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JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1983

Thornton Baker
CHARTERED ACCOUNTANTS
A member of Grant Thornton International



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31ST DECEMBER 1983

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JOHN GROSE GROUP LIMITED

CHAIRMAN'S REPORT

The overall net trading results achieved by the Group in 1983 of £269,582 are considered more acceptable when compared to those produced in 1982 - £35,233.

This is largely due to the corrective action that was taken with Days Garage, Lowestoft in the latter part of the year and the resultant re-organisation that took place with that Company during the 1983 trading year.

In the latter part of 1983 also, the Head Office and Leasing Company were moved from Wellingborough to Whapload Road, Lowestoft and this will add considerably to the effective control and efficiency of the Company.

The continuation of intense competition in all sectors of the business was felt throughout the year, with profit margins coming under increasing pressure. This is illustrated by Group turnover increasing to £22.4 million (19.1m) with the control on costs resulting in these remaining at about the 1982 level.

It should also be noted that the turnover is now approximately at the same level as in 1979, the year prior to the formation of the John Grose Group company, which outlines the extent of commitment and development that has brought about such an achievement.

The future does indeed hold great promise.

The results of the Truck Specialist Depot at Hadleigh Road, Ipswich, during 1983 left much to be desired with the first quarter of 1984 having seen a re-organisation of the Sales Department. It is anticipated that an improved picture will present itself by the end of 1984 despite the difficult trading conditions that still prevail in the truck market.

The leasing company, G.V.S. Limited, has also seen a re-organisation of management resulting from the move of offices and, after a settling-in period, the future is regarded optimistically.

The Group has entered 1984 in a much stronger position and despite the continuation of pressure on profit margins during the year the outcome should show through in improved results.

As in previous years I cannot allow this Report to be completed without reference to the untiring efforts of the management team throughout the Group, to whom I would like to extend my sincere appreciation for their endeavours.

J.S. GROSE
CHAIRMAN

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31st December 1983.

1. Principal activities

The principal activities of the group are those of motor distributors and engineers and motor vehicle leasing.

2. Results and dividends

The profits on ordinary activities of the group for the year ended 31st December 1983 amounted to £243,241 after taxation. During the year an extraordinary profit was made on the disposal of a property amounting to £35,029 against which tax of £8,688 is chargeable, giving a net extraordinary item of £26,341.

The improvement in the group results for the year is largely due to the increased profitability of Days Garage Limited.

Further improvements in group results are expected in 1984, despite continuing intense competition.

The directors recommend a distribution of 3p per ordinary share. Notice has been received that one shareholder has waived his right to a dividend and the proposed distribution therefore amounts to £5,911.

3. Analysis of turnover and trading results

The analysis of turnover over the principal activities of the group for the year and the respective trading profits before taxation is as follows:

	<u>Turnover</u>		<u>Profit/(loss) on ordinary activities before taxation</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£000's	£000's	£000's	£000's
Motor distribution and engineering	21,287	18,019	211	(33)
Motor vehicle leasing	1,177	1,047	10	5
	<u>£22,464</u>	<u>£19,066</u>	<u>£221</u>	<u>(28)</u>

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

4. Directors

The directors in office at 31st December 1983, who served throughout the year, unless otherwise noted, are listed below.

The beneficial and other interests of the directors and their families in the shares of the company at 31st December 1983 and 31st December 1982, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1967, were as follows:

	<u>Ordinary fl shares</u>	
	<u>1983</u>	<u>1982</u>
J.S. Grose Esq.	303,592	303,592
G. Thornton Esq.	-	-
S. Gordon Esq. (appointed 1st July 1983)	99,968	N/A

The interests of S. Gordon in the shares of the company are non-beneficial.

5. Directors' contracts

Apart from service contracts, no director of the company has or has had during the year a significant interest in any contracts with the company or its subsidiaries.

6. Capital expenditure

Significant additions during the year related to motor vehicle renewals.

