

MOTOR BODY SERVICES (SALFORD) LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report and the accounts of the company for the year ended 31st August 2000.

PRINCIPAL ACTIVITY

The company has continued to trade as motor body repairers and garage proprietors.

RESULTS, DIVIDENDS AND REVIEW OF THE BUSINESS

The profit for the year after taxation, and the appropriation thereof, are set out in the Profit and Loss Account on page 3. The directors recommend a dividend of £5.00 per ordinary share be paid for the year.

The directors consider the profit achieved to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors, all of whom were in office throughout the year, and their interests in the Share Capital of the company, were as follows :-

	<u>Ordinary Shares of £1 each</u>	
	<u>31.8.2000</u>	<u>1.9.1999</u>
Mr. B. Fitton	1,300	1,300
Mrs. R.M. Fitton	700	700
Mr. K. Greenhalgh	-	-

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 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 judgments and estimates that are reasonable and prudent ;
- 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.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Parker Gradwell & Co. as auditors to the company will be proposed at the Annual General Meeting.

By Order of the Board,

Date2/1/2001.....



X *R.M. Fitton*
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R.M. FITTON
Secretary

MOTOR BODY SERVICES (SALFORD) LIMITED

AUDITORS' REPORT UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 11, together with the financial statements of the company for the year ended 31st August 2000 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of Directors and Auditors

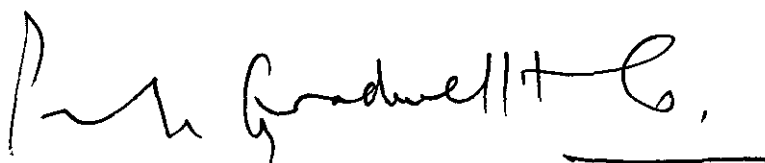
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 11 are properly prepared in accordance with that provision.

A handwritten signature in black ink, appearing to read 'Parker Gradwell & Co.', with a horizontal line underneath.

PARKER GRADWELL & CO.

Chartered Accountants and Registered Auditors

17 Chapel Street, Hyde, Cheshire.

2nd January 2001

MOTOR BODY SERVICES (SALFORD) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
GROSS PROFIT	2	749,622	625,463
Administrative expenses		<u>610,014</u>	<u>554,144</u>
OPERATING PROFIT	3	139,608	71,319
Interest receivable and similar income	6	<u>18,729</u>	<u>23,155</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		158,337	94,474
TAXATION	7	<u>32,824</u>	<u>20,013</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		125,513	74,461
DIVIDENDS	8	<u>11,000</u>	<u>11,000</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>£114,513</u>	<u>£63,461</u>

Turnover and operating profit derive wholly from continuing operations.

In each of the years ended 31st August 2000 and 31st August 1999 the only gains and losses recognised by the company were as reported in the profit and loss account.

STATEMENT OF RETAINED PROFITS

Retained profit at 1 st September 1999	1,025,744	962,283
Retained profit for the year	<u>114,513</u>	<u>63,461</u>
Retained profit at 31 st August 2000	<u>£1,140,257</u>	<u>£1,025,744</u>

MOTOR BODY SERVICES (SALFORD) LIMITEDABBREVIATED BALANCE SHEET AT 31ST AUGUST 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
<u>FIXED ASSETS</u>			
Tangible assets	9	678,766	679,116
<u>CURRENT ASSETS</u>			
Stocks	10	72,265	187,613
Debtors	11	304,023	352,079
Cash at bank and in hand		<u>708,893</u>	<u>497,279</u>
		1,085,181	1,036,971
<u>LESS :</u>			
<u>CREDITORS</u>			
Amounts falling due within one year	12	<u>587,690</u>	<u>655,843</u>
NET CURRENT ASSETS		<u>497,491</u>	<u>381,128</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,176,257	1,060,244
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	13	<u>34,000</u>	<u>32,500</u>
		<u>£1,142,257</u>	<u>£1,027,744</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	2,000	2,000
Profit and loss account		<u>1,140,257</u>	<u>1,025,744</u>
SHAREHOLDERS' FUNDS	17	<u>£1,142,257</u>	<u>£1,027,744</u>

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act relating to medium companies (Section 246A(4) of the Act).

