

TOYOTA (GB) LTD
ANNUAL REPORT AND ACCOUNTS 1994
REGISTERED NO: 916634



Toyota (GB) Ltd

**ANNUAL REPORT AND ACCOUNTS
31st December 1994**

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Toyota (GB) Ltd

Directors

D G John* (Chairman)
T H Taylor (Chief Executive & Managing
Director)
M J Copeland
A D Cummins*
A P Goss
Y Ishizaka*
E Kumabe*
B F Mahony
A P Singer
R G Smith
B A Truscott
M N Wingate

* Non Executive Directors

Alternate Directors

J A L Greenfield for D G John
T Sakai for Y Ishizaka
Y Ushiyama for E Kumabe
R C Williams for A D Cummins

Secretary and Registered Office

H Jones
The Quadrangle
Redhill
Surrey
RH1 1PX

Bankers

Midland Bank plc
Sakura Bank Ltd
Sanwa Bank Ltd
Tokai Bank Ltd
Bank of Tokyo Ltd

Registered Auditors

Coopers & Lybrand
Chartered Accountants and Registered Auditors

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31st December 1994.

Principal activity and business review

The principal activity of the Group is the distribution of Toyota motor vehicles and parts in the United Kingdom. During the year under review the Group registered 57,677 motor vehicles, a slight increase over the previous year. However, the increasingly competitive market place combined with the strong appreciation of the yen had an adverse effect upon the Group's overall results with profit before tax falling by nearly 42% year on year.

Whilst the prospects for the motor industry are not expected to improve significantly during 1995, the introduction of more competitively priced vehicles into the market place will, it is hoped, reduce the Group's marketing and distribution costs with the consequent improvement to profitability. The Group's management believe 1995 will be a year of consolidation rather than significant growth.

Dividends and transfers to reserves

The Group profit for the year after taxation of £8,601,000 has been dealt with as follows:

	£'000
Ordinary dividends - Interim paid	4569
- Final proposed	2714
Transfer to reserves	<u>1318</u>
	8601
	=====

The final dividend proposed amounts to 104.37 pence per ordinary share.

Fixed assets

The movements in fixed assets during the year are set out in notes 9 and 18 to the financial statements. In accordance with Inchcape Group accounting policies assets with a net book value of £527,000 were reclassified as plant and machinery and not leasehold property improvements. During 1994 the Company reinstated the amount written off to revaluation reserve in 1993 in respect of leasehold property improvements and reclassified them in accordance with stated Inchcape Group policy.

Employment of disabled persons

In considering applications for employment from disabled persons, the Group's policy is to give them full and fair consideration dependent upon the abilities and aptitudes of the applicant against the requirements of the job for which they have applied. Employees who, through disability, are unable to perform the duties for which they were employed may be considered for alternative work, including

Report of the Directors (continued)

retraining, if necessary, subject to the nature, severity and duration of their disability.

Training, career development and opportunities are available to all employees on the basis of individual aptitude and ability.

Employee involvement

The Company believes in enabling its staff to become involved and committed to the business. It does this through monthly team briefings and a bi-annual presentation of the Company's current performance and its future prospects at which employees are encouraged to ask questions.

Directors

The Directors of the Company are as stated on Page 2. The following changes to the Board have occurred since 1 January 1994:

R Araki	Appointed	25.1.95
D G John	Appointed	1.4.94
E Kumabe	Resigned	25.1.95
A J S Marsh	Resigned	1.4.94
T Sakai	Appointed	1.1.94
A P Singer	Appointed	1.7.94
R G Smith	Appointed	1.10.94

J A L Greenfield resigned as an executive director and became an alternate non executive director at 1 July 1994.

