

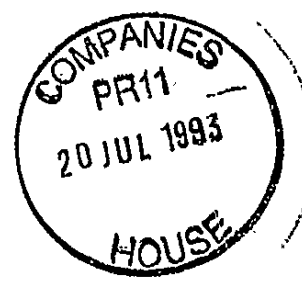
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702316

R.N. SMITH HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

REPORT AND ACCOUNTS

YEAR ENDED 31st OCTOBER 1992



SAGAR CROUDSON
Chartered Accountants

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st October 1992.

RESULTS AND DIVIDENDS

The group trading loss for the year after taxation, was £48,193.

No dividend is recommended.

REVIEW OF THE BUSINESS

The principal activities of the company and its subsidiaries, all incorporated in England, are:-

R N Smith Holdings Ltd	- Holding and service company
R Smith (Windermere) Ltd	- Motor engineers and garage proprietors
Lakeland Finance Co Ltd	- Financiers and travel agents
Honeywise Ltd	- Property dealers and developers
Rayrigg Motors Ltd	- Dormant
Biskey Howe Investments	- Dormant
Windermere Engineering Co Ltd	- Dormant
R Smith (Bowness) Ltd	- Dormant
Newby Bridge Service Station Ltd	- Dormant

Turnover has decreased during the year by £1,090,749 to £8,115,331. The directors are unable to forecast future trends due to the uncertain conditions existing in the motor industry.

FIXED ASSETS

The movements in fixed assets are shown in the notes to the accounts.

DIRECTORS

The directors in office during the year were as follows:

R G Smith - Joint Chairman
D N Smith - Joint Chairman
Mrs A M Spiby

None of the above had any beneficial interest in the company's shares at any time during the year.

The director retiring by rotation is R G Smith, who being eligible, offers himself for re-election.

A R Reed, a partner in Sagar Croudson the company's auditors, is a Trustee of a Trust which held 15,000 Ordinary £1 Shares in the company at 31st October 1992.


R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

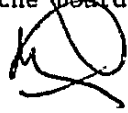
DIRECTORS' REPORT

AUDITORS

A resolution to re-appoint as auditors Sagar Croudson will be put to the members at the Annual General Meeting.

By order of the board.


R G Smith
Secretary


9th June 1993
Station House
Station Road
Kendal
Cumbria
LA9 6RY


Company No 702316

REPORT OF THE AUDITORS TO THE MEMBERS OF

R.N. SMITH HOLDINGS LIMITED

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31st October 1992 and of the loss and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAGAR CROUDSON
Chartered Accountants
and Registered Auditor
Station House,
Station Road,
KENDAL LA9 6RY

9th June 1993

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

GROUP PROFIT AND LOSS ACCOUNT YEAR ENDED 31st OCTOBER 1992

	Notes	1992	1991
TURNOVER	2	8,115,331	9,206,080
Cost of sales		<u>7,083,947</u>	<u>8,260,723</u>
GROSS PROFIT		1,031,384	945,357
Administrative expenses		<u>1,046,602</u>	<u>1,108,480</u>
		(15,218)	(163,123)
Other operating income	3	<u>107,947</u>	<u>87,089</u>
OPERATING PROFIT/(LOSS)	5	92,729	(76,034)
Interest payable	6	<u>141,550</u>	<u>175,147</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(48,821)	(251,181)
Taxation	7	<u>(28)</u>	<u>-</u>
LOSS AFTER TAXATION		(48,793)	(251,181)
Retained profit brought forward		316,706	567,887
RETAINED PROFIT CARRIED FORWARD	8	<u>£ 267,913</u>	<u>£ 316,706</u>

The notes on pages 8 to 16 form part of these accounts.

