



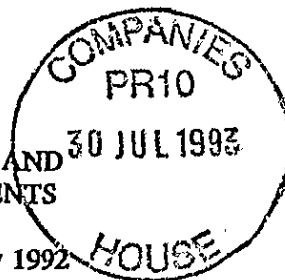
EDO Binder Hamlyn  
Chartered Accountants



SPECKTOR LIMITED

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS

for the period 7 February 1992  
to 30 April 1993



2685390

Company Number: 2685390



Ayr Bacup Belfast Birmingham Bristol Bury St Edmunds  
Croydon Edinburgh Enniskillen Glasgow Leeds  
London Manchester Newbury Newcastle Newmarket  
Norwich Nottingham Poole Rochdale St Albans  
Saltcoats Stoke-on-Trent Stranraer Wolverhampton

**SPECKTOR LIMITED**

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**DIRECTORS**

K Hamer (Chairman)  
RG Gent  
DVF Wimpres (Non executive)

**SECRETARY**

PA Lamare

**REGISTERED OFFICE**

Bonehill Road  
Tamworth  
Staffordshire  
B78 3HH

**AUDITORS**

BDO Binder Hamlyn  
Beaufort House  
Newhall Street  
Birmingham  
B3 1PA

**BANKERS**

Royal Bank of Scotland plc  
79/83 Colmore Row  
Birmingham  
B3 2BA

**SOLICITORS**

Pinsent & Co  
3 Colmore Circus  
Birmingham  
B4 6BH

SPECKTOR LIMITED**CHAIRMAN'S STATEMENT**

for the period 7 February 1992 to 30 April 1993

The period ended 30 April 1993, being our inaugural period of trading, has seen the development of the Tamworth Ford Dealership which we commenced building on 21 April 1992 on a 1.6 acre greenfield site in Tamworth and opened fully for trading for Service, Parts and Sales operations on 1 August 1992.

The Ford Motor Company Limited had not enjoyed any dealer representation for the previous two years in Tamworth and I am pleased to report that 43 employees were successfully recruited following major interest and 4,500 prospective applicants.

The dealership was set up effectively taking advantage of the recession and enabling our overheads to be constrained within our original development plans. The company has had an exciting and challenging period in which we have achieved our overall operating business plans in three out of four of our departments. Particular mention must be given to the new car department which achieved 182.2% operating profit against plan. Our new car market share has risen throughout the year, culminating in Hamer Ford being number one in the Ford Motor Company Limited regional league table with 34.3% of the total new retail car market compared to a national share of 15.4%. As this was all achieved through conquest business, we look forward to growth in our profit and market share as the company continues to establish its good name.

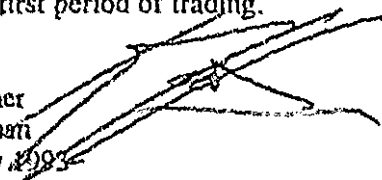
With the abolition of car tax and price reductions from new car manufacturers, the used car department faced some trading difficulties through the fourth quarter of 1992, but I am pleased to report profit and unit objectives have been met over recent months. Both after sales departments have performed well through the period and have now increased productive levels to meet our business demands and are in a position where they are now making a major contribution to the company. The parts department operating profit was adversely affected by an estimated £30,000 which was due to the non-commencement of our body shop centre. However, I am pleased to report that the body shop centre, which was planned to open in November 1992 and has not made a contribution to our first period's results, will be fully operational in September 1993. I am confident that the long term advantage of having it located close to the main dealership and having vehicle storage adjacent at a competitive leasehold rate will soon compensate for loss of total profit contribution estimated to be approximately £66,000 in our first period arising from its late opening.

Turnover growth and contribution from our core departments have achieved excellent levels from a zero customer base and justify the company's investment in advanced customer handling standards. The company's business philosophy of maintaining a close relationship between ourselves and our customers beyond the initial sales transaction and conducting our business from smart, cost effective premises will continue now and in the future. Our staff are going through rigorous training in order to strive for complete customer satisfaction and they are now sharing in the company's philosophy which will be built on throughout the coming year.