Directors' interest in shares

No Director holding office at 31st December 1994 had any interest in the shares of the Company or its immediate holding company. The interests of the Directors in the shares of Inchcape plc are disclosed below:

	1 January 1994		31 December 1994
Ordinary Shares			
J A L Greenfield	44,080		33,158
A P Singer	4,000		4,000
T H Taylor	37,812		43,699
R C Williams	27,236		20,466
Executive Options			
	1 January 1994	Share Options Granted Exercised	31 December 1994
M J Copeland	-	9,500	-
A P Goss	9,300	4,900	-
J A L Greenfield	22,800	5,300	-
B F Mahony	21,100	1,400	-
T H Taylor	60,600	3,800	-
B A Truscott	17,900	2,600	-
R C Williams	61,636	6,300	-

Report of the Directors (continued)

	1 January 1994	31 December 1994
SAYE Options		
M J Copeland	3,339	4,121
A P Goss	1,612	1,612
J A L Greenfield	5,896	4,087
B F Mahony	7,364	7,364
A P Singer	5,530	5,530
T H Taylor	4,545	6,109
R C Williams	6,157	6,157
M N Wingate	1,970	1,970

The interests of Messrs John and Cummins in the shares of Inchcape plc are disclosed in that Company's accounts.

Directors' interests in contracts

There were no contracts during the year in which any Director had a material interest.

Charitable Contributions

During the year, the Company contributed £28,000 to United Kingdom charitable organisations.

Insurance of directors

Inchcape plc maintains insurance for the directors of Toyota (GB) Ltd and its subsidiary companies in respect of their duties as directors.

Taxation status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Report of the Directors (continued)

Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1994. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Coopers & Lybrand as the Company's Auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



H Jones
Secretary

19th April 1995

Toyota (GB) Ltd

Report of the Auditors to the members of Toyota (GB) Ltd

We have audited the financial statements on pages 8 to 28.

Respective responsibilities of Directors and Auditors

As described on page 6 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 that 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 the Company's and Group's affairs at 31st December 1994 and of the profit and cash flows of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors

LONDON

19 April 1995

Toyota (GB) Ltd

Consolidated Profit and Loss Account
for the year ended 31st December 1994

	Notes	1994 £'000	1993 £'000
Turnover			
continuing operations	1	797814	734829
Cost of sales			
continuing operations		<u>(695673)</u>	<u>(633112)</u>
Gross profit		102141	101717
Net Operating expenses			
continuing operations	3	<u>(85418)</u>	<u>(76178)</u>
Operating profit			
continuing operations		16723	25539
Interest receivable		2947	2262
Income from an interest in an associated undertaking	4	3933	2997
Interest payable	5	<u>(10022)</u>	<u>(7540)</u>
Profit on ordinary activities before taxation		13581	23258
Taxation on ordinary activities	7	<u>(4980)</u>	<u>(8124)</u>
Profit on ordinary activities after taxation		8601	15134
Dividends	8	<u>(7283)</u>	<u>(13771)</u>
Retained profit for the year	18	1318 =====	1363 =====

As permitted by Section 230 of the Companies Act 1985 a separate profit and loss account is not presented for Toyota (GB) Ltd. The profit for the Company in respect of the current year is £893,000 (1993: £273,000).

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Toyota (GB) Ltd

Statement of total recognised gains and losses

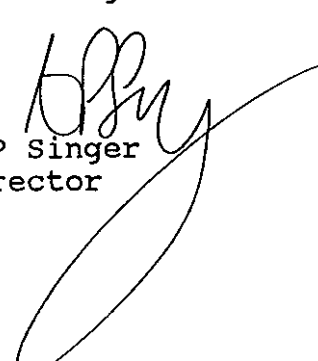
	1994 £'000	1993 £'000
Profit for the financial year	<u>8601</u>	<u>15134</u>
Unrealised deficit on revaluation of properties	-	(1119)
Total recognised gains and losses relating to the year	<u>8601</u>	<u>14015</u>
Prior year adjustment in respect of the reclassification of assets	<u>527</u> 9128 =====	<u>-</u> 14015 =====