Movements on fixed assets are given in note 8 to the financial statements.

7. Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through consultations with employee representatives.

8. Disabled employees

Application for employment by disabled persons are given full and fair consideration for all vacancies having regard to their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the company may continue.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

9. Tax status

The directors are of the opinion that the company is a close company within the provisions of the Income and Corporation Taxes Act 1970.

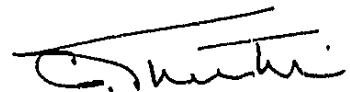
10. Auditors

Thornton Baker offer themselves for re-appointment as auditors in accordance with Section 14 (1) of the Companies Act 1976.

Princes Street,
Ipswich,
Suffolk.

22nd May 1984

BY ORDER OF THE BOARD




Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF

JOHN GROSE GROUP LIMITED

We have audited the financial statements on pages 5 to 21 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at 31st December 1983 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.



Chartered Accountants

Ipswich,
Suffolk.

24th May 1984

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST DECEMBER 1983

The financial statements have been prepared under the historical cost convention. The principal accounting policies of the group are set out below.

a) Basis of consolidation

The group financial statements consolidate the financial statements of the company and of its subsidiaries (see note 10), which have been prepared in every case to 31st December 1983. Intra group profits are eliminated on consolidation.

b) Turnover

Turnover represents the invoiced value of goods and services sold excluding car tax, value added tax and intra group sales.

c) Depreciation

Depreciation is calculated to write down the cost of all fixed assets other than hire and leasing fleet vehicles on a straight line basis over their expected useful lives. The principal annual rates used are as follows:

Freehold buildings	1%
Long leasehold property	2%
Plant and equipment	10%
Motor vehicles	15% to 33 $\frac{1}{3}$ %

Hire fleet vehicles are written down to their trade value at the balance sheet date. Leasing fleet vehicles are depreciated by equal monthly instalments so as to write down the cost over the duration of the applicable leases to the estimated residual value.

Short term leasehold property is amortised over the period of the lease.

No depreciation is provided on freehold land.

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JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

d) Stocks

Stocks are stated at the lower of cost and net realisable value except in the case of used vehicles which are stated at the lower of cost and trade values.

e) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements. Provision is made for deferred taxation except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

f) Interest payable

Interest charges on loans and bank overdraft are computed by reference to the principal outstanding, on a monthly basis, and are charged to profit and loss account as incurred.

Two of the companies in the group are engaged as lessors and sub-lessors of motor vehicles, and the financing and leasing costs of these companies comprise a significant element of the direct costs of operation and have therefore been included in cost of sales, as analysed in note 2 to the financial statements. The interest costs of the vehicle distributorship and engineering companies are disclosed as interest payable on the profit and loss account.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1983

	<u>Note</u>	<u>1983</u>		<u>1982</u>	
		£	£	£	£
Turnover	1		22,463,914		19,066,595
Cost of sales	2		(20,304,837)		(17,120,522)
Gross profit			<u>2,159,077</u>		<u>1,946,073</u>
Distribution costs		875,189		895,017	
Administrative expenses		<u>948,461</u>		<u>925,104</u>	
			<u>(1,823,650)</u>		<u>(1,820,121)</u>
Operating profit			335,427		125,952
Interest payable and similar charges	3		<u>(114,293)</u>		<u>(153,937)</u>
Profit/(loss) on ordinary activities before taxation			221,134		(27,985)
Tax on profit on ordinary activities	4		<u>22,107</u>		<u>63,218</u>
Profit on ordinary activities after taxation			243,241		35,233
Extraordinary item - profit on sale of property	5		<u>26,341</u>		<u>-</u>
Profit for the financial year			269,582		35,233
Dividends	7		<u>(5,911)</u>		<u>(5,911)</u>
Profit retained			<u>£263,671</u>		<u>£29,322</u>
By the company		£107,978		£66,649	
By the subsidiaries		<u>£155,693</u>		<u>£(37,327)</u>	
Statement of group retained profits					
Retained profits at 1st January 1983			476,353		447,031
Retained profit for year			<u>263,671</u>		<u>29,322</u>
Retained profit at 31st December 1983			<u>£740,024</u>		<u>£476,353</u>


