

2592955

REGISTRAR

SPRINGFIELD SPECIALIST CARS LIMITED

Report and Financial Statements

31 December 2001

 ERNST & YOUNG



Springfield Specialist Cars Limited

Registered No. 2592955

DIRECTORS

R Price
M S Black
Mrs L I Price

SECRETARY

Mrs L I Price

AUDITORS

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

BANKERS

Barclays Bank plc
P O Box 387
71 Grey Street
Newcastle upon Tyne
NE99 1JP

SOLICITORS

Eversheds
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

REGISTERED OFFICE

Wessington Way
Sunderland
Tyne and Wear
SR5 3NS

Springfield Specialist Cars Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of motor vehicle dealers.

REVIEW OF THE BUSINESS

The directors are satisfied with the result for the year and with the company's financial position as at 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, was £22,146 (2000: £181,978). The directors do not recommend the payment of a dividend and the retained profit for the year has been transferred to reserves.

EVENTS SINCE THE BALANCE SHEET DATE

Following a group reorganisation on 1 January 2002, the company became a wholly owned subsidiary undertaking of Springfield Cars Limited. The trade and net assets of the company were transferred to Springfield Cars Limited on 1 January 2002.

DIRECTORS AND THEIR INTERESTS

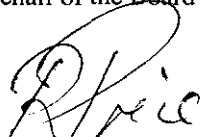
The directors at 31 December 2001 and their interests in the share capital of the company were as follows:

	<i>Ordinary shares 2001</i>	<i>Ordinary shares 2000</i>
R Price	54,000	54,000
M S Black	18,000	18,000
R Price and LI Price as trustees of R Price Settlement	18,000	18,000

AUDITORS

Ernst & Young LLP were appointed auditors during the year. A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



R Price
Director

25 September 2002

Springfield Specialist Cars Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SPRINGFIELD SPECIALIST CARS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2001 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

25 September 2002

Springfield Specialist Cars Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Notes	2001 £	2001 £	2000 £
TURNOVER	2	31,815,920	26,319,492	
Cost of sales		(27,611,264)	(23,149,112)	
GROSS PROFIT		4,204,656	3,170,380	
Distribution costs		2,677,863	1,910,020	
Administrative expenses		1,505,580	1,063,950	
		4,183,443	2,973,970	
OPERATING PROFIT	3	21,213	196,410	
Interest payable and similar charges	6	(25,295)	(9,863)	
Interest receivable and similar income		57,728	61,835	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		53,646	248,382	
Tax on profit on ordinary activities	7	(31,500)	(66,404)	
PROFIT RETAINED FOR THE FINANCIAL YEAR	17	£22,146	£181,978	

The company had no recognised gains or losses other than the result for the financial year.

Springfield Specialist Cars Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2001

	2001 £	2000 £
Profit for the financial year	22,146	181,978
Surplus on revaluation of tangible fixed assets	59,140	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	£81,286	£181,978

Springfield Specialist Cars Limited

BALANCE SHEET

at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	1,140,031	1,168,361
Investments	9	-	34,435
		<u>1,140,031</u>	<u>1,202,796</u>
CURRENT ASSETS			
Stocks	10	3,445,368	3,246,313
Debtors	11	1,002,153	1,158,589
Cash at bank and in hand		1,540	72,934
		<u>4,449,061</u>	<u>4,477,836</u>
CREDITORS: amounts falling due within one year	12	(3,596,375)	(3,744,689)
		<u>852,686</u>	<u>733,147</u>
NET CURRENT ASSETS			
		<u>1,992,717</u>	<u>1,935,943</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	14	(827,696)	(852,208)
		<u>£1,165,021</u>	<u>£1,083,735</u>
CAPITAL AND RESERVES			
Called up share capital	16	90,000	90,000
Revaluation reserve	17	469,464	413,114
Profit and loss account	17	605,557	580,621
		<u>£1,165,021</u>	<u>£1,083,735</u>
EQUITY SHAREHOLDERS' FUNDS	17	<u>£1,165,021</u>	<u>£1,083,735</u>