Toyota (GB) Ltd

**Consolidated Balance Sheet
at 31st December 1994**

	<u>Notes</u>	1994 £'000	1993 £'000 Restated
Fixed assets			
Tangible assets	9(a)	10554	11059
Investment in an associated undertaking	10 & 22	<u>23025</u>	<u>17025</u>
		33579	28084
Current assets			
Stocks	12	239427	138288
Debtors	13	29720	22432
Cash at bank and in hand	20	<u>11700</u>	<u>26935</u>
		280847	187655
Creditors: amounts due within one year	14	<u>(277255)</u>	<u>(180230)</u>
Net current assets		<u>3592</u>	<u>7425</u>
Total assets less current liabilities		37171	35509
Creditors: amounts due after more than one year	14	(394)	(527)
Provisions for liabilities and charges	15	<u>(1416)</u>	<u>(1466)</u>
Net assets		35361 =====	33516 =====
Capital and reserves			
Called up share capital	16	2600	2600
Share premium account		3881	3881
Revaluation reserve	18(a)	1945	1945
Profit and loss account	18(a)	27763	25918
Merger reserve		<u>(828)</u>	<u>(828)</u>
Equity shareholders' funds	19	35361 =====	33516 =====

The financial statements on pages 8 to 28 were approved by the board of directors on 19th April 1995 and were signed on its behalf by


A P Singer
Director

Toyota (GB) Ltd

**Company Balance Sheet
at 31st December 1994**

	<u>Notes</u>	1994 £'000	1993 £'000
Fixed assets			
Tangible assets	9(b)	10498	11029
Investment in subsidiaries	11	<u>3184</u>	<u>3184</u>
		13682	14213
Current assets			
Stocks	12	220901	130241
Debtors	13	34013	18929
Cash at bank and in hand		<u>167</u>	<u>16086</u>
		255081	165256
Creditors: amounts due within one year	14	<u>(233597)</u>	<u>(146050)</u>
Net current assets		<u>21484</u>	<u>19206</u>
Total assets less current liabilities		35166	33419
Creditors: amounts due after more than one year	14	(394)	(527)
Provisions for liabilities and charges	15	<u>(1416)</u>	<u>(1466)</u>
Net assets		33356 =====	31426 =====
Capital and reserves			
Called up share capital	16	2600	2600
Share premium account		3881	3881
Revaluation reserve	18(b)	1925	1925
Profit and loss account	18(b)	25778	23848
Merger reserve		<u>(828)</u>	<u>(828)</u>
Equity shareholders' funds	19	33356 =====	31426 =====

Toyota (GB) Ltd

Consolidated Cash Flow Statement
for the year ended 31st December 1994

	<u>Notes</u>	1994 £'000	1993 £'000
Net Cash (outflow)/inflow from continuing operating activities		(10569)	26653
Returns on investment and servicing of finance:			
Interest received	2945		2290
Interest paid	(9977)		(7347)
Interest paid on finance leases	(45)		-
Dividend received from an associated company	2008		1658
Dividends paid	<u>(10040)</u>		<u>(19068)</u>
		(15109)	(22467)
Taxation:			
UK corporation tax paid		(4778)	(8388)
Investing activities:			
Purchase of tangible fixed assets	(1280)		(1540)
Loan to an associated undertaking	<u>(6000)</u>		<u>(4000)</u>
		<u>(7280)</u>	<u>(5540)</u>
Net cash (outflow) before financing		(37736)	(9742)
Financing:			
Repayment of principal under finance leases		<u>(132)</u>	<u>(74)</u>
(Decrease) in cash and cash equivalents	20	<u>(37868)</u> =====	<u>(9816)</u> =====

Toyota (GB) Ltd

**Reconciliation of operating profit to net cash flow
from operating activities**

	1994 £'000	1993 £'000 Restated
Continuing operating activities		
Operating profit	16723	25539
Depreciation on tangible fixed assets	2326	1741
Devaluation adjustment written off	-	582
(Increase) in stocks	(101139)	(13076)
(Increase) in operating debtors	(5357)	(3228)
Increase in operating creditors	76766	14902
(Increase)/Decrease in amounts due from group companies	(141)	65
Increase in amounts due to group companies	<u>253</u>	<u>128</u>
Net cash (outflow)/inflow from continuing operating activities	(10569)	26653
	=====	=====

Notes to the financial statements for the year ended 31 December 1994

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

- Changes in accounting policies

In accordance with the provisions of the new accounting standard FRS5 vehicles sold to customers for which the company has agreed to repurchase at a predetermined price, have been taken back into stock at the lower of the agreed repurchase price and net realisable value. The results for 1993 have been restated to reflect this change in accounting policy which has resulted in increases to the stock and trade creditor balances.