The accounting policies on pages 5 and 6 and notes on pages 11 to 21 form part of these financial statements

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 1983

	<u>Note</u>	<u>1983</u>		<u>1982</u>	
		£	£	£	£
Fixed assets					
Tangible assets	8		3,053,628		2,862,293
Current assets					
Stocks	11	1,792,524		1,674,518	
Debtors	12	2,486,684		2,190,479	
		<u>4,279,208</u>		<u>3,864,997</u>	
Creditors: amounts falling due within one year	13	<u>2,928,027</u>		<u>2,721,023</u>	
Net current assets			<u>1,351,181</u>		<u>1,143,974</u>
Total assets less current liabilities			4,404,809		4,006,267
Creditors: amounts falling due after more than one year	14		(1,307,971)		(1,142,948)
Provision for liabilities and charges	15		(123,603)		(153,755)
			<u>£2,973,235</u>		<u>£2,709,564</u>
Capital and reserves					
Called up share capital	16		500,625		500,625
Share premium account	17		1,682,940		1,682,940
Profit and loss account	17		740,024		476,353
Surplus on acquisition of subsidiary	9		49,646		49,646
			<u>£2,973,235</u>		<u>£2,709,564</u>

The financial statements were approved by the board of Directors on *22nd May* 1984

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 DIRECTORS

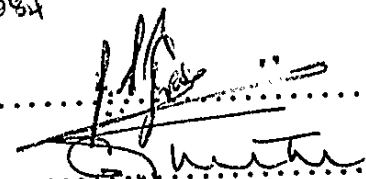
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JOHN GROSE GROUP LIMITED

BALANCE SHEET AT 31ST DECEMBER 1983

	<u>Note</u>	<u>1983</u>	<u>1982</u>
		£	£
Fixed assets	8	1,153,199	1,153,858
Tangible assets	10	278,910	278,910
Investments			
Current assets	11	924,983	885,410
Stocks	12	2,406,849	1,577,407
Debtors		93,965	178,539
Bank and cash			
		<u>3,425,797</u>	<u>2,641,356</u>
Creditors: amounts falling due within one year	13	<u>1,255,253</u>	<u>567,229</u>
Net current assets		<u>2,170,544</u>	<u>2,074,127</u>
Total assets less current liabilities		3,602,653	3,506,905
Creditors: amounts falling due after more than one year	14	(1,039,783)	(1,039,783)
Provision for liabilities and charges	15	<u>(107,567)</u>	<u>(119,797)</u>
		<u>£2,455,303</u>	<u>£2,347,325</u>
Capital and reserves			
Called up share capital	16	500,625	500,625
Share premium	17	1,682,940	1,682,940
Profit and loss account	17	271,738	163,760
		<u>£2,455,303</u>	<u>£2,347,325</u>

The financial statements were approved by the board of Directors on 22nd May 1984

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 DIRECTORS

The accounting policies on pages 5 and 6 and notes on pages 11 to 21 form part of these financial statements