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

GROUP BALANCE SHEET AT 31st OCTOBER 1992

	Notes	1992	1991
FIXED ASSETS			
Tangible assets	9	1,639,547	1,598,075
CURRENT ASSETS			
Stocks	10	1,026,167	1,351,659
Debtors	11	407,662	590,513
Cash at bank and in hand		1,190	9,350
		<u>1,435,019</u>	<u>1,951,522</u>
CREDITORS: amounts falling due within one year	12	<u>1,922,526</u>	<u>2,216,605</u>
NET CURRENT LIABILITIES		(487,507)	(265,083)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,152,040	1,332,992
CREDITORS: amounts falling due after more than one year	13	<u>12,497</u>	<u>34,656</u>
		<u>£1,139,543</u>	<u>£1,298,336</u>
CAPITAL AND RESERVES			
Called up share capital	18	15,000	15,000
Capital reserve	19	29,403	29,403
Revaluation reserve	20	827,227	937,227
Profit and loss account		267,913	316,706
		<u>£1,139,543</u>	<u>£1,298,336</u>

R G Smith

N Smith

Directors

Approved by the board on 9th June 1993

The notes on pages 8 to 16 form part of these accounts.

R.N. SMITH HOLDINGS LIMITED
BALANCE SHEET AT 31st OCTOBER 1992

	Notes	1992	1991
FIXED ASSETS			
Tangible assets	9	875,250	820,000
Investment in subsidiaries		<u>37,096</u>	<u>37,096</u>
		912,346	857,096
CURRENT ASSETS			
Debtors	11	252,165	248,900
Cash at bank		<u>583</u>	<u>9,037</u>
		252,748	257,937
CREDITORS: amounts falling due within one year	12	<u>610,112</u>	<u>450,109</u>
NET CURRENT LIABILITIES		(357,364)	(192,172)
		<u>£ 554,982</u>	<u>£664,924</u>
CAPITAL AND RESERVES			
Called up share capital	18	15,000	15,000
Revaluation reserve	20	442,736	552,736
Profit and loss account		<u>97,246</u>	<u>97,188</u>
		<u>£ 554,982</u>	<u>£664,924</u>

R G Smith

D N Smith

Directors

Approved by the board on 9th June 1993

The notes on pages 8 to 16 form part of these accounts.

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CASH FLOW STATEMENT YEAR ENDED 31st OCTOBER 1992

	Notes	1992	1991
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	22(a)	419,055	(278,299)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	5,104	4,978	
Interest paid	(141,550)	(175,147)	
Rent received	11,710	34,265	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(124,736)	(135,904)
		294,319	(414,203)
TAXATION			
Corporation tax recovered		7,342	4,735
		301,661	(409,468)
INVESTING ACTIVITIES			
Purchase of fixed assets	(200,776)	(6,786)	
Purchase of goodwill	-	(23,935)	
Sale of fixed assets	-	5,250	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(200,776)	(25,471)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		100,885	(434,939)
FINANCING			
Repayment of loans	(17,412)	124,397	
New short term loans	144,354	-	
NET CASH INFLOW FROM FINANCING		126,942	124,397
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22(b)	£ 227,827	£(310,542)

The notes on pages 8 to 16 form part of these accounts.

R.W. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of R N Smith Holdings Limited and all its subsidiary companies, made up to 31st October each year. No profit and loss account is presented for R N Smith Holdings Limited, as provided by S.228(7) of the Companies Act 1985.

Depreciation

Depreciation is provided on owned fixed assets, as follows:

- Freehold buildings - 2% on cost, straight line basis, on buildings used for trading purposes
- Plant and equipment - 20% on cost, straight line basis
- Motor vehicles - 25% on reducing balance basis

No depreciation is charged on freehold property held for investment purposes nor on freehold land.

The group's normal depreciation policy is applied to assets held under hire purchase or lease contracts.

Stocks

Stock and work in progress is stated at the lower of cost or net realisable value and is consistent with previous years.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the future.

Hire purchase and lease purchase contracts

Assets purchased under hire purchase and lease purchase contracts are treated as owned assets.

Finance leases

Assets financed by finance leasing arrangements made after 1st July 1984, are capitalised at amounts equal to the fair value of the assets at the date of acquisition and are included in tangible fixed assets.