In May 1994 the company changed the basis of its parts and accessories stock valuation from an average weighted price to first in first out (FIFO).

- Basis of accounting

The financial statements are prepared in accordance with the historic cost convention modified by the revaluation of certain fixed assets.

- Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 1994. Intra group sales and profits are eliminated fully on consolidation.

The Group's share of the profit from an associated undertaking is included in the consolidated profit and loss account, and the Group's share of their net assets is included in the consolidated balance sheet.

- Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

- Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, and depreciation is calculated so that freehold buildings, leasehold properties, furniture, equipment and plant are written off by equal annual instalments over their estimated useful lives at the following rates:

Freehold buildings and leasehold properties	At rates varying between 2% and 50% as recommended by the Company's valuers.
Furniture, equipment	20% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost
Computer software	33.3% on cost

No depreciation is provided on freehold land. The freehold and leasehold land and property was revalued as at 31st December 1993 in accordance with Inchcape Group policy, the next valuation being due on 31st December 1996.

- Stocks

Stocks are stated in the balance sheet at the lower of cost and net realisable value. The method used to determine cost is actual unit cost in respect of vehicles and computers and first in first out in respect of parts stock.

- Foreign currencies

Foreign currencies in respect of purchases of stocks are translated at the rates at which the relevant contracts are negotiated. Differences arising between the contracted and actual rates of exchange are taken to profit and loss account at the time of settlement.

- Deferred taxation

Deferred taxation is calculated using the liability method on all timing differences, including the revaluation surpluses of fixed assets, and is provided to the extent that it is expected to become payable in the foreseeable future.

- Pension scheme arrangements

The Group operates a scheme providing benefits based on final pensionable salaries. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account, so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1st April 1994. The effects of variations from regular cost are spread over the expected average remaining service lives of the members of the scheme.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 8% per annum

and that present and future pensions would increase at the rate of 5% per annum.

The most recent actuarial valuation showed that the market value of the pension scheme assets of £15.6 million represented 122% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

- Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

2. Profit on ordinary activities before taxation

Group profit on ordinary activities before taxation is stated after crediting:

	1994 £'000	1993 £'000
Rent Receivable	189	-
Profit on foreign exchange transactions	249	215
And after charging:		
Depreciation on owned assets	2326	1741
Auditor's remuneration for:		
Audit (company £62,000; 1993: £60,000)	62	60
Other services to the company and its UK subsidiaries	2	2
Rentals payable under operating leases	3129	3129
Hire of plant and machinery	418	600
Directors' emoluments (Note 6)	1065	1483
Redundancy costs	418	853
	=====	=====

3. Net Operating expenses

	1994 £'000	1993 £'000
Continuing operations		
Distribution costs	60788	53705
Administrative expenses	<u>24630</u>	<u>22473</u>
	<u>85418</u>	<u>76178</u>
	=====	=====

4. Income from an interest in an associated undertaking

	1994 £'000	1993 £'000
Profit on ordinary activities before tax	3933	2997
Taxation - current year	<u>(1298)</u>	<u>(989)</u>
Profit on ordinary activities after tax	<u>2635</u>	<u>2008</u>
	=====	=====

5. Interest payable and similar charges

	1994 £'000	1993 £'000
Interest on bank overdrafts and loans wholly repayable within five years	<u>(10022)</u>	<u>(7540)</u>
	=====	=====

6. Directors and employees

	1994 Number	1993 Number
The average weekly number of persons (including Directors) employed by the Group during the year was		