JOHN GROSE GROUP LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1983

	<u>1983</u>		<u>1982</u>	
	£	£	£	£
Source of funds				
From operations				
Trading profit/(loss)				
before taxation		221,134		(27,985)
Extraordinary item		35,029		-
		<u>256,163</u>		<u>(27,985)</u>
Adjustments for items not involving the movement of funds:				
Depreciation	698,383		575,304	
Maintenance provisions	<u>(8,103)</u>		<u>(1,345)</u>	
		690,280		573,959
Funds generated from operations		<u>946,443</u>		<u>545,974</u>
From other sources				
Sale of fixed assets		619,663		484,380
		<u>1,566,106</u>		<u>1,030,354</u>
Application of funds				
Purchase of fixed assets	1,509,381		1,244,800	
Taxation paid	2,727		76,886	
Dividends paid	5,911		12,807	
Acquisition of subsidiaries	<u>-</u>		<u>2,028</u>	
		<u>(1,518,019)</u>		<u>(1,336,521)</u>
Net inflow of funds		<u>£48,087</u>		<u>£(306,167)</u>
Increases/(decreases) in working capital				
Stock		118,006		(608,758)
Debtors		264,356		258,076
Creditors		<u>(865,324)</u>		<u>(344,257)</u>
		<u>(482,962)</u>		<u>(694,939)</u>
Net liquid funds				
Overdrafts		531,049		388,772
Net increase/(decrease) in working capital		<u>£48,087</u>		<u>£(306,167)</u>

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1983

1. Turnover and profit on ordinary activities before taxation

	<u>Turnover</u>		<u>Profit/(loss) . before taxation</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Motor distribution and engineering	21,286,550	18,019,286	211,558	(33,069)
Motor vehicle leasing	1,177,364	1,047,309	9,576	5,084
	<u>£22,463,914</u>	<u>£19,066,595</u>	<u>£221,134</u>	<u>£(27,985)</u>

Profit/loss on ordinary activities is stated after:

	<u>1983</u>	<u>1982</u>
	£	£
Auditors' remuneration	21,000	19,565
Depreciation	698,383	575,304
Directors' remuneration (note 6)	<u>64,217</u>	<u>61,192</u>

2. Cost of sales

	<u>1983</u>	<u>1982</u>
	£	£
Cost of sales comprises the following:		
Materials, labour, depreciation and other costs	19,953,229	16,728,212
Interest and leasing costs incurred by the leasing subsidiaries	<u>351,608</u>	<u>392,310</u>
	<u>£20,304,837</u>	<u>£17,120,522</u>

3. Interest payable and similar charges

Motor distribution and engineering activities:

	<u>1983</u>	<u>1982</u>
On bank loans, overdrafts and other loans		
- repayable within 5 years, by instalments	<u>£114,293</u>	<u>£153,937</u>

JOHN GROSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

4. Tax on profit on ordinary activities

The taxation (charge)/credit is based on the profit for the year and is made up as follows:

	<u>1983</u>	<u>1982</u>
	£	£
Corporation tax @ 44%	(53,290)	-
Deferred tax @ 45% (1982: 52%)	<u>17,691</u>	<u>51,118</u>
	(35,599)	51,118
Adjustments in respect of prior year		
Reduction in deferred tax liability following a change in the tax rate	19,547	-
Other adjustments	38,159	(55,400)
Deferred tax relating to chargeable gain	-	67,500
	<u>£22,107</u>	<u>£63,218</u>

The effect of the provisions of the March 1984 budget (which has yet to be incorporated into statute) is that the rates of corporation tax will be reduced to 45% with effect from 31st March 1984 with further reduction thereafter. Deferred taxation balances have therefore been restated at a rate of 45%.

The company is a close company as defined by Section 282 of the Income and Corporation Taxes Act 1970.

The directors are of the opinion that the income of the group does not fall to be apportioned under the provisions of Schedule 16 to the Finance Act 1972.

5. Extraordinary item

The extraordinary item represents the profit on the disposal of a property of £35,029 less attributable taxation of £8,688.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1983

6. Directors and employees

Staff costs during the year:	<u>1983</u>	<u>1982</u>
	£	£
Wages and salaries	1,417,729	1,413,599
Social security	112,454	123,793
Pension costs	107,224	91,001
	<u>£1,637,407</u>	<u>£1,628,393</u>

The average number of employees of the group during the year was 244 (1982: 265).