The company's achievements have been recognised by a number of manufacturers throughout the year and we are being strongly courted for when we feel the time is right to add to our portfolio. It is our intention, with clearly focused objectives, to be seen as a major quality retailer and to continue our fixed new car and servicing pricing policy which we believe will bring about profitable business opportunities both by organic growth and appropriate acquisitions.

I am also pleased to report the appointment of Mr DVF Wimpess as a non-executive director to the Board on 30 June 1993. I am confident his vast experience spanning over 30 years in the motor industry will strengthen the company's standing.

Finally, I must pay tribute to all our employees for their outstanding determination which has contributed greatly to our first period of trading.



K Hamer  
Chairman  
26 July 1993

**SPECKTOR LIMITED****REVIEW OF THE BUSINESS**

for the period 7 February 1992 to 30 April 1993

The dealership opened for trading in Tamworth on 1 August 1992. This was after a twelve week building programme and designed to take advantage of the Industry's busiest period.

Departmental operating profits for our first nine month period of trading against our original business plan were as follows:

Department	Actual £	Plan £
New Vehicle Sales	93,403	51,275
Used Vehicle Sales	74,840	115,969
Parts	32,523	60,896
Service	83,186	94,780
Rapid Fit	(3,579)	-
Body Shop	-	36,190
	<u>280,373</u>	<u>359,110</u>

***New Vehicle Sales Department***

New vehicle sales performed well against planned unit sales with 358 cars sold compared with our plan of 310. We regularly achieved sales above Ford Motor Company Limited's national penetration from retail sales.

***Used Vehicle Sales Department***

The used vehicle market during the last five months of 1992 saw extraordinary changes. Manufacturers reduced new vehicle prices and the Government abolished new car tax and the net effect reduced the differential between new and used vehicle prices. A reduced level of sales was experienced across the Industry and we experienced exceptional price reductions in used vehicles to reinstate price differentials between used and new cars. 1993 has seen the effect of this action reflecting through the market. So far in 1993 our planned sales margins and volumes have been achieved.

***Parts Department***

The parts department performed to plan after the late opening of the body shop is taken into account. This is estimated to have reduced the operating profit of the parts department by £30,000. This department's contribution to profit continues to grow as we establish ourselves in the market place.

***Service Department***

The service department shows continued growth. Once the body shop development is complete we will be able to realise its full potential. Space is required to employ additional service technicians and allow the service department to achieve plan.

***Rapid Fit Department***

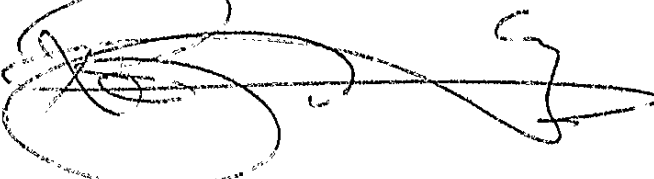
This pilot operation for Ford Motor Company Limited came close to a break even position. Central billing is required through Ford Motor Company Limited allowing us to access the fleet market with accounts for approximately 70% of the tyre and exhaust market. These potential customers are currently using national fast fit service operations.

Ford Motor Company Limited are addressing this position. Our Rapid Fit Department continues to show growth even without this advantage.

***Body Shop***

With completion scheduled for early September, this department will assist other departments to improve their performances through inter departmental sales. Pressures will be relieved from our main site and the body shop department will complete our Tamworth operation.

RG Gent  
Director  
26 July 1993



**SPECKTOR LIMITED****DIRECTORS' REPORT**

for the period 7 February 1992 to 30 April 1993

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**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the period 7 February 1992 to 30 April 1993.

**INCORPORATION, CHANGE OF NAME AND COMMENCEMENT OF TRADING**

The company was incorporated as Chipchase Limited on 7 February 1992 and changed its name to Specktor Limited on 5 March 1992. The company commenced full trading on 1 August 1992.