R Price

Director

25 September 2002

Springfield Specialist Cars Limited

CASH FLOW STATEMENT

for the year ended 31 December 2001

	Notes	2001 £	2000 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	18a	(198,507)	(786,021)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18b	32,433	51,972
TAXATION			
UK corporation tax paid		(73,456)	(122,948)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18b	(39,361)	(164,514)
CASH (OUTFLOW) BEFORE FINANCING		(278,891)	(1,021,511)
FINANCING	18b	(16,713)	379,533
DECREASE IN CASH		£(295,604)	£(641,978)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2001 £	2000 £
(Decrease) in cash		(295,604)	(641,978)
Cash inflow/(outflow) from increase in debt and lease financing		16,713	(379,533)
Change in net debt resulting from cash flows		(278,891)	(1,021,511)
New finance leases and hire purchase contracts		-	(70,449)
MOVEMENT IN NET DEBT		(278,891)	(1,091,960)
NET DEBT AT 1 JANUARY		(1,437,696)	(345,736)
NET DEBT AT 31 DECEMBER		£(1,716,587)	£(1,437,696)

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year, including manufacturers' bonuses and finance commission. In the prior year manufacturers' bonuses and finance commission were included as other operating income of £1,082,023. In the current year these have been reclassified as turnover in order to reflect a fairer presentation in the accounts.

Fixed assets

All fixed assets are initially recorded at cost. Freehold land and buildings have subsequently been revalued at 31 December 2001, with the revaluation surplus being taken to the revaluation reserve.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	-	50 years
Computer equipment	-	3 years
Plant and machinery	-	20% reducing balance
Fixtures, fittings and equipment	-	5 years
Motor vehicles	-	4 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historic cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Stocks held on consignment are accounted for on the balance sheet when the terms of the consignment agreement and commercial practice indicate that the principal benefit of owning the stock and the principal risks of ownership rest with the company.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Pensions

The company operates a defined contribution pension scheme for certain employees. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company.

2. TURNOVER AND PROFIT BEFORE TAXATION

All of the company's turnover and profit before taxation arose from trading within the United Kingdom and from its principal activities.

3. OPERATING PROFIT

This is stated after charging:

	2001 £	2000 £
Depreciation of owned fixed assets	125,798	42,670
Depreciation of assets held under finance leases and hire purchase contracts	35,468	22,036
Auditors' remuneration	9,400	6,300
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Emoluments	£244,293	£103,764
	<u> </u>	<u> </u>

Company contributions paid to money purchase pension schemes	£30,941	£27,206
	<u> </u>	<u> </u>

	2001 No.	2000 No.
Members of money purchase pension schemes	3	3
	<u> </u>	<u> </u>

The amounts in respect of the highest paid director are as follows:

	2001 £	2000 £
Emoluments	£123,822	£52,676
	<u> </u>	<u> </u>
Company contributions paid to money purchase pension schemes	£17,018	£14,963
	<u> </u>	<u> </u>

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

5. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	1,601,428	1,363,052
Social security costs	157,802	122,321
Other pension costs	35,300	9,205
	<u>£1,794,530</u>	<u>£1,494,578</u>

The monthly average number of employees during the year was as follows:

	2001	2000
	No.	No.
Directors	3	3
Car sales	51	31
Servicing and parts	59	48
Administration	16	17
	<u>129</u>	<u>99</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
Bank loans and overdrafts	190	7,592
Finance charges payable under finance leases and hire purchase interest contracts	25,105	2,271
	<u>£25,295</u>	<u>£9,863</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
UK corporation tax	31,500	71,600
Corporation tax (over)provided in previous periods	-	(5,196)
	<u>£31,500</u>	<u>£66,404</u>