Remuneration in respect of directors was as follows:

	<u>1983</u>	<u>1982</u>
	£	£
Management remuneration	62,717	61,192
Fees	1,500	-
	<u>£64,217</u>	<u>£61,192</u>

The emoluments of the directors, excluding pension contributions, were as follows:

	<u>1983</u>	<u>1982</u>
The chairman	<u>£38,994</u>	<u>£35,350</u>

The remuneration of the other directors came within the following bands:

	<u>No.</u>	<u>No.</u>
£1 - £5,000	1	-
£20,001 - £25,000	1	1

7. Dividends

	<u>1983</u>	<u>1982</u>
Ordinary shares		
Proposed final dividend of 3p per share (1982: 3p)	<u>£5,911</u>	<u>£5,911</u>

Waivers are held in relation to the balance of shares in issue.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

8. Fixed assets

The group	<u>Total</u>	<u>Freehold</u>	<u>Long leasehold</u>	<u>Short leasehold</u>	<u>Motor vehicles</u>	<u>Plant and equipment</u>
	£	£	£	£	£	£
Cost						
At 1st January 1983	3,756,331	364,652	708,234	40,000	2,460,191	183,254
Additions	1,509,381	125,286	4,337	-	1,371,035	8,723
	<u>5,265,712</u>	<u>489,938</u>	<u>712,571</u>	<u>40,000</u>	<u>3,831,226</u>	<u>191,977</u>
Disposals	<u>1,134,148</u>	<u>93,395</u>	<u>-</u>	<u>-</u>	<u>1,037,102</u>	<u>3,651</u>
At 31st December 1983	<u>£4,131,564</u>	<u>£396,543</u>	<u>£712,571</u>	<u>£40,000</u>	<u>£2,794,124</u>	<u>£188,326</u>
Depreciation						
At 1st January 1983	894,038	6,458	35,444	30,000	732,439	89,697
Provided in year	698,383	2,209	14,984	10,000	654,210	16,980
	<u>1,592,421</u>	<u>8,667</u>	<u>50,428</u>	<u>40,000</u>	<u>1,386,649</u>	<u>106,677</u>
On disposals	<u>514,485</u>	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>510,297</u>	<u>2,438</u>
At 31st December 1983	<u>£1,077,936</u>	<u>£6,917</u>	<u>£50,428</u>	<u>£40,000</u>	<u>£876,352</u>	<u>£104,239</u>
Net book amount at 31st December 1983	<u>£3,053,628</u>	<u>£389,626</u>	<u>£662,143</u>	<u>-</u>	<u>£1,917,772</u>	<u>£84,087</u>
Net book amount at 31st December 1982	<u>£2,862,293</u>	<u>£358,194</u>	<u>£672,790</u>	<u>£10,000</u>	<u>£1,727,752</u>	<u>£93,557</u>

The assets listed above are stated at acquisition cost to the group.

The gross amount of freehold buildings on which depreciation is being charged is £263,757.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

8. Fixed assets (continued)

The company	<u>Land and buildings</u>				<u>Motor vehicles</u>	<u>Plant and equipment</u>
	<u>Total</u>	<u>Freehold</u>	<u>Long leasehold</u>	<u>Short leasehold</u>		
	£	£	£	£	£	£
Cost						
At 1st January 1983	1,321,799	364,652	698,308	40,000	62,804	156,035
Additions	145,891	125,286	3,221	-	11,853	5,531
	<u>1,467,690</u>	<u>489,938</u>	<u>701,529</u>	<u>40,000</u>	<u>74,657</u>	<u>161,566</u>
Disposals	<u>97,192</u>	<u>93,395</u>	<u>-</u>	<u>-</u>	<u>970</u>	<u>2,827</u>
At 31st December 1983	<u>£1,370,498</u>	<u>£396,543</u>	<u>£701,529</u>	<u>£40,000</u>	<u>£73,687</u>	<u>£158,739</u>
Depreciation						
At 1st January 1983	167,931	6,458	29,315	30,000	22,061	80,097
Provided in year	53,597	2,209	14,030	10,000	14,432	12,926
	<u>221,528</u>	<u>8,667</u>	<u>43,345</u>	<u>40,000</u>	<u>36,493</u>	<u>93,023</u>
On disposals	<u>4,229</u>	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>240</u>	<u>2,239</u>
At 31st December 1983	<u>£217,299</u>	<u>£6,917</u>	<u>£43,345</u>	<u>£40,000</u>	<u>£36,253</u>	<u>£90,784</u>
Net book amount at 31st December 1983	<u>£1,153,199</u>	<u>£389,626</u>	<u>£658,184</u>	<u>£ -</u>	<u>£37,434</u>	<u>£67,955</u>
Net book amount at 31st December 1982	<u>£1,153,868</u>	<u>£358,194</u>	<u>£668,993</u>	<u>£10,000</u>	<u>£40,743</u>	<u>£75,938</u>