The commitment to pay the capital element of the repayments is included in the balance sheet as obligations under finance leases.

The interest element of the repayments is charged to the profit and loss account over the primary period of the lease, in accordance with the straight line method.

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

2 TURNOVER

Turnover represents the invoiced amount of goods sold and services provided, stated net of value added tax.

Turnover and pre-tax loss is attributable to the principal activities of the group, carried on in the United Kingdom, as follows:

	Turnover		Pre-tax profit/(loss)	
	1992	1991	1992	1991
Vehicle sales and services	7,848,215	8,607,278	(153,117)	(239,483)
Rent received by holding company	109,275	77,623	105,551	75,373
Interest on short-term loans	12,213	12,213	6,041	220
Travel services	25,628	20,816	(3,870)	(2,212)
Property	120,000	488,150	(19,949)	(124,322)
Other rents and interest received			16,523	39,243
	<u>£8,115,331</u>	<u>£9,206,080</u>	<u>£ (48,821)</u>	<u>£(251,181)</u>

3 OTHER OPERATING INCOME

	1992	1991
Loyalty bonus	91,133	46,209
Rent received	11,710	34,265
Interest on unsecured loan	4,813	4,978
Interest on tax repayment	291	-
Profit on disposal of fixed assets	-	1,637
	<u>£ 107,947</u>	<u>£ 87,089</u>

4 STAFF COSTS

	1992	1991
Wages and salaries	538,166	564,302
Social security costs	43,710	45,578
Other pension costs	29,419	26,763
	<u>£ 611,295</u>	<u>£ 636,643</u>

The average weekly number of employees during the year was 43 made up as follows:

	No	No
Sales	6	6
Service and parts	23	23
Office and administration	9	9
Subsidiary company directors	2	2
Holding company directors	3	3
	<u>43</u>	<u>43</u>

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

5 OPERATING PROFIT	1992	1991
This is stated after charging:		
Auditors' remuneration - as auditors	8,349	12,519
- other services	2,436	3,900
Depreciation of owned assets	43,176	35,656
Depreciation of leased assets	6,128	6,965
Directors' emoluments	133,660	128,530
Hire of plant and equipment	-	-
Hire purchase and lease purchase charges	6,434	8,794
Finance lease charges	2,610	2,612
	<u>£202,793</u>	<u>£198,976</u>
Directors' emoluments consists of:		
Remuneration	122,700	117,570
Pension contributions	10,960	10,960
	<u>£133,660</u>	<u>£128,530</u>
Directors' remuneration consists of:		
Joint chairmen and highest-paid directors	120,000	115,000
Other director	2,700	2,570
	<u>£122,700</u>	<u>£117,570</u>
6 INTEREST PAYABLE	1992	1991
Interest payable on:		
Bank loans and overdraft	61,052	80,860
Short term loans	80,498	94,287
	<u>£141,550</u>	<u>£175,147</u>
7 TAXATION	1992	1991
Based on the loss on ordinary activities for the year.		
Corporation tax	-	-
Adjustment in respect of previous years	(28)	-
Deferred taxation	-	-
	<u>£ (28)</u>	<u>£ -</u>

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

8 RETAINED PROFIT CARRIED FORWARD

	1992	1991
Dealt with in the accounts of the holding company	97,246	97,188
Retained by subsidiary companies	170,667	219,518
	<u>£267,913</u>	<u>£316,706</u>

9 TANGIBLE ASSETS

The Company

	Freehold investment property £	Total £
At valuation		
At 31 October 1991	820,000	820,000
Additions	165,250	165,250
Provision for known future loss	(110,000)	(110,000)
	<u>£875,250</u>	<u>£875,250</u>
At 31 October 1992		
Depreciation		
At 31 October 1991 and 1992	£ -	£ -
	<u>£875,250</u>	<u>£875,250</u>
Net book amount at 31 October 1992		
	<u>£875,250</u>	<u>£875,250</u>
Net book amount at 31 October 1991		
	<u>£820,000</u>	<u>£820,000</u>

On 31 October 1990 the freehold property was revalued by the directors, based on professional opinions received. The historic cost of the company's property at 31 October 1992 was £ 435,214.