By activity

Selling and distribution	310	300
Administration	<u>107</u>	<u>107</u>
	<u>417</u>	<u>407</u>
	===	===

	1994 £'000	1993 £'000
--	---------------	---------------

Staff costs (for the above persons):

Wages and salaries	9997	9577
Social security costs	864	824
Other pension costs	<u>1464</u>	<u>1260</u>
	<u>12325</u>	<u>11661</u>
	=====	=====

6. Directors and employees (continued)

	1994 £'000	1993 £'000
The remuneration paid to Directors included in the above was:		
Emoluments	864	1136
Pension contributions	169	135
Payment to Inchcape plc for services of Directors	32	32
Compensation for loss of office	-	180
	<u>1065</u>	<u>1483</u>
	=====	=====

The Directors' remuneration disclosed
(excluding pension contributions and
compensation payments) include
amounts paid to:

The Chairman - current	11	16
- retired	<u>5</u>	<u>-</u>
	<u>16</u>	<u>16</u>
	=====	=====

Highest paid Director	230	192
	=====	=====

The other Directors received
amounts in the following ranges:

	1994 Number	1993 Number
0 - £5000	3	5
£15001 - £20000	3	3
£20001 - £25000	1	-
£30001 - £35000	-	1
£35001 - £40000	1	1
£60001 - £65000	-	2
£75001 - £80000	2	-
£80001 - £85000	1	-
£85001 - £90000	-	2
£90001 - £95000	-	1
£95001 - £100000	2	1
£100001 - £105000	1	-
£105001 - £110000	-	2
£130001 - £135000	-	1

7. Taxation

	1994 £'000	1993 £'000
UK corporation tax at 33% (1993: 33%)		
Current year	3838	7546
Prior year adjustment	23	(17)
Associated undertaking	1298	989
Deferred	<u>(179)</u>	<u>(394)</u>
	<u>4980</u>	<u>8124</u>
	=====	=====

Toyota (GB) Ltd

8. Dividends

	1994 £'000	1993 £'000
Paid in the year:		
An interim dividend of 175.72 pence (1993: 319.24 pence) per share	4569	8300
Proposed:		
A final dividend of 104.37 pence (1993: 210.42 pence) per share	<u>2714</u> 7283 =====	<u>5471</u> 13771 =====

9. Tangible fixed assets

(a) Group

	Land and Buildings £'000	Furniture Equipment and Plant £'000	Total £'000
Cost or valuation:			
At 1st January 1994	5476	11904	17380
Additions	68	1226	1294
Reclassification	-	855	855
Disposals	-	-	-
At 31st December 1994	<u>5544</u>	<u>13985</u>	<u>19529</u>
Represented by:			
Valuation at 31st December 1993	4890	-	4890
Cost	<u>654</u>	<u>13985</u>	<u>14639</u>
At 31st December 1994	5544	13985	19529
Depreciation:			
At 1st January 1994	59	6262	6321
Charge for the year	183	2143	2326
Reclassification	-	328	328
Disposals	-	-	-
At 31st December 1994	<u>242</u>	<u>8733</u>	<u>8975</u>
Net book value:			
At 31st December 1994	<u>5302</u> =====	<u>5252</u> =====	<u>10554</u> =====
At 31st December 1993	<u>5417</u> =====	<u>5642</u> =====	<u>11059</u> =====

9. Tangible fixed assets (continued)

(b) Company	Land and Buildings £'000	Furniture Equipment and Plant £'000	Total £'000
Cost or valuation:			
At 1st January 1994	5476	11697	17173
Additions	68	1177	1245
Reclassifications	-	855	855
Disposals	-	-	-
At 31st December 1994	5544	13729	19273
Represented by:			
Valuation at 31st December 1993	4890	-	4890
Cost	654	13729	14383
At 31st December 1994	5544	13729	19273
Depreciation:			
At 1st January 1994	59	6085	6144
Charge for the year	183	2120	2303
Reclassification	-	328	328
Disposals	-	-	-
At 31 December 1994	242	8533	8775
Net book value:			
At 31st December 1994	5302	5196	10498
At 31st December 1993	5417	5612	11029

The net book value of tangible fixed assets includes an amount of £507,000 (1993: £637,000) in respect of assets held under finance leases.