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

8. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £</i>	<i>Computer equipment £</i>	<i>Plant and machinery £</i>	<i>Fixtures fittings and equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost or valuation:						
At 1 January 2001	971,440	160,841	119,725	53,526	90,754	1,396,286
Additions	295,558	46,431	47,440	21,873	-	411,302
Disposals	(292,358)	(14,527)	(25,579)	(13,385)	(28,808)	(374,657)
Surplus on revaluation	360	-	-	-	-	360
At 31 December 2001	975,000	192,745	141,586	62,014	61,946	1,433,291
Depreciation:						
At 1 January 2001	38,723	72,521	63,508	30,478	22,695	227,925
Provided during the year	20,057	66,478	44,460	24,400	5,871	161,266
Disposals	-	(9,654)	(17,136)	(10,361)	-	(37,151)
Depreciation written back on revaluation	(58,780)	-	-	-	-	(58,780)
At 31 December 2001	-	129,345	90,832	44,517	28,566	293,260
Net book value:						
At 31 December 2001	£975,000	£63,400	£50,754	£17,497	£33,380	£1,140,031
At 31 December 2000	£932,717	£88,320	£56,217	£23,048	£68,059	£1,168,361

The company's freehold land and buildings were revalued on 31 December 2001 on an open market value for existing use basis by Knight Frank at £975,000. The surplus on revaluation has been taken to the revaluation reserve.

On a historical cost basis, freehold land and buildings would have been included as follows:

	<i>2001 £</i>	<i>2000 £</i>
Cost	575,930	575,930
Accumulated depreciation	(57,000)	(53,789)
Net book amount	£518,930	£522,141

Included in the net book amount of plant and machinery is £Nil (2000: £4,372) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation charged in the year on those assets amounted to £Nil (2000: £1,093).

Included in the net book amount of computer equipment is £60,252 (2000: £80,420) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation charged in the year on those assets amounted to £35,468 (2000: £20,943).

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

9. INVESTMENTS

	2001	2000
	£	£
Cost:		
At 1 January 2001	34,435	-
Additions	-	34,435
Disposals	(34,435)	-
At 31 December 2001	£ -	£34,435

10. STOCKS

	2001	2000
	£	£
Used vehicles	2,444,805	2,173,928
New vehicles	391,424	432,069
Demonstrator vehicles	534,728	525,595
Parts and accessories	74,411	114,721
	£3,445,368	£3,246,313

11. DEBTORS

	2001	2000
	£	£
Trade debtors	484,394	669,173
Other debtors	195,536	144,241
Prepayments and accrued income	322,223	278,170
Amounts due from related companies	-	67,005
	£1,002,153	£1,158,589

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

12. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Bank overdraft (secured)	851,199	626,989
Obligations under finance lease and hire purchase contracts (secured)	39,232	31,433
Trade creditors	1,838,604	2,198,960
Amounts owed to related companies	109,531	-
Corporation tax	67,500	73,456
Other taxes and social security costs	205,267	180,272
Other creditors	370,625	458,619
Accruals and deferred income	114,417	174,960
	<u>£3,596,375</u>	<u>£3,744,689</u>

The bank overdraft is secured by a debenture on banks standard form 558 dated 2 December 1988, together with various life policies and a charge over the group freehold land and buildings.

The bank overdraft is secured by a cross guarantee and debenture between Springfield (Durham) Limited, Springfield Specialist Cars Limited and Springfield Cars Limited on bank's standard form dated 19 August 1998.

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2001 £	2000 £
Amounts payable:		
Within one year	43,128	43,128
In two to five years	30,447	50,483
	<u>73,575</u>	<u>93,611</u>
Less: finance charges allocated to future periods	6,647	9,970
	<u>£66,928</u>	<u>£83,641</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 12)	39,232	31,433
Non-current obligations	27,696	52,208
	<u>£66,928</u>	<u>£83,641</u>

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

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

	2001	2000
	£	£
Obligations under finance leases and hire purchase contracts (secured)	27,696	52,208
Used vehicle stocking loan	800,000	800,000
	<u>£827,696</u>	<u>£852,208</u>

The used vehicle stocking loan is secured by a Deed of Priority and charge over freehold land and buildings.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax provision in the financial statements and the amounts not provided are as follows:

	<i>Provided</i>		<i>Unprovided</i>	
	2001	2000	2001	2000
	£	£	£	£
Capital allowances in advance of depreciation	-	-	-	3,434
Revaluation of freehold property	-	-	141,000	103,899
	<u>£ -</u>	<u>£ -</u>	<u>£141,000</u>	<u>£107,333</u>