The gross book value of freehold property represents items at:

1990 valuation	820,000
Additions at cost	165,250
Provision for known future loss	(110,000)
	<u>£875,250</u>

No provision for deferred taxation has been made in respect of the property revaluation, as, in the opinion of the directors, the relevant property will not be sold in the foreseeable future.

E.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

9 TANGIBLE ASSETS (continued)

The group	Freehold property £	Plant and machinery £	Motor vehicles £	Leased plant and vehicles £	Total £
Cost or valuation					
At 31 October 1991	1,506,191	235,614	37,944	41,873	1,821,622
Additions	165,250	35,526	-	-	200,776
Revaluation	(110,000)	-	-	-	(110,000)
Disposals	-	-	-	-	-
At 31 October 1992	<u>£1,561,441</u>	<u>£ 271,140</u>	<u>£ 37,944</u>	<u>£ 41,873</u>	<u>£1,912,398</u>
Depreciation					
At 31 October 1991	4,723	175,249	15,344	28,231	223,547
Charged in year	4,722	32,804	5,650	6,128	49,304
Disposals	-	-	-	-	-
At 31 October 1992	<u>£ 9,445</u>	<u>£ 208,053</u>	<u>£ 20,994</u>	<u>£ 34,359</u>	<u>£ 272,851</u>
Net book amount at 31 October 1992	<u>£1,551,996</u>	<u>£ 63,087</u>	<u>£ 16,950</u>	<u>£ 7,514</u>	<u>£1,639,547</u>
Net book amount at 31 October 1991	<u>£1,501,468</u>	<u>£ 60,365</u>	<u>£ 22,600</u>	<u>£ 13,642</u>	<u>£1,598,075</u>

On 31 October 1990 the freehold property was revalued by the directors, based on professional opinions received. The historic cost of the group's property at 31 October 1992 was £734,214 (1991: £568,964) and the accumulated depreciation thereon was £7,845 (1991: £3,923).

The directors are of the opinion that there has been a reduction in the current market value of a subsidiary company's property. The deficiency is not expected to be permanent.

The gross book value of freehold property represents items at:

1990 valuation	1,505,000
Additions at cost	166,441
Provision for known future loss	(110,000)
	<u>£1,561,441</u>

No provision for deferred taxation has been made in respect of the property revaluation, as, in the opinion of the directors, the relevant property will not be sold in the foreseeable future.

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

10 STOCKS

	1992	1991
Vehicles, petrol and parts	788,577	1,002,773
Property for resale	227,000	344,000
Work-in-progress	10,590	4,886
	<u>£1,026,167</u>	<u>£1,351,659</u>

The estimated current replacement costs of stocks do not materially differ from the amounts stated above.

11 DEBTORS

	The Company		The Group	
	1992	1991	1992	1991
Trade debtors	-	-	166,981	350,381
Due from subsidiary company	252,165	241,586	-	-
Other debtors	-	-	199,966	196,075
Prepayments	-	-	40,715	36,743
Corporation tax recoverable	-	7,314	-	7,314
	<u>£252,165</u>	<u>£248,900</u>	<u>£ 407,662</u>	<u>£ 590,513</u>

12 CREDITORS: amounts falling due within one year

	The Company		The Group	
	1992	1991	1992	1991
Bank loans and overdrafts	-	-	1,188,341	1,330,386
Unsecured loans	-	-	33,000	-
Obligations under finance lease and hire purchase contracts	-	-	39,672	17,864
Trade creditors	7,767	-	453,283	690,700
Amount due to subsidiary companies	586,002	431,682	-	-
Corporation tax	-	-	-	-
Social security and other taxes	4,160	13,358	127,038	55,860
Other creditors	8,433	3,069	30,761	43,916
Accruals	3,750	2,000	50,431	77,879
	<u>£610,112</u>	<u>£450,109</u>	<u>£1,922,526</u>	<u>£2,216,605</u>

