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S. HALL MOTORS (WARRINGTON) LIMITED.

ACCOUNTS FOR THE YEAR ENDED 30TH. JUNE, 1987.

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S. HALL MOTORS (WARRINGTON) LIMITED.

Directors' Report

The Directors submit their Report and Accounts for the year ended 30th. June, 1987.

Principal Activity

The principal activity of the Company continues to be that of sale and repair of motor vehicles and the sale of petrol, oil and motor accessories.

Review of the Business

This year has been one of substantial improvement in the Company's trading position and performance. Turnover for the year was £3,282,780, upon which a net profit of £119,273 was achieved compared to a net loss of £272,129 for the previous accounting period of 18 months. This is a pleasing result and in line with budget forecasts.

During the year new Auditors were appointed who had the immediate task of reporting upon the accounting systems and dealing with the many weaknesses which the previous Auditors had commented upon. As a result of their recommendations there have been a number of changes in personnel and a substantial change in accounting methods and systems. The new systems are working satisfactorily and monthly Management Accounts are now being prepared by the Company in conjunction with the Auditors. It is anticipated that this will assist the Board in identifying areas where further improvements in performance and profitability can be achieved.

The current year has started very well with the Peugeot range of cars proving very popular in the market. A further satisfactory improvement in performance is anticipated.

Fixed Assets

During the year the Company's premises at Warrington were revalued by a firm of Chartered Surveyors and their revaluation has been incorporated in the accounts. The resulting surplus has been credited to Capital Reserve.

Directors

The Directors who acted during the year and their shareholdings were:-

	Interest at beginning and end of the Year
S. Hall.	9740
Mrs. J. Hall.	9740

Events since the end of the Year

There have been no material events since the end of the year.

S. HALL MOTORS (WARRINGTON) LIMITED.

Balance Sheet as at 30th. June, 1987.

<u>1986</u>		<u>Notes</u>	
	<u>Fixed Assets</u>		
391102	Tangible Assets	1a	307624
3000	Investments	1b	3000
<u>394102</u>			<u>310624</u>
	<u>Current Assets</u>		
351271	Stock	2	271634
469335	Debtors	3	450316
56	Cash in Hand		56
<u>820662</u>			<u>722006</u>
	<u>Less:- Creditors - Amounts Falling Due</u>		
1253714	Within One Year	4	968848
			<u>(246842)</u>
(433052)	<u>Net Current Liabilities</u>		
<u>38950</u>	<u>Total Assets Less Current Liabilities</u>		<u>63782</u>
	<u>Less:- Creditors - Amounts Falling Due</u>		
105655	After More Than One Year	5	84288
<u>(144605)</u>	<u>Net Liabilities</u>		<u>(20506)</u>
	<u>Represented By:-</u>		
19480	<u>Called-Up Share Capital</u>	6	19480
-	<u>Capital Reserve</u>	7	53990
	<u>Revenue Reserve</u>		
(164085)	<u>Profit and Loss Account</u>		<u>(93976)</u>
<u>(144605)</u>			<u>(20506)</u>

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S. HALL MOTORS (WARRINGTON) LIMITED.

Profit and Loss Account
for the year ended 30th. June, 1987.

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
Turnover	9	3429214	3994474
Operating Costs		3214762	4096204
Interest Payable	11	101461	170399
		<u>3316223</u>	<u>4266603</u>
Profit/(Loss) on Ordinary Activities before Taxation		112991	(272129)
<u>Other Income</u>			
Profit on Disposal of Property		6282	-
Profit/(Loss) on the Year		<u>119273</u>	<u>(272129)</u>
Extraordinary Item	14	(49164)	5545
Taxation Written Back		-	16035
		<u>70109</u>	<u>(250549)</u>
Balance Brought Forward		<u>(164085)</u>	<u>86464</u>
Balance Carried Forward		<u>(93976)</u>	<u>(164085)</u>

