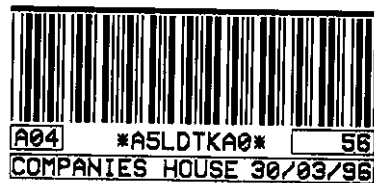


1967507

WIGGINS WINCHESTER LIMITED

FINANCIAL STATEMENTS

31st December 1995



REPORT OF THE DIRECTORS

PRESENT DIRECTORS

J.M.Ritchie
D.Potts

The directors present their report and the audited financial statements for the year to 31st December 1995.

PRINCIPAL ACTIVITIES

The company's principal activity is the retail distribution of motor vehicles and allied activities in the motor trade.

REVIEW OF THE BUSINESS

The company performed satisfactorily but suffered from the downturn in the market during the latter part of the year.

RESULTS AND DIVIDENDS

Details of the results for the period are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (1994 - £48,049).

DIRECTORS

The directors listed above served throughout the year.

DIRECTORS' INTERESTS

Neither of the directors had any interests in the shares of the company, or of the company's fellow subsidiaries, or holding company, which require notification to the company in accordance with the provisions of Section 324 of the Companies Act 1985.

REPORT OF THE DIRECTORS - CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the period under review 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.
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- * 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 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.

REGISTERED NUMBER

1967507

INSURANCE

The company is covered by a Directors' and Officers' Liability insurance policy maintained by Jardine Matheson Holdings Limited, the company's ultimate holding company.

AUDITORS

Ernst and Young resigned as auditors on 29th March 1995 and Price Waterhouse were appointed as auditors in their place. There were no matters which Ernst and Young considered should be brought to the attention of the members or creditors of the company.

Pursuant to the elective resolution passed on 29th March 1995, Price Waterhouse, the present auditors, will continue in office.

3 Lombard Street

London, EC3V 9AQ

27th March 1996

By order of the Board

Matheson & Co., Limited

Secretaries

Temple Ruthford
Assistant Secretary
Lancaster

AUDITORS' REPORT TO THE MEMBERS OF WIGGINS WINCHESTER LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 judgments 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 affairs as at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY

Chartered Accountants
and Registered Auditors

27th March 1996

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1995

	Note	£	1995 £	£	1994 £
TURNOVER			13,892,882		12,899,428
Cost of sales			(12,129,880)		(11,203,888)
GROSS PROFIT			<u>1,763,002</u>		<u>1,695,540</u>
Distribution costs		347,391		285,830	
Administrative expenses		<u>1,021,657</u>		<u>1,201,693</u>	
			(1,369,048)		(1,487,523)
OPERATING PROFIT	2		393,954		208,017
Interest payable	5		(95,010)		(70,723)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>298,944</u>		<u>137,294</u>
Tax on profit on ordinary activities	6		(119,356)		(46,682)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			<u>179,588</u>		<u>90,612</u>
Dividends	7		<u>-</u>		<u>(48,049)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	15		<u>179,588</u>		<u>42,563</u>

All amounts relate to continuing operations.

The retained profit for the year is equal to the total recognised profit for the year.

The notes on pages 6 to 13 form an integral part of these financial statements.

BALANCE SHEET
31st December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	8		470,070		515,873
CURRENT ASSETS					
Stock	9	1,681,409		1,271,692	
Repurchase commitments	10	141,750		-	
Debtors	11	371,408		298,920	
Cash at bank and in hand		595		527	
		-----		-----	
		2,195,162		1,571,139	
		-----		-----	
CREDITORS - amounts falling due within one year					
	12	2,422,654		1,530,439	
		-----		-----	
NET CURRENT (LIABILITIES)/ASSETS			(227,492)		40,700
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			242,578		556,573
CREDITORS - amounts falling due after more than one year					
Loans	13		-		(459,630)
Obligations under finance leases	13		-		(47,102)
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	14		(20,349)		(7,200)
			-----		-----
			222,229		42,641
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	15		222,227		42,639
			-----		-----
SHAREHOLDERS' FUNDS (Equity interests)			222,229		42,641
			=====		=====
APPROVED BY THE BOARD OF DIRECTORS					


D Potts
27th March 1996

The notes on pages 6 to 13 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995**1. ACCOUNTING POLICIES****a) BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the historical cost convention, using applicable accounting standards. The principal accounting policies which the directors have adopted within that convention are set out below.

b) TURNOVER

Turnover comprises sales of motor vehicles, spare parts and servicing and repairing income. Value added tax and car tax are excluded.