**PRINCIPAL ACTIVITIES**

The principal activity of the company is the operation of the Hamer Ford motor dealership in Tamworth.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

A review of the business and future developments is included in the Chairman's Statement and the Review of the Business on pages 2 and 3.

**RESULTS AND DIVIDENDS**

The company made a loss after taxation of £156,271. The loss for the year is after charging initial dealership development costs. The directors are unable to recommend payment of a dividend and recommend that the loss be deducted from reserves.

**FIXED ASSETS**

Details of the movements in fixed assets during the period are set out in notes 6 and 7 to the financial statements.

**DIRECTORS**

The directors during the period were as follows:

K Hamer	(appointed 9 March 1992)
RG Gent	(appointed 9 March 1992)
Pinsent Directors Limited	(appointed 7 February 1992, resigned 9 March 1992)
Pinsent Secretaries Limited	(appointed 7 February 1992, resigned 9 March 1992)

In addition, DVF Wimpress was appointed a director on 30 June 1993.

**SPECKTOR LIMITED****DIRECTORS' REPORT**

for the period 7 February 1992 to 30 April 1993 (continued)

**DIRECTORS' INTERESTS IN SHARES**

The directors who held office at 30 April 1993 had the following interests in the shares of the company at their date of appointment and the end of the financial year.

	£1 Ordinary shares fully paid	
	1993	1992
K Hamer	5,300	-
RG Gent	700	-

Neither director had an interest in the 'A' ordinary shares or the redeemable preference shares at either date.

The directors hold a total of 60% of the voting rights of the combined ordinary and 'A' ordinary share capital. The remaining 40% of voting rights are held by 3i Group plc.

**AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 26 July 1993.

K Hamer  
Director





BDO Binder Hamlyn  
Chartered Accountants

Beaufort House Newhall Street  
Birmingham B3 1PA

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**AUDITORS' REPORT**  
to the members of Specktor Limited

We have audited the financial statements on pages 7 to 18 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 1993 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Binder Hamlyn*

Chartered Accountants  
Registered Auditor

26 July 1993

**SPECKTOR LIMITED****PROFIT AND LOSS ACCOUNT**

for the period 7 February 1992 to 30 April 1993

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	Notes	1993 £
Turnover	2	5,413,454
Cost of sales		(4,663,169)
Gross profit		<u>750,285</u>
Administrative expenses		<u>(781,609)</u>
Loss before amortisation of dealership development expenditure		<u>(31,324)</u>
Amortised dealership development expenditure		<u>(14,128)</u>
Operating loss	3	<u>(45,452)</u>
Other interest receivable and similar income		5,883
Interest payable and similar charges	4	<u>(116,702)</u>
Loss on ordinary activities before taxation	2	<u>(156,271)</u>
Tax on loss on ordinary activities	5	-
Retained loss for the period	15	<u><u>£ (156,271)</u></u>



**SPECKTOR LIMITED****BALANCE SHEET**  
as at 30 April 1993

	Notes	£	1993 £
<b>FIXED ASSETS</b>			
Intangible assets	6		80,057
Tangible assets	7		1,498,259
			<u>1,578,316</u>
<b>CURRENT ASSETS</b>			
Stocks	8	568,453	
Debtors	9	392,997	
Cash at bank and in hand		39,310	
		<u>1,000,760</u>	
<b>CREDITORS: amounts falling due within one year</b>	10	(1,056,150)	
<b>Net Current Liabilities</b>			<u>(55,390)</u>
<b>Total Assets less Current Liabilities</b>			<u>1,522,926</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11		(993,170)
<b>Net Assets</b>			<u><u>£ 529,756</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14		370,000
Share premium account	15		57,532
Revaluation reserve	15		258,495
Profit and loss account	15		(156,271)
			<u>£ 529,756</u>

The financial statements on pages 7 to 18 were approved by the Board on 26 July 1993.