Approved by the Board
on:- 2/1/2001

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} Directors

MOTOR BODY SERVICES (SALFORD) LIMITED

ABBREVIATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
Net cash inflow from operating activities	1	259,971	177,185
Returns on investments and servicing of finance	2	18,729	23,155
Taxation		(15,628)	(23,834)
Capital expenditure	2	(40,458)	(171,347)
Dividends paid		<u>(11,000)</u>	<u>(11,000)</u>
		211,614	(5,841)
Financing	2	—	—
Increase/(decrease) in cash	3	<u>£211,614</u>	<u>£(5,841)</u>

MOTOR BODY SERVICES (SALFORD) LIMITED

NOTES TO THE ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2000

1. Reconciliation of operating profit to net cash inflow from operating activities

	<u>2000</u>	<u>1999</u>
Operating profit	139,608	71,319
Depreciation charges	47,463	39,972
Profit on sale of tangible fixed assets	(6,654)	(19,222)
Decrease in stocks	115,348	76,881
Decrease/(increase) in debtors	48,056	(99,934)
(Decrease)/increase in creditors	<u>(83,850)</u>	<u>108,169</u>
	<u>£259,971</u>	<u>£177,185</u>

2. Gross cash flows

Returns on investments and servicing of finance

Interest received	<u>£18,729</u>	<u>£23,155</u>
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Capital expenditure

Payment to acquire tangible fixed assets	60,292	208,639
Receipts from sales of tangible fixed assets	<u>(19,834)</u>	<u>(37,292)</u>
	<u>£40,458</u>	<u>£171,347</u>

3. Analysis of changes in net debt

	At <u>01.04.1999</u>	<u>Cash flows</u>	At <u>31.03.2000</u>
Cash at bank and in hand	<u>£497,279</u>	<u>£211,614</u>	<u>£708,893</u>

MOTOR BODY SERVICES (SALFORD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 2000

1. ACCOUNTING POLICIES

The accounts have been based on the following accounting policies which, except where otherwise stated, are consistent with the previous year.

Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards.

Depreciation

Depreciation is provided on the reducing balance basis, with the exception of that for freehold buildings and computer equipment, which is provided on the cost. The following rates apply :-

Freehold buildings	2½% per annum
Motor vehicles	25% per annum
Plant and machinery	10% per annum
Fixtures and fittings	15% per annum
Computer equipment	20% per annum
Improvements to short leasehold premises	Over the period of the lease

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items. In the case of finished goods, and work in progress, cost comprises direct materials, direct labour and a proportion of manufacturing fixed and variable overheads dependant upon the stage of production reached.

Deferred Taxation

Provision is made for deferred taxation at the rate of Corporation Tax ruling at the year end, except in respect of any reduction in that liability which is reasonably expected to continue for the foreseeable future. The amounts provided and unprovided are set out in note 13.

Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account in the period in which they are incurred.

The charge for the year was £57,812 (1999 – £57,211). At 31st August 2000 £5,000 was outstanding (1999 - £5,000) and included in creditors.

Operating Leases

Rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

2. GROSS PROFIT

Gross profit comprises turnover and other operating income less cost of sales.

MOTOR BODY SERVICES (SALFORD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 2000

3. OPERATING PROFIT

	<u>2000</u>	<u>1999</u>
This is stated after charging or crediting :		
Rent paid	10,000	10,000
Depreciation of tangible fixed assets	47,463	39,972
Hire of plant and equipment	11,172	12,245
Auditors' remuneration	3,000	3,000
Profit on disposal of tangible fixed assets	<u>(6,654)</u>	<u>(19,222)</u>

4. DIRECTORS REMUNERATION

	<u>2000</u>	<u>1999</u>
Directors emoluments	<u>£293,597</u>	<u>£246,844</u>
Including :		
Highest paid director	<u>£90,587</u>	<u>£71,303</u>

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows :-

	<u>Number of Employees</u>	
	<u>2000</u>	<u>1999</u>
Production	34	30
Administration	<u>8</u>	<u>8</u>
	<u>42</u>	<u>38</u>

The aggregate payroll costs of these persons were as follows :-

	<u>2000</u>	<u>1999</u>
Wages and salaries	776,409	703,624
Social security costs	<u>77,610</u>	<u>70,664</u>
	<u>£854,019</u>	<u>£774,288</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2000</u>	<u>1999</u>
Interest on bank and other deposits	<u>£18,729</u>	<u>£23,155</u>

MOTOR BODY SERVICES (SALFORD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 2000

7. TAXATION

	<u>2000</u>	<u>1999</u>
In respect of the year :-		
Corporation tax @ 20% (1999 - 20.6%)	31,300	15,800
Deferred taxation	<u>1,500</u>	<u>3,500</u>
	32,800	19,300
In respect of earlier years :-		
Corporation tax	<u>24</u>	<u>713</u>
	<u>£32,824</u>	<u>£20,013</u>

8. DIVIDENDS

The directors have proposed a dividend on ordinary shares for the year of £11,000 (1999 - £11,000).

9. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Improvements to leasehold land and buildings</u>	<u>Motor vehicles (hire)</u>	<u>Motor vehicles (breakdown)</u>	<u>Plant and machinery</u>	<u>Total</u>
<u>Cost or Valuation</u>						
At 01.09.1999	507,443	45,447	87,197	90,564	169,608	900,259
Additions	3,320	-	37,967	2,500	16,505	60,292
Disposals	<u>-</u>	<u>-</u>	<u>(26,562)</u>	<u>-</u>	<u>(2,198)</u>	<u>(28,760)</u>
At 31.08.2000	<u>£510,763</u>	<u>£45,447</u>	<u>£98,602</u>	<u>£93,064</u>	<u>£183,915</u>	<u>£931,791</u>
<u>Depreciation</u>						
At 01.09.1999	59,746	-	43,177	55,916	62,304	221,143
Charge for the year	6,480	1,118	16,977	8,714	14,174	47,463
Disposals	<u>-</u>	<u>-</u>	<u>(14,533)</u>	<u>-</u>	<u>(1,048)</u>	<u>(15,581)</u>
At 31.08.2000	<u>£66,226</u>	<u>£1,118</u>	<u>£45,621</u>	<u>£64,630</u>	<u>£75,430</u>	<u>£253,025</u>
<u>Net Book Value</u>						
At 31.08.2000	<u>£444,537</u>	<u>£44,329</u>	<u>£52,981</u>	<u>£28,434</u>	<u>£108,485</u>	<u>£678,766</u>
At 31.08.1999	<u>£447,697</u>	<u>£45,447</u>	<u>£44,020</u>	<u>£34,648</u>	<u>£107,304</u>	<u>£679,116</u>

Freehold land and buildings includes land with a value of £250,014 on which no depreciation charge is made.

MOTOR BODY SERVICES (SALFORD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 2000

10. STOCKS

	<u>2000</u>	<u>1999</u>
Work in progress	21,312	34,447
Finished goods	<u>50,953</u>	<u>153,166</u>
	<u>£72,265</u>	<u>£187,613</u>

11. DEBTORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u>	<u>1999</u>
Trade debtors	267,195	295,421
Other debtors	409	18,808
Prepayments	<u>36,419</u>	<u>37,850</u>
	<u>£304,023</u>	<u>£352,079</u>

12. CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u>	<u>1999</u>
Trade creditors	103,564	136,438
Corporation tax	29,135	13,437
Other taxes and social security costs	76,822	134,295
Other creditors	220,929	62,222
Accruals	5,921	21,422
Directors' loans	140,319	277,029
Dividends payable	<u>11,000</u>	<u>11,000</u>
	<u>£587,690</u>	<u>£655,843</u>

13. DEFERRED TAXATION

The amounts provided and unprovided for deferred taxation are as follows :-

	<u>2000</u>		<u>1999</u>	
	<u>Amount Provided</u>	<u>Amount Unprovided</u>	<u>Amount Provided</u>	<u>Amount Unprovided</u>
Accelerated capital allowances	<u>£34,000</u>	<u>£ -</u>	<u>£32,500</u>	<u>£ -</u>

14. CALLED UP SHARE CAPITAL

	<u>Number Authorised</u>		<u>Allotted, Issued and Fully Paid</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>£2,000</u>	<u>£2,000</u>

MOTOR BODY SERVICES (SALFORD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 2000

15. POST BALANCE SHEET EVENTS

There are no events arising since the date of the balance sheet which require comment.

16. CAPITAL COMMITMENTS

	<u>2000</u>	<u>1999</u>
Expenditure authorised but not contracted for	<u>£200,000</u>	<u>£150,000</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
Profit for the year	114,513	63,461
Opening shareholders' funds	<u>1,027,744</u>	<u>964,283</u>
Closing shareholders' funds	<u>£1,142,257</u>	<u>£1,027,744</u>

18. CONTINGENT LIABILITIES

The company's bankers have been provided a terminable indemnity totalling £35,000 in favour of the National Salvage Group.

19. OPERATING LEASE COMMITMENTS

	<u>2000</u>	<u>1999</u>
Expiring within one year :		
Motor vehicles	<u>£800</u>	<u>£6,400</u>

20. RELATED PARTY TRANSACTIONS

The company leases premises owned jointly by Mr. B. Fitton and Mrs. R.M. Fitton, who are directors of the company. The rentals paid during the year amounted to £10,000.

Two motor vehicles were sold on a commercial basis to Mr. B. Fitton and Mrs. R.M. Fitton during the year. The sales proceeds were £30,000 and £20,000 respectively. There were no amounts outstanding in respect of these transactions at 31st August 2000.

21. COMPANY STATUS

In the opinion of the directors, the company is a close company within the provisions of the Income and Corporation Taxes Act 1988.