c) DEFERRED TAXATION

Deferred tax is accounted for under the liability method in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements, only to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

d) DEPRECIATION

Depreciation is calculated to write off the cost of each category of fixed assets, using the straight line method, during its expected useful life. The lives used are as follows:

Short leasehold property	25 years;
Plant and equipment	5-10 years;
Motor vehicles	3-5 years.

e) REPURCHASE COMMITMENTS

Repurchase commitments relate to undertakings to repurchase, at predetermined dates in the future, vehicles sold by the company. These repurchase commitments are included as an asset in the balance sheet at repurchase value with a corresponding liability within creditors.

f) STOCK

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price.

g) PENSIONS

Lancaster plc has appointed Trustees to administer a contributory pension scheme, based on the cost of providing pensions across all participating Lancaster group companies, whose costs are not individually determined. As a result, contributions allocated to the company are charged against profits for the year in which they become payable. Full details are given in the accounts of the parent company, Lancaster plc.

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995

1. ACCOUNTING POLICIES - CONTINUED

h) LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account when incurred.

2. OPERATING PROFIT	1995 £	1994 £
Operating profit is arrived at after charging:		
Auditors' remuneration - audit services	9,950	10,000
Auditors' remuneration - other services	-	6,540
Depreciation of owned assets	57,264	62,527
Depreciation of assets held under finance leases and hire purchase contracts	-	1,797
Operating lease rentals-land & buildings	158,287	149,000
-other	5,734	8,848
	=====	=====

3. EMPLOYEES	1995 No.	1994 No.
The average number employed by the company within each category of persons was:		
Sales staff	8	8
After-sales staff	31	32
Administration staff	4	5
	--	--
	43	45
	==	==

The costs incurred in respect of these employees were:

	£	£
Wages and salaries	768,664	827,162
Social security costs	67,009	82,782
Other pension costs	27,517	86,206
	-----	-----
	863,190	996,150
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995

4. DIRECTORS

No emoluments were paid to the directors in the year. In 1994 directors' emoluments were as follows:

	£
Fees	7,500
Other remuneration	198,531

	206,031
	=====

In 1994 emoluments (excluding pension contributions) of the chairman, who was also the highest paid director, were £68,390. There was no chairman in 1995.

The number of directors (including the chairman) who received emoluments (excluding pension contributions) in the following ranges was:-

	1995 No.	1994 No.
£0 - £5,000	2	-
£5,001 - £10,000	-	1
£30,001 - £35,000	-	1
£40,001 - £45,000	-	1
£65,001 - £70,000	-	1
	==	==

5. INTEREST PAYABLE

	1995 £	1994 £
On loans wholly repayable within five years:		
Bank loans and overdraft	80,168	18,329
Other loans	14,842	28,013
Finance charges payable under finance leases and hire purchase agreements	-	24,381
	-----	-----
	95,010	70,723
	=====	=====

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Taxation is based on profits for the year and comprises:		
Group relief/corporation tax at 33% (1994 - 27.6%)	107,483	53,400
Corporation tax movements relating to prior periods	(1,276)	(198)
Deferred tax (see note 14)	13,149	(6,520)
	-----	-----
	119,356	46,682
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995

7.	DIVIDENDS	1995 £	1994 £
	No ordinary dividend was paid in the year (1994 - £24,024.50 per share)	-	48,049
		=====	=====

8.	FIXED ASSETS	Short Leasehold Property £	Plant and equipment £	Motor Vehicles £	Total £
	COST				
	At 30th December 1994	449,652	295,897	18,796	764,345
	Additions	1,486	9,400	9,602	20,488
	Transfers from group undertakings	-	6,200	-	6,200
	Disposals	-	-	(13,797)	(13,797)
	Transfers to group undertakings	-	(58,132)	-	(58,132)
	At 31st December 1995	451,138	253,365	14,601	719,104
	DEPRECIATION				
	At 30th December 1994	69,890	168,500	10,082	248,472
	Provided for the year	20,229	30,455	6,580	57,264
	Transfers from group undertakings	-	2,654	-	2,654
	Disposals	-	-	(11,370)	(11,370)
	Transfers to group undertakings	-	(47,986)	-	(47,986)
	At 31st December 1995	90,119	153,623	5,292	249,034
	NET BOOK AMOUNT				
	At 31st December 1995	£361,019	£99,742	£9,309	£470,070
		=====	=====	=====	=====
	At 30th December 1994	£379,762	£127,397	£8,714	£515,873
		=====	=====	=====	=====

The net book value of plant and equipment and motor vehicles of £109,051 includes an amount of £nil (1994 - £12,772) in respect of assets held under finance leases.