  
K Hamer  
Director

SPECKTOR LIMITED**CASH FLOW STATEMENT**

for the period 7 February 1992 to 30 April 1993

	Notes	1993
		£
Net cash outflow from operating activities	16	(390,567)
Returns on investments and servicing of finance		
Interest received		5,883
Interest paid		(86,804)
Interest element of finance lease rental payments		(13,822)
Net cash outflow from returns on investments and servicing of finance		(94,743)
Investing activities		
Purchase of tangible fixed assets		(1,112,265)
Dealership development expenditure incurred		(94,185)
Net cash outflow from investing activities		(1,206,450)
Net cash outflow before financing		£ (1,691,760)
Financing		
New debenture loans		(850,000)
Capital element of finance lease rental payments		27,178
Issue of shares		(460,000)
Share issue costs		32,468
Net cash inflow from financing		(1,250,354)
Decrease in cash and cash equivalents	17	(441,406)
		£ (1,691,760)

**SPECKTOR LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
for the period 7 February 1992 to 30 April 1993**1. ACCOUNTING POLICIES****Accounting convention**

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

**Turnover**

Turnover represents amounts receivable for goods and services provided in the UK net of trade discounts and VAT.

**Intangible fixed assets**

Intangible fixed assets represent dealership development expenditure incurred prior to the motor dealership's opening. Intangible fixed assets are amortised over their estimated useful life of five years.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on straight line basis over its expected useful life, as follows:

Freehold buildings	- over 50 years
Plant and machinery	- over 5 to 20 years
Fixtures and fittings	- over 5 to 10 years
Motor vehicles	- over 4 years

The part of the annual depreciation charge on revalued assets which relates to the surplus is transferred from the revaluation reserve to the profit and loss account reserve.

**Leasing and hire purchase commitments**

Assets obtained under leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

**Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value. Cost represents purchase cost on a first-in, first-out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred prior to disposal.

**SPECKTOR LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the period 7 February 1992 to 30 April 1993 (continued)

**1. ACCOUNTING POLICIES (continued)****Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

**Compliance with accounting standards**

The financial statements have been prepared in accordance with applicable accounting standards.

**2. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Class of business	Turnover 1993 £	Profit/ (Loss) 1993 £
New car sales	2,683,695	93,403
Used car sales	2,023,831	74,840
Parts	425,106	32,523
Service	219,074	83,186
Rapid Fit	61,748	(3,579)
	<u>£ 5,413,454</u>	<u>280,373</u>
Central administration expenses		(325,825)
Operating loss		(45,452)
Net interest payable		(110,819)
Loss on ordinary activities before taxation		<u>£ (156,271)</u>

**3. OPERATING LOSS is stated after charging:**

	1993 £
Amortised dealership development expenditure	14,128
Depreciation: owned fixed assets	18,740
Depreciation: assets under finance leases	13,042
Operating lease rentals	
- land and buildings	8,300
Auditors' remuneration	<u>5,000</u>

SPECKTOR LIMITED**NOTES TO THE FINANCIAL STATEMENTS**  
for the period 7 February 1992 to 30 April 1993 (continued)

<b>4.</b>	<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>1993</b>
		<b>£</b>
	On loans and overdrafts repayable:	
	within 5 years not by instalments	56,596
	wholly or partly in more than 5 years	46,284
		<u>102,880</u>
	On finance leases:	
	terminating within 5 years	13,822
		<u>£ 116,702</u>
<b>5.</b>	<b>TAXATION</b>	
	Due to losses incurred, no liability to corporation tax arises. Tax losses of approximately £210,000 are available to carry forward against future profits.	
<b>6.</b>	<b>INTANGIBLE FIXED ASSETS</b>	<b>Dealership development expenditure</b>
		<b>£</b>
	Cost	
	Additions	94,185
	30 April 1993	<u>94,185</u>
	Amortisation	
	Charge for the period	14,128
	30 April 1993	<u>14,128</u>
	Net book value	
	30 April 1993	<u>£ 80,057</u>