In accordance with Inchcape Group accounting policies the freehold and leasehold properties were revalued as at 31st December 1993 by Messrs Grimley J R Eve Chartered Surveyors and this valuation was incorporated into the accounts. The valuations were made on an existing use basis or at a depreciated replacement cost as appropriate. The next valuation will be as at 31 December 1996.

9. Tangible fixed assets (continued)

On an historical cost basis, land and buildings would have been included at:

	Group & Company 1994 £'000	Group & Company 1993 £'000
Cost	5278	6065
Aggregate depreciation based on cost	<u>(1953)</u>	<u>(2133)</u>
	3325	3932
	=====	=====

The aggregate depreciation for 1994 includes a reduction of £328,000 in respect of the prior year reclassification of assets.

Land and buildings at net book value comprise:

Freehold land and buildings	2564	2644
Leasehold land and buildings	<u>2738</u>	<u>2773</u>
	5302	5417
	=====	=====

10. Investment in an associated undertaking

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Investment by the Group in an associated undertaking comprises:				
Ordinary shares of £1 each fully paid	25	25	-	-
A subordinated term loan	<u>23000</u>	<u>17000</u>	-	-
	23025	17025	-	-
	=====	=====	=====	=====

A further sum of £6,000,000 was added to the subordinated loan since 31 December 1993 in accordance with the terms of the agreement with Lloyds Bowmaker Ltd.

11. Investment in subsidiary companies

	Company	
	1994 £'000	1993 £'000
At 1 January	<u>3184</u>	<u>3184</u>
At 31 December	3184	3184
	=====	=====

The investment represents the Company's interest in the net asset value of its subsidiary companies which were acquired from Inchcape Overseas Ltd in 1990. All subsidiaries have been consolidated into the Group financial statements.

11. Investment in subsidiary companies (continued)

At 31st December 1994, the subsidiaries, all of which are incorporated in Great Britain, registered in England and Wales and wholly owned by the Company were:

<u>Undertaking</u>	<u>Date acquired</u>	<u>Class of shares</u>	<u>Activity</u>
TGB Vehicle Contracts Ltd	16/2/90	Ordinary	Provision of wholesale and retail finance and disposal of used vehicles.
TGB Insurance Services Ltd	29/3/90	Ordinary	Mechanical breakdown insurance and free service campaigns.
TGB Computer Services Ltd	16/2/90	Ordinary	Computer hardware and software retailing.
Lexus (GB) Ltd	19/4/90	Ordinary	Dormant.

TGB Delivery Services Ltd was dissolved on 12 July 1994.

12. Stocks

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
		Restated		
Stocks and goods in transit comprise:				
Motor vehicles	228992	126078	210473	118059
Parts and accessories	10428	12182	10428	12182
Computers	7	28	-	-
	<u>239427</u>	<u>138288</u>	<u>220901</u>	<u>130241</u>
	=====	=====	=====	=====

The replacement cost of the above stocks is not materially greater than that shown.

The 1993 Group comparative for motor vehicle stocks has been adjusted by £8,002,000 in respect of the change to the accounting policy following the adoption of Financial Reporting Standard No. 5.

13. Debtors

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Amounts falling due within one year:				
Trade debtors	12424	7464	8028	4683
Amounts due from Inchcape undertakings	205	64	142	1676
Amounts due from subsidiary undertakings	-	-	11653	-
Other debtors	9110	9816	9090	9777
Prepayments and accrued income	<u>7981</u>	<u>5088</u>	<u>5100</u>	<u>2793</u>
	<u>29720</u>	<u>22432</u>	<u>34013</u>	<u>18929</u>

