(2,917)
<b>Net cash inflow / (outflow) from financing</b>	244,682	(57,167)

### 23. ANALYSIS OF CHANGES IN NET DEBT

	1999 £	Cash flow £	Other movements £	2000 £
Cash at bank and in hand	1,273	(1,273)	-	-
Bank overdraft	(294,328)	270,942	-	(23,386)
		269,669		
Debt due within one year	(609,490)	141,318	-	(468,172)
Debt due after one year	-	(386,000)		(386,000)
Current asset investments	76,491	-	(76,491)	-
	(826,054)	410,987	(76,491)	(877,558)

### 24. CONTINGENT LIABILITIES

The company has given guarantees in favour of its subsidiary companies in respect of loan and bank overdraft facilities. At 31 October 2000 the amount guaranteed was £757,108 (1999 £704,328).

The company has given a guarantee in respect to the granting of direct debit facilities to MVRA Limited.

The company has a terminal indemnity in favour of Fiat Auto UK Limited of £22,500 (1999 - £22,500) and Fiat Auto Financial Limited of £79,000 (1999 - £79,000).

The bank has given indemnity to suppliers amounting to £331,500.



# R N SMITH HOLDINGS LTD & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

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### 25. RELATED PARTY DISCLOSURES

#### Control

Throughout the year, the company was controlled by its directors.

#### Transactions

During the year R Smith (Windermere) Limited had the following transactions with related parties:

Related Party	Transaction	£	Balance at year end
Directors and their families	Loans to company	(8,702)	(98,228)
Interest paid on loans from directors and their families totalled £7,825.			
MVRA Limited a company of which R G and D N Smith are directors and shareholders	Loan to company	89,000	(25,000)
	Interest paid	942	(1,799)
Fairway (Golf Shops) Limited a company of which D N Smith is a director and shareholder	Loan from company	56,000	nil

Included in debtors is a loan to a director, D N Smith. The amount outstanding at the year end was £17,866 (1999: £13,212).

The maximum outstanding during the year was £17,866 and the loan is provided interest free.