**SPECKTOR LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the period 7 February 1992 to 30 April 1993 (continued)

**7. TANGIBLE FIXED ASSETS**

(a) Summary	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
Additions	1,024,726	138,056	88,900	19,864	1,271,546
Revaluation	246,874	-	-	-	246,874
30 April 1993	<u>1,271,600</u>	<u>138,056</u>	<u>88,900</u>	<u>19,864</u>	<u>1,518,420</u>
Depreciation					
Charge for the period	11,621	10,671	6,111	3,379	31,782
Revaluation	(11,621)	-	-	-	(11,621)
30 April 1993	<u>-</u>	<u>10,671</u>	<u>6,111</u>	<u>3,379</u>	<u>20,161</u>
Net book value					
Owned assets	1,271,600	30,969	49,451	-	1,352,020
Leased assets	-	96,416	33,338	16,485	146,239
30 April 1993	<u>£ 1,271,600</u>	<u>£ 127,385</u>	<u>£ 82,789</u>	<u>£ 16,485</u>	<u>£ 1,498,259</u>

(b) Analysis of net book value of freehold land and buildings	1993 £
Land	250,000
Buildings	<u>1,021,600</u>
	<u>£ 1,271,600</u>

**(c) Asset revaluations**

Freehold land and buildings were revalued at 31 March 1993 on the basis of an open market valuation for existing use with the benefit of a Ford franchise by Grimley JR Eve, Chartered Surveyors. In the opinion of the directors the valuation at 30 April 1993 had not changed.

If freehold land and buildings had not been revalued they would have been included at the following amounts:

	1993 £
Cost	1,024,726
Depreciation	<u>(11,621)</u>
Net book value	<u>£ 1,013,105</u>

**SPECKTOR LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
for the period 7 February 1992 to 30 April 1993 (continued)**7. TANGIBLE FIXED ASSETS (continued)**

(d) Capital commitments	1993 £
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At 30 April 1993 the directors had authorised capital expenditure as follows:

Authorised but not committed	50,000
Against which orders had been placed:	
- finance leases entered into	-
- other	-
	<u>£ 50,000</u>

**8. STOCKS**

Goods for resale	<u>£ 568,453</u>
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**9. DEBTORS**

Trade debtors	239,652
Other debtors	65,289
Prepayments and accrued income	88,056
	<u>£ 392,997</u>

**10. CREDITORS: amounts falling due within one year**

Stock financing loans	480,716
Obligations under finance leases	31,187
Trade creditors	366,218
Other taxes and social security costs	18,517
Other creditors	131,575
Accruals and deferred income	27,937
	<u>£ 1,056,150</u>

Stock financing loans are secured by a first floating charge over the new and used vehicle stocks of the company.

**11. CREDITORS: amounts falling due after more than one year**

Debenture loans	850,000
Obligations under finance leases repayable within five years	100,916
Other creditors	42,254
	<u>£ 993,170</u>

**SPECKTOR LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
for the period 7 February 1992 to 30 April 1993 (continued)**12. LOANS****(a) Analysis**

	Due after more than five years 1993 £	Total 1993 £
2.25% above LIBOR subject to a minimum rate of 9.25% repayable in 24 equal biannual instalments commencing 31 December 1999	400,000	400,000
8.125% fixed repayable 30 June 1997	-	350,000
15.75% fixed repayable in 20 equal quarterly instalments commencing 30 June 1994	20,000	100,000
	<u>£ 420,000</u>	<u>£ 850,000</u>

**(b) Security**

All loans are secured by a fixed charge over the company's freehold land and buildings and fixed and floating charges on all of the other assets of the company.