Notes to the Accounts

1.a) Tangible Fixed Assets

	<u>Total</u>	<u>Land and Building</u>			<u>Fixtures</u>	<u>Motor</u>
		<u>Short</u>	<u>Freehold</u>	<u>Long</u>	<u>Fittings</u>	<u>Vehicles</u>
		<u>Leasehold</u>		<u>Leasehold</u>	<u>Plant &</u>	
					<u>Machinery</u>	
<u>Cost:-</u>						
As at 1.7.86.	474986	4728	159863	190917	114465	5013
Additions	5411			3231	2180	
Revaluation Addition	29273		25137	4136		
Disposals	(133284)			(133284)		
Cost/Valuation as at 30.6.87.	376386	4728	185000	65000	116645	5013
<u>Depreciation:-</u>						
As at 1.7.86.	83884	1238	10912	13805	54354	3575
Charges for Year	9595	224			9017	354
Written Back in Revaluation	(24717)		(10912)	(13805)		
As at 30.6.87.	68762	1462	-	-	63371	3929
N.B.V. at 30.6.87.	307624	3266	185000	65000	53274	1084
N.B.V. at 30.6.86.	391102	3490	148951	177112	60111	1438

1.b) Investments

<u>Subsidiaries</u>	<u>Country of</u> <u>Incorporation</u>	<u>Class of</u> <u>Share</u> <u>Capital Held</u>	<u>Proportion</u> <u>Held By</u> <u>Holding Company</u>	<u>Cost</u> <u>£</u>	<u>Nature of</u> <u>Business</u>
S. Hall Motors (Widnes) Ltd.	England	Ordinary	100%	1000	Motor Trade
S. Hall Motors (Chorley) Ltd.	England	Ordinary	100%	1000	Motor Trade
Kerfoot Motors (Sales) Ltd.	England	Ordinary	100%	1000	Motor Trade

2. Stocks

This comprises:-

	<u>1987</u>	<u>1986</u>
Goods for Resale	271634	351271

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Continuation3. Debtors

This comprises:-

	<u>1987</u>	<u>1986</u>
Trade Debtors	149196	63192
Amounts Owed by Group Companies	263793	309808
Corporation Tax Repayable	25178	25178
Directors Current Account	5462	19292
Prepayments and Accrued Income	6687	51865
	<u>450316</u>	<u>469335</u>

4.a) Creditors - Amounts Falling Due Within One Year

This comprises:-

	<u>1987</u>	<u>1986</u>
Bank Overdraft	285298	287859
Trade Creditors	66376	158872
Amounts Owed to Group Companies	-	210385
Social Security and Other Taxes	83320	36538
Stocking Loan	420000	420000
Other Creditors	250	250
Accruals and Deferred Income	10818	43634
Mortgages	6600	6311
Provision for S.286 Liabilities on Directors' Current Account	7880	7880
Loan from Pension Scheme	70000	70000
Hire Purchase	18306	11985
	<u>968848</u>	<u>1253714</u>

- b) The stocking loan is secured by a fixed charge over vehicles owned by the Group, together with a Directors personal guarantee.

The bank overdraft is secured by a fixed charge on property, together with a Directors personal guarantee and a cross guarantee from other members of the Group.

The mortgages are secured by fixed charges on property.

5. Creditors - Amounts Falling Due After More Than One Year

This comprises:-

	<u>1987</u>	<u>1986</u>
Mortgages	84288	91321
Hire Purchase Creditors	-	13334
Other Creditors - Loans	-	1000
	<u>84288</u>	<u>105655</u>

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6. Called-Up Share Capital

	<u>1987</u>	<u>1986</u>
Authorised:		
100000 Ordinary Shares of £1. each.	100000	100000
Issued:		
19480 Ordinary Shares of £1. each, fully paid.	19480	19480
	<u> </u>	<u> </u>

7. Capital Reserve

This comprises:-

	<u>1987</u>
Surplus on Property Revaluation	29273
Depreciation Written Back	24717
	<u> </u>
	53990
	<u> </u>

8. Taxation

There is no liability to taxation due to the availability of loss relief.

9. Turnover

Turnover represents amounts invoiced by the Company in respect of goods sold and services provided during the year, excluding value added tax.