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

9. Surplus on acquisition of subsidiaries

The group	<u>1983</u>	<u>1982</u>
	£	£
At 1st January 1983	49,646	51,674
Additional payment on acquisition of subsidiary	-	(2,028)
At 31st December 1983	<u>£49,646</u>	<u>£49,646</u>

10. Investments

	<u>1983</u>	<u>1982</u>
Shares at cost	<u>£278,910</u>	<u>£278,910</u>

At 31st December 1983 the subsidiary companies, all of which were wholly-owned, were:

	<u>Nature of business</u>	<u>Class</u>	<u>Share capital</u>
			<u>Amount issued</u>
			£
Days Garage Limited*	Motor distributors and engineers	Ordinary	250
G.V.S. (1980) Limited	Vehicle leasing	Ordinary	1,000
G.V.S. Limited*	Vehicle leasing	Ordinary	50,000
John Grose Ipswich Limited*	Dormant	Ordinary	103
		Deferred ordinary	103

Subsidiaries marked * are directly owned by the company.

All the above subsidiary companies are registered in England.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

11. Stock

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
New vehicles	643,926	596,022	283,459	249,172
Used vehicles and demonstrators	555,563	462,631	287,056	267,857
Parts and fuel	593,035	615,865	354,468	368,381
	<u>£1,792,524</u>	<u>£1,674,518</u>	<u>£924,983</u>	<u>£885,410</u>

There were no significant differences between the replacement cost and the values disclosed for other categories of stock.

12. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	920,258	844,777	453,262	430,579
Amounts owed by subsidiaries	-	-	153,986	68,028
Vehicle consignment deposits	1,394,082	1,199,669	871,404	702,794
Leasing payments paid in advance	36,457	63,724	-	-
Other debtors	58,049	23,015	244	1,420
Prepayments and accrued income	45,989	59,294	28,444	34,586
Current taxation	31,849	-	31,849	-
	<u>2,486,684</u>	<u>2,190,479</u>	<u>1,539,189</u>	<u>1,237,407</u>
Amounts falling due after more than one year				
Amounts owed by subsidiaries	-	-	867,660	340,000
	<u>£2,486,684</u>	<u>£2,190,479</u>	<u>£2,406,849</u>	<u>£1,577,407</u>

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

13. Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Bank overdrafts	395,128	926,177	-	-
Instalment agreements	413,153	392,895	-	-
Trade creditors	1,012,503	620,539	611,779	237,468
Amounts owed to group companies	-	-	176,034	56,479
Current taxation	61,978	24,225	48,370	8,654
Social security and other taxes	150,823	171,228	76,140	115,062
Proposed dividends	5,911	5,911	5,911	5,911
Other creditors	400,600	205,406	231,122	78,585
Accruals and deferred income				
Lease payments in advance	305,491	264,950	-	-
Other	182,440	109,692	105,897	65,070
	<u>£2,928,027</u>	<u>£2,721,023</u>	<u>£1,255,253</u>	<u>£567,229</u>

Instalment agreements are loans for the purpose of financing the motor vehicle leasing fleet and are secured by a first charge over the vehicles in the leasing fleet.