**13. DEFERRED TAXATION**

Due to tax losses incurred, no provision for deferred taxation is required. The total potential tax liability is as follows:

	1993 £
Accelerated capital allowances	3,067
Tax losses available	(69,300)
	<u>(66,233)</u>
Taxation on revaluation surplus	77,000
	<u>£ 10,767</u>



**SPECKTOR LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
for the period 7 February 1992 to 30 April 1993 (continued)**14. SHARE CAPITAL****(a) Authorised and allotted share capital**

	Authorised 1993 Number	Allotted, called up and fully paid 1993 £
£1 Ordinary	6,000	6,000
£1 'A' Ordinary	4,000	4,000
£1 Redeemable preference	360,000	360,000
	<u>370,000</u>	<u>£ 370,000</u>

The redeemable preference shares are redeemable at par in twelve equal quarterly instalments commencing 30 September 1994.

**(b) Changes during the period**

On 9 March 1992 two £1 ordinary shares were issued at par for cash. On 7 April 1992, 5,998 £1 ordinary shares were issued for total cash consideration of £59,998, 4,000 £1 'A' ordinary shares were issued for total cash consideration of £40,000 and 360,000 £1 redeemable preference shares were issued for cash at par, to provide the initial capital of the company.

**15. RESERVES**

	Share premium account £	Revaluation reserve £	Profit and loss account £
7 February 1992	-	-	-
Premium on shares issued	90,000	-	-
Share issue expenses	(32,468)	-	-
Surplus arising on revaluation	-	258,495	-
Retained loss for year	-	-	(156,271)
30 April 1993	<u>£ 57,532</u>	<u>£ 258,495</u>	<u>£ (156,271)</u>

**SPECKTOR LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
for the period 7 February 1992 to 30 April 1993 (continued)**16. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW  
FROM OPERATING ACTIVITIES**

	1993 £
Operating loss	(45,452)
Amortisation of dealership development expenditure	14,128
Depreciation of tangible fixed assets	31,782
Increase in stocks	(568,453)
Increase in debtors	(392,997)
Increase in creditors	570,425
Net cash outflow from operating activities	<u>£ (390,567)</u>

**17. CASH AND CASH EQUIVALENTS****(a) Balance of cash and cash equivalents**

Cash at bank and in hand	39,310
Stock financing loans	(480,716)
	<u>£ (441,406)</u>

**(b) Change in the balance of cash and cash equivalents**

7 February 1992	-
Net cash outflow for the period	(441,406)
	<u>£ (441,406)</u>

**18. ANALYSIS OF CHANGES IN FINANCING  
DURING THE YEAR**

	Share capital (including premium) £	Debenture loans and finance lease obligations £
7 February 1992	-	-
Cash inflows from financing	427,532	822,822
New finance leases entered into	-	159,281
30 April 1993	<u>£ 427,532</u>	<u>£ 982,103</u>

**19. FINANCIAL COMMITMENTS**

At 30 April 1993 the company had no commitments under non-cancellable operating leases.

SPECKTOR LIMITED**NOTES TO THE FINANCIAL STATEMENTS**  
for the period 7 February 1992 to 30 April 1993 (continued)**20. DIRECTORS****(a) Emoluments**

The emoluments of directors of the company were:

1993  
£Management remuneration (including pension contributions  
and benefits in kind)

£ 94,299

**(b) Benefits**Fees and other emoluments disclosed above (excluding pension contributions)  
include amounts paid to:

The chairman (who was the highest paid director)

£ 55,116

Other directors' emoluments (excluding pension contributions) were in the following ranges:

Number

£0 - £ 5,000

2

£35,001 - £40,000

1

**21. EMPLOYEES****(a) Number of employees**The average weekly number of persons (including directors) employed by the company during the period  
was:1993  
Number

Vehicle sales

7

Parts and service

18

Administration

6

31

The company commenced trading on 1 August 1992. The average weekly number of persons employed  
relates to the whole of the period 7 February 1992 to 30 April 1993.**(b) Employment costs**

£

Wages and salaries

381,552

Social security costs

43,222

Other pension costs

3,000

£ 427,774