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R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

Page 14

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

13 CREDITORS: amounts falling due after more than one year

Obligations under finance lease and hire purchase contracts

	1992	1991
	£ 12,497	£ 34,656

14 BANK LOANS AND OVERDRAFT

Falling due within one year

- (a) Forward Trust Limited - loan
- (b) National Westminster Bank Plc - loan
- (c) Bank overdrafts

	1992	1991
(a) Forward Trust Limited - loan	440,000	440,000
(b) National Westminster Bank Plc - loan	353,005	259,063
(c) Bank overdrafts	395,336	631,323
	<u>£1,188,341</u>	<u>£1,330,386</u>

Loan (a) is wholly for financing stocks of motor vehicles, is secured on motor vehicle stocks at a variable rate of interest, with no fixed repayment date.

The bank loan and overdrafts are secured by a specific charge on the group's freehold property, by composite guarantees from group companies, by a mortgage debenture, and by a guarantee from Codecrest Ltd.

15 TRADE CREDITORS

Included in trade creditors are amounts totalling £Nil (1991:£194,560) due in respect of goods for which title does not pass until payment is made.

16 OTHER CREDITORS

Included in other creditors are amounts totalling £15,886 (1991:£34,646) advanced by Esso Petroleum Ltd., which would become wholly or partially repayable if the group ceased trading in that supplier's products.

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

17 DEFERRED TAXATION

1992 1991

Provision is made on the current liability basis as follows:

Tax at 25% on the excess of the book value of fixed assets over their written down value for tax purposes

- -

Tax at 30% on fire safety expenditure included in freehold and leasehold property

- 480

Tax at 25% on Corporation Tax losses available for future relief.

- (480)

£ - £ -

Movements during the year were

Opening balance

- -

Transfer taxation account

- -

Closing balance

£ - £ -

18 SHARE CAPITAL

Authorised, allotted, issued and fully paid

Ordinary shares of £1 each

£ 15,000 £ 15,000

19 CAPITAL RESERVE

Balance at 31st October 1991

29,403 53,338

Goodwill written off on acquisition of subsidiary

- 23,935

Balance at 31st October 1992

£ 29,403 £ 29,403

20 REVALUATION RESERVE

Freehold property as valued

31st October 1990

	The Company		The Group	
	1992	1991	1992	1991
31st October 1990	985,250	820,000	1,671,441	1,506,191
Less: Cost	(432,514)	(267,264)	(734,214)	(568,964)
Less: Provision	(110,000)	-	(110,000)	-
Revaluation surplus	£442,736	£552,736	£827,227	£937,227

Less: Cost

Less: Provision

Revaluation surplus

21 CAPITAL COMMITMENTS

There were no capital commitments at 31st October 1992 or 1991.

R.N. SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS YEAR ENDED 31st OCTOBER 1992

22 CASH FLOW STATEMENT

	1992	1991
(a) Reconciliation of operating profit to net cash inflow from operating activities:		
Operating (loss)/profit	(15,218)	(163,123)
Depreciation	49,304	42,621
Decrease/(increase) in stocks	325,492	(19,105)
(Increase)/decrease in debtors	175,537	197,826
Decrease in creditors	(207,193)	(382,727)
Other cash receipts	91,133	46,209
	<u>£ 419,055</u>	<u>£(278,299)</u>
(b) Analysis of changes in cash and cash equivalents during the year:		
Balance at beginning of year	(621,973)	(311,431)
Net cash outflow	227,827	(310,542)
Balance at end of year	<u>£(394,146)</u>	<u>£(621,973)</u>
Analysis of cash and cash equivalents as shown in the balance sheet		
	Change	1991
		1990
Cash at bank and in hand	(8,160)	1,190
Bank overdrafts	235,987	(395,336)
	<u>£ 227,827</u>	<u>£(394,146)</u>
		<u>£(621,973)</u>