14. Creditors

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
		Restated		
Amounts falling due within one year:				
Bank loans and overdrafts	35244	12611	17645	-
Obligations under finance leases	145	130	145	130
Payments received as deposits against orders	140003	105363	140003	105363
Trade creditors	68621	28290	49961	19973
Amounts due to Inchcape undertakings	688	435	688	435
Taxes and social security costs	6932	1736	6787	1760
Corporation taxation	3859	3794	3476	3296
Dividends payable	2714	5471	2714	900
Accruals and deferred income	<u>19049</u>	<u>22400</u>	<u>12178</u>	<u>14193</u>
	<u>277255</u>	<u>180230</u>	<u>233597</u>	<u>146050</u>
Amounts falling due after more than one year:				
Obligations under finance leases	<u>394</u>	<u>527</u>	<u>394</u>	<u>527</u>
	<u>277649</u>	<u>180757</u>	<u>233991</u>	<u>146577</u>
	=====	=====	=====	=====

The 1993 Group comparative for trade creditors has been adjusted by £8,002,000 in respect to the change to the accounting policy following the adoption of Financial Reporting Standard No. 5.

14. Creditors (continued)

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Obligations under finance leases are repayable as follows:				
In one year or less	145	130	145	130
Between 1 and 2 years	157	142	157	142
Between 2 and 5 years	<u>237</u>	<u>385</u>	<u>237</u>	<u>385</u>
	<u>539</u>	<u>657</u>	<u>539</u>	<u>657</u>
	===	===	===	===

15. Provisions for liabilities and charges

	Delapidations Provision £'000	Pension Provision £'000	Total £'000
Group and Company			
At 1st January 1994	517	949	1466
Provided	-	1464	1464
Used	<u>-</u>	<u>(1514)</u>	<u>(1514)</u>
At 31st December 1994	<u>517</u>	<u>899</u>	<u>1416</u>
	===	=====	=====

16. Called up share capital

	Group & Company	
	1994 £'000	1993 £'000
2,600,002 Ordinary shares of £1 each:		
Authorised	2600	2600
	=====	=====
Allotted, called up and fully paid	2600	2600
	=====	=====

17. Deferred taxation

Deferred taxation provided in the financial statements and the amount not provided of the total potential asset/(liability) is as follows:

	Amount provided		Amount not provided	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
(a) Group				
Excess capital allowances	-	-	(37)	(350)
Revaluation of fixed assets	-	-	326	241
Other	675	496	282	(579)
ACT	<u>2099</u>	<u>1794</u>	<u>-</u>	<u>-</u>
	<u>2774</u>	<u>2290</u>	<u>571</u>	<u>(688)</u>
	=====	=====	=====	=====

17. Deferred taxation (continued)

	Amount provided		Amount not provided	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
(b) Company				
Excess capital allowances			(52)	(367)
Revaluation of fixed assets			326	241
Other	489	279	282	(579)
ACT	<u>2099</u>	<u>1794</u>	<u>-</u>	<u>-</u>
	<u>2588</u>	<u>2073</u>	<u>556</u>	<u>(705)</u>
	=====	=====	=====	=====

The movement on the Group deferred taxation asset is as follows:

	Group 1994 £'000	Group 1993 £'000
Asset at 1st January	496	102
Transfer to/(from) profit and loss account	<u>179</u>	<u>394</u>
Asset at 31st December	<u>675</u>	<u>496</u>
	===	===

18. Reserves

(a) Group	Revaluation Reserve £'000	Profit & Loss Account £'000
Balance at 1st January 1994	1945	25918
Retained profit for the year	-	1318
Prior year adjustment in respect of the reclassification of assets	<u>-</u>	<u>527</u>
Balance at 31st December 1994	<u>1945</u>	<u>27763</u>
	=====	=====
(b) Company		
Balance at 1st January 1994	1925	23848
Retained profit for the year	-	893
Prior year adjustments in respect of: reclassification of assets	-	527
dividends due from subsidiary companies	<u>-</u>	<u>510</u>
Balance at 31st December 1994	<u>1925</u>	<u>25778</u>
	=====	=====