9.	STOCK	1995 £	1994 £
	Vehicles		
	- held on consignment	666,468	516,928
	- other	872,774	592,141
	Parts	134,886	153,013
	Oil and sundries	7,281	9,610
		-----	-----
		1,681,409	1,271,692
		=====	=====

The stock held on consignment shown in the balance sheet is interest bearing and has a corresponding liability which is included within trade creditors.

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995

10. REPURCHASE COMMITMENTS

	£	£
Within one year	141,750	-
	=====	=====

11. DEBTORS

	£	£
Trade debtors	297,697	192,132
Other debtors	6,578	82,729
Prepayments and accrued income	67,133	24,059
	-----	-----
	371,408	298,920
	=====	=====

12. CREDITORS : amounts falling due within one year

	£	£
Bank overdraft	73,201	65,956
Bank loan	-	19,984
Other loans	-	325,050
Obligations under finance leases and hire purchase contracts (see note 12)	-	201,548
Trade creditors	963,306	728,367
Repurchase commitments (see note 9)	141,750	-
Amounts owed to group undertakings	1,010,494	-
Other creditors	65,026	56,337
Corporation tax	107,483	40,827
Other taxes and social security costs	61,394	92,370
	-----	-----
	2,422,654	1,530,439
	=====	=====

Trade creditors includes amounts due arising from the purchase of stocks from suppliers who claim that, under the terms of trade, ownership thereof does not pass to the company until sums due to these suppliers are settled.

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995

13. CREDITORS - amounts falling due after more than one year	1995 £	1994 £
(1) LOANS		
Wholly repayable within five years:		
Loans	-	110,167
Not wholly repayable within five years:		
Due to parent undertaking	-	349,463
	-----	-----
	-	459,630
	=====	=====

(2) OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	£	£
Amounts payable:		
within one year	-	202,271
within two to five years	-	47,848
	-----	-----
		250,119
Less: finance charges allocated to future periods	-	(1,469)
	-----	-----
	-	248,650
	=====	=====
Finance leases and hire purchase contracts are shown as:		
Current obligations (see note 12)	-	201,548
Non-current obligations	-	47,102
	-----	-----
	-	248,650
	=====	=====

14. DEFERRED TAXATION

a) Provisions at year end

	1995		1994	
	Provided	Not provided	Provided	Not provided
	-----	-----	-----	-----
	£	£	£	£
Capital allowances in excess of depreciation	20,349	-	18,280	-
Other timing differences	-	-	(11,080)	-
	-----	-----	-----	-----
	20,349	-	7,200	-
	=====	=====	=====	=====

b) Movement in the year

	£
At 30th December 1994	7,200
Credit for the year	(41)
Charge in respect of prior years	13,190

At 31st December 1995	20,349
	=====

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995

15. SHAREHOLDERS' FUNDS

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Revenue Reserves	Total
	-----	-----	-----
	£	£	£
Balance at 30th December 1994	2	42,639	42,641
Profit for the year	-	179,588	179,588
	-----	-----	-----
Balance at 31st December 1995	2	222,227	222,229
	=====	=====	=====

The company has 100 authorised ordinary shares of £1 each and has 2 allotted, issued and fully paid ordinary shares of £1 each.

16. CONTINGENT LIABILITIES

There were contingent liabilities at 31st December 1995 in respect of cross guarantees covering bank loans and overdrafts in the holding company and fellow subsidiaries. These loans and overdrafts amounted to £14,340,520 at 31st December 1995 (1994 - £nil).

17. FINANCIAL COMMITMENTS

OPERATING LEASES

At 31st December 1995 the company had annual commitments under non-cancellable operating leases which expire as follows:

	1995		1994	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Within one year	-	1,104	-	1,034
In the second to fifth years	16,000	5,795	16,000	8,326
After five years	145,000	-	145,000	-
	-----	-----	-----	-----
	161,000	6,899	161,000	9,360
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
31st December 1995

18. CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Lancaster plc, which prepares a consolidated Cash Flow Statement. The company has therefore elected to make use of the exemption provided in Financial Reporting Standard No. 1 ("Cash Flow Statements") not to produce a Cash Flow Statement.

19. ULTIMATE PARENT COMPANY

The parent undertaking is Lancaster Winchester Limited (formerly Nochar Holdings Limited), a company registered in England.

As at the close of business on 31st December 1994 the entire shareholding of Lancaster Winchester Limited was acquired by Lancaster plc, whose ultimate parent company is Jardine Matheson Holdings Limited, a company incorporated in Bermuda.

Consolidated accounts for both Lancaster plc and Jardine Matheson Holdings Limited can be obtained from:-

Jardine House
6 Crutched Friars
London EC3N 2HT