14. Creditors: amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Bank loan	500,000	500,000	500,000	500,000
Instalment agreements	807,147	640,794	-	-
Amounts owed to group companies	-	-	539,783	539,783
Other creditors	824	2,154	-	-
	<u>£1,307,971</u>	<u>£1,142,948</u>	<u>£3,039,783</u>	<u>£1,039,783</u>

The bank loan is secured over certain property of the company and is repayable in five equal instalments commencing in 1985. £125,000 of this amount is repayable in more than five years.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

15. Provisions for liabilities and charges

	<u>Group</u>		<u>Company</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	£	£	£	£
Deferred taxation	110,865	132,914	107,567	119,797
Other provisions	12,738	20,841	-	-
	<u>£123,603</u>	<u>£153,755</u>	<u>£107,567</u>	<u>£119,797</u>
Deferred taxation				
Accelerated capital allowances	240,195	303,953	110,100	121,500
Other timing differences	(126,797)	(132,908)	-	830
Less: Trading losses	-	(35,598)	-	-
Recoverable advance corporation tax	(2,533)	(2,533)	(2,533)	(2,533)
	<u>£110,865</u>	<u>£132,914</u>	<u>£107,567</u>	<u>£119,797</u>

In addition to the above there is a deferred taxation liability in the company and the group of £67,500 (1982: £67,500) relating to unrealised capital gains. No provision has been made for this liability on the basis that it is unlikely to crystallise in the foreseeable future and the amount has been included in contingent liabilities.

One company in the group has trading losses available for offset against future trading profits of that company of approximately £137,000 after adjustment for timing differences. These losses have not been included as a reduction to the deferred tax liability.

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31st DECEMBER 1983

16. Share capital

	<u>1983 and 1982</u>	
	<u>Authorised</u>	<u>Issued and fully paid</u>
Ordinary shares of £1 each	<u>£1,000,000</u>	<u>£500,625</u>

17. Reserves

	<u>Total</u>	<u>Retained profits</u>	<u>Share premium</u>
	<u>£</u>	<u>£</u>	<u>£</u>
The group			
At 1st January 1983	2,159,293	476,353	1,682,940
Profit for the year	269,582	269,582	-
Proposed dividend	(5,911)	(5,911)	-
At 31st December 1983	<u>£2,422,964</u>	<u>£740,024</u>	<u>£1,682,940</u>
The company			
At 1st January 1983	1,8	163,760	1,682,940
Profit for the year	113,889	113,889	-
Proposed dividend	(5,911)	(5,911)	-
At 31st December 1983	<u>£1,954,678</u>	<u>£271,738</u>	<u>£1,682,940</u>

JOHN GROSE GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1983

18. Capital commitments	<u>1983</u>	<u>Group</u> <u>1982</u>	<u>1983</u>	<u>Company</u> <u>1982</u>
Authorised by the directors but not contracted for	<u>-</u>	<u>£35,000</u>	<u>-</u>	<u>£35,000</u>
Contracted for but not provided in these financial statements	<u>£23,000</u>	<u>-</u>	<u>£23,000</u>	<u>-</u>

19. Contingent liabilities

The local authority has served the company, as head lessee, with a schedule of dilapidations totalling approximately £440,000 in relation to the expiry in September 1984 of the lease of a property in Ipswich. On the basis of legal advice received, this claim has been and will continue to be most strongly contested. No progress has been made on the negotiations and no provision has been made in the financial statements for any liability.

A joint and several guarantee has been provided by the company, together with its subsidiary companies, in respect of monies owing to the group's bankers. At 31st December 1983 a total of £395,128 was owing by the group to its bankers (1982: £926,177).

The company has provided a guarantee with respect to term loans owing by subsidiaries amounting to £1,220,300 (1982: £1,033,689).

The company and the group have a contingent liability relating to deferred taxation not provided on an unrealised capital gain of £67,500 (1982: £67,500).