19. Reconciliation of movements in shareholders funds

	1994 £'000	1993 £'000
(a) Group		
Opening shareholders' funds	33516	33272
Retained profit for the financial year	1318	1363
Prior year adjustment in respect of the reclassification of assets	527	-
Revaluation adjustment	-	(1119)
Closing shareholders funds	<u>35361</u> =====	<u>33516</u> =====
(b) Company		
Opening shareholders' funds	31426	32272
Retained profit for the financial year	893	273
Prior year adjustments in respect of: reclassification of assets	527	-
dividends due from subsidiary companies	510	-
Revaluation adjustment	-	(1119)
Closing shareholders funds	<u>33356</u> =====	<u>31426</u> =====

20. Analysis of changes in cash and cash equivalents during the year

	1994 £'000	1993 £'000
Changes in the year		
At 1 January	14324	24140
Net cash flows	<u>(37868)</u>	<u>(9816)</u>
At 31 December	<u>(23544)</u> =====	<u>14324</u> =====

	1994 £'000	1993 £'000	Change in year £'000	1993 £'000	1992 £'000	Change in year £'000
Analysis of balances						
Cash at bank and in hand	11700	26935	(15235)	26935	24140	2795
Bank borrowings	<u>(35244)</u>	<u>(12611)</u>	<u>(22633)</u>	<u>(12611)</u>	-	<u>(12611)</u>
	<u>(23544)</u> =====	<u>14324</u> =====	<u>(37868)</u> =====	<u>14324</u> =====	<u>24140</u> =====	<u>(9816)</u> =====

21. Analysis of changes in financing during the year

	1994		1993	
	Share capital	Loans and finance lease obligations	Share capital	Loans and finance lease obligations
	£'000	£'000	£'000	£'000
At 1st January	2600	657	2600	-
Inception of finance lease contracts	-	14	-	732
Repayments of principal on finance leases	<u>-</u>	<u>(132)</u>	<u>-</u>	<u>(75)</u>
At 31st December	2600	539	2600	657
	=====	=====	=====	=====

22. Associated undertaking

At 31st December 1994 the Group had the following interest in an associated undertaking incorporated in Great Britain and registered in England and Wales.

Company	Class of shares	Proportion of nominal value of issued shares held by:	
		Group	Company
TGB Finance Ltd	Ordinary	50%	-

The associated undertaking, whose financial statements are drawn up to 31st December each year, is engaged in providing wholesale and retail finance.

The Group's interest in the net assets of this Company is made up as follows:

	1994 £'000	1993 £'000
Current assets	234636	190918
Trade and other creditors	<u>(211611)</u>	<u>(173893)</u>
Net assets	23025	17025
	=====	=====

There are no retained reserves as all profits are fully distributed.

23. Capital commitments

	Group & Company	
	1994 £'000	1993 £'000
Capital expenditure authorised but not contracted	600 =====	140 =====
Capital expenditure contracted for but not provided in the financial statements	- =====	266 =====
Minimum commitments under operating leases not provided in the financial statements:		
Payable next year	4041	3314
Payable between 2 and 5 years	16166	13255
Payable after 5 years	<u>47276</u> 67483 =====	<u>54413</u> 70982 =====

24. Pension obligations

The total pension cost for the Company was £1,464,000 (1993: £1,260,000). With effect from 1st April 1994 the company's contribution was increased from 16.1% to 16.9%. The scheme remains non contributory for employees.

25. Bank guarantee

The Company has entered into a composite bank balance offset agreement with its two subsidiary companies TGB Vehicle Contracts Ltd and TGB Computer Services Ltd.

26. VAT

The Group (excluding TGB Insurance Services Ltd) and certain other Inchcape companies form a group for VAT purposes and, as such, are jointly and severally liable for VAT.

27. Holding company

The Company's immediate holding company is Inchcape Overseas Ltd a company incorporated in Great Britain and registered in England and Wales. The ultimate holding company being Inchcape plc, a company incorporated in Great Britain and registered in England and Wales. The ultimate holding company's financial statements can be obtained from the Company Secretary, Inchcape plc, St James's House, 23 King Street, London SW1Y 6QY.