16. SHARE CAPITAL

	2001	<i>Authorised</i>
	£	2000
	£	£
Ordinary shares of £1 each	£100,000	£100,000

	<i>Allotted, called up and fully paid</i>			
	2001	2001	2000	2000
	No.	£	No.	£
Ordinary shares of £1 each	90,000	£90,000	90,000	£90,000

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total share- holders' funds £
At 1 January 2000	90,000	415,904	395,853	901,757
Profit for the year	-	-	181,978	181,978
Transfer to profit and loss account	-	(2,790)	2,790	-
At 31 December 2000	90,000	413,114	580,621	1,083,735
Profit for the year	-	-	22,146	22,146
Transfer to profit and loss account	-	(2,790)	2,790	-
Surplus on revaluation of tangible fixed assets	-	59,140	-	59,140
At 31 December 2001	£90,000	£469,464	£605,557	£1,165,021

18. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash outflow from operating activities:

	2001 £	2000 £
Operating profit	21,213	196,410
Depreciation	161,266	64,706
(Increase) in stocks	(199,055)	(1,714,821)
Decrease/(increase) in debtors	192,436	(541,529)
(Decrease)/increase in creditors	(374,367)	1,209,213
Net cash (outflow) from operating activities	£(198,507)	£(786,021)

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

18. NOTES TO THE CASH FLOW STATEMENT (continued)

(b) Analysis of cash flows for headings netted in the cash flow statement:

	2001 £	2000 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	190	7,592
Interest element of finance lease rentals	25,105	2,271
Interest received	(57,728)	(61,835)
	<u>£(32,433)</u>	<u>£(51,972)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	411,302	130,079
Payment to acquire investments	-	34,435
Receipts from sale of tangible fixed assets	(337,506)	-
Receipts from sale of investments	(34,435)	-
	<u>£39,361</u>	<u>£164,514</u>
FINANCING		
Capital element of finance leases and hire purchase contracts	(16,713)	(20,467)
Increase in long term borrowings	-	400,000
	<u>£(16,713)</u>	<u>£379,533</u>

(c) Analysis of changes in net debt

	At 31 December 2000 £	Cash flow £	Other non-cash flow £	At 31 December 2001 £
Cash at bank and in hand	72,934	(71,394)	-	1,540
Bank overdraft	(626,989)	(224,210)	-	(851,199)
	<u>(554,055)</u>	<u>(295,604)</u>	<u>-</u>	<u>(849,659)</u>
Debt due within one year	-	-	-	-
Debt due after one year	(800,000)	-	-	(800,000)
Finance leases and hire purchase contracts	(83,641)	16,713	-	(66,928)
	<u>(883,641)</u>	<u>16,713</u>	<u>-</u>	<u>(866,928)</u>
	<u>£(1,437,696)</u>	<u>£(278,891)</u>	<u>£ -</u>	<u>£(1,716,587)</u>

Springfield Specialist Cars Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

19. POST BALANCE SHEET EVENTS

Following a group reorganisation on 1 January 2002 the company became a wholly owned subsidiary undertaking of Springfield Cars Limited. The trade and net assets of the company were transferred to Springfield Cars Limited on 1 January 2002.

20. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £Nil (2000: £Nil).

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22. TRANSACTIONS WITH DIRECTORS

Included in "other debtors" (note 11) is a loan to a director, R Price.

	2001 £	2000 £
Amount outstanding at 1 January	90,362	-
Monies advanced by the company during the year	53,500	90,362
Amount repaid by R Price during the year	-	-
Amount outstanding at 31 December	<u>£143,862</u>	<u>£90,362</u>

The maximum amount outstanding during the year was £143,862 (2000: £90,362).

23. RELATED PARTIES

During the year the company entered into the following transactions in the ordinary course of business, with related parties:

Related party	Sales to related party £	Purchases from related party £	Amounts owed by related party £	Amounts owed to related party £
Springfield Cars Limited *				
2001	277,735	1,259,097	14,044	7,676
2000	135,525	1,340,950	31,758	56,001
Springfield (Durham) Limited *				
2001	328,028	389,666	12,610	1,530
2000	57,884	420,949	11,759	1,030

The above companies (*) are related by virtue of common directorships.

24. CONTROLLING PARTY

In the directors' opinion, the company's controlling party is Mr R Price.