10. Staff Number and Costs

The average number of persons employed by the Company (including directors) during the year were as follows:-

	<u>1987</u>	<u>1986</u>
Management	6	5
Administration	10	9
Sales and Services	29	28
	<u> </u>	<u> </u>
	45	42
	<u> </u>	<u> </u>

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

	<u>1987</u>	<u>1986</u>
Wages and Salaries	257332	361287
Social Security Costs	21826	41907
Pension Premiums	7916	13379
	<u> </u>	<u> </u>
	287074	416573
	<u> </u>	<u> </u>

11. Interest Payable

	<u>1987</u>	<u>1986</u>
This comprises:-		
On Bank Overdraft	35584	54818
On Hire Purchase	1626	-
On Loan and Mortgages	64251	115581
	<u>101461</u>	<u>170399</u>

12. Profit before Taxation

Profit before Taxation is stated after charging:-

	<u>1987</u>	<u>1986</u>
Directors' Remuneration and Pension Contributions	15164	121972
Auditors' Remuneration	5759	12260
Depreciation	9595	34385
Hire of Equipment	5943	3186
	<u> </u>	<u> </u>

13. Accounting Policies

i) Depreciation:-

Depreciation is provided to write-off the cost of fixed assets over their useful lives as follows:-

	<u>1987</u>
Short Leasehold	Period of Lease
Freehold and Long Leasehold	60 Years
Plant and Equipment	15%
Motor Vehicles	25%

ii) Stock

Stock is valued at the lower of cost and net realisable value.

iii) Group Financial Statements

The Company has not produced Group Financial Statements as the result would be misleading and be of no real value to the members.

14. Extraordinary Item

This represents the balance due from other members of the Group which have been written-off.

15. Directors Emoluments

	<u>1987</u>	<u>1986</u>
Chairman	13276	20212
Other Director	1888	1760
Pension Contributions	-	100000
	<u> </u>	<u> </u>

16. Capital Commitments

There were no capital commitments at 30th. June, 1987.

17. Contingent Liabilities

There is a guarantee to the Company's bankers in respect of the borrowings by the members of the Group.

18. Group Accounts have not been prepared as in the opinion of the company's directors, as their preparation would involve expenses out of proportion to the value of the members of the Company.
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Statement of Source and Application of Funds
for the year ended 30th. June, 1987.

	<u>1987</u>	<u>1986</u>
<u>Source of Funds:-</u>		
From Operations:		
Profit/(Loss) on Ordinary Activities before Taxation and Extraordinary Item	119273	(272129)
Extraordinary Item	(49164)	5545
	<u>70109</u>	<u>(266584)</u>
Adjustment for items not involving the movement of funds:-		
Profit on Disposal of Tangible Fixed Assets	(6282)	-
Depreciation	9595	34385
Equipment Grant Written Back	-	(1463)
	<u>73422</u>	<u>(233662)</u>
<u>Funds from Other Sources:-</u>		
Proceeds of Disposal of Tangible Fixed Assets	139566	-
	<u>212988</u>	<u>(233662)</u>
<u>Application of Funds:-</u>		
Purchase of Tangible Fixed Assets	(5411)	(11853)
<u>Net (Outflow)/Inflow of Funds:-</u>	<u>207577</u>	<u>(245515)</u>
<u>Increase/Decrease in Working Capital</u>		
Group Companies : Debtors	(46015)	26175
Creditors	210385	(78000)
Stock	(79637)	131553
Debtors	26996	40541
Creditors - Amounts Falling Due Within One Year	71920	(180088)
Creditors - Amounts Falling Due After More Than One Year	21367	18411
	<u>205016</u>	<u>(42417)</u>
Net Liquid Funds:		
Cash at Bank and in Hand	-	(493)
Bank Overdraft	2561	(202605)
	<u>207577</u>	<u>(245515)</u>

S. HALL MOTORS (WARRINGTON) LIMITED.

ACCOUNTS FOR THE YEAR ENDED 30TH. JUNE, 1987.

AUDITORS' REPORT

We have audited the annexed financial statements in accordance with approved Auditing Standards, having regard to the matters referred to in the following paragraphs.

We were appointed Auditors in January, 1987. At that time the Company's accounting system contained material weaknesses and there were insufficient financial controls in operation. Immediate changes were made to rectify this situation and the accounting systems and controls introduced operated satisfactorily thereafter.

In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the Directors, who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the Directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, give a true and fair view of the state of the Company's affairs at 30th, June, 1987, and of its profit and source and application of funds for the year then ended and comply with The Companies Acts 1948 to 1985.

12 Eagle Brow,
Lymm,
Cheshire,
WA13 0LW.

J.M. Prescott & Co.,
Chartered Accountants.

9/10/87.