# Specktor Limited

**Report and Accounts**

30 April 2000

*Registered Number : 02685390*

CHAIRMAN'S STATEMENT

The Director's report and financial statements have been prepared following our seventh trading year and provide a thorough insight into this very important development period of the business. I propose to cover key elements of the business taking into account both the company's and the industry's present and future position. The company has changed significantly during the year and a number of major initiatives have been finalised and implemented to ensure that the company becomes a dominant player in the motor industry.

**Trading Results**

Turnover for the Group has increased by 9.6% to £59,815,995 from £54,575,092 in the previous year. Profit on ordinary activities before interest and taxation has declined to £482,990 from £494,745 in the previous year due mainly to the closure of the Hamer Ford Halesowen dealership and the award winning Hamer Ford Tamworth dealership in November 1999. This followed the acceptable property disposal of the Halesowen property enabling the construction of a new, superior, more customer focused and cost effective facility to open for trading post year end on 13th August 2000. I am also pleased to report that the larger Ford facility at Tamworth which is currently housing the Toyota franchise has been granted open A1 consent by the Secretary of State following the Inspectorate hearing in December 1999 and negotiations are now well underway for securing the obvious increased value benefit this change of planning has brought about. We anticipate the construction of a new 10,000 square foot facility more suitable to Toyota to be well under construction following the planning permission granted in the Bonehill Park area.

We have seen our prudent and positive actions starting to bear fruit in the Used Car area of the business following the restructuring of the senior management. During the year, our New Car retail market share grew in all existing and acquired businesses with the exception of Halesowen and Tamworth which were closed or changed franchise in the period. Our new facility at Tamworth has seen a Toyota retail market share of 8%, a 233% growth over the previous year, and Toyota World Birmingham, in its first month of opening, has seen a retail market share of 6%, a growth of 281% over the previous year. West Bromwich in it first month in the new facility grew its market share to 22.5%, a growth of 32.4%. This growth followed the previous decline in volumes for the period May to July 2000 due to the disturbance caused by moving out and into new facilities. Two further acquisitions during 1999 increased our scale with our core manufacturers at Birmingham (Toyota) and West Bromwich (Ford). Operating profit including dealership development profit from these new businesses was £109,437.

**Business Development**

The Group has changed significantly during the period to 30th April 2000 and a number of actions have been taken to ensure that the newly formed Ford and Toyota market areas are brought into line with the company's business profile. Our original Tamworth dealership was known for its very high levels of customer and employee satisfaction with record market share and profitability. We will now replicate and distil this now the new facilities listed below have been successfully completed post year end:-

- Body Shop, Accounts and Administration Centre - 1st May 2000
- Toyota World, Birmingham - 13th July 2000
- Hamer Ford, West Bromwich - 20th July 2000
- Hamer Ford, Halesowen - 13th August 2000

CHAIRMAN'S STATEMENT

The business development will now be accelerated following these complex developments in the coming period and our philosophy of more consumer focused dealerships is now in place enabling the Company to accelerate the performance from the previously ailing businesses acquired over the last two years.

**Market Conditions**

The difficult market conditions which the industry experienced in the last half of our financial year were due to the Competition Commission's delay in releasing its report into new vehicle franchising and pricing which adversely affected the industry's retail market size which our company historically majors upon. In the period we have also put into place a corporate sales facility protecting us from these movements in the future. The industry has been severely affected by the new vehicle pricing investigation and the Consumer Association's "rip off Britain" slogan when they advised our customers to boycott UK car showrooms. The pricing disparity was mainly due to the strength of sterling and the difference between the UK and European indirect taxation levels. We welcome the price reductions of between 10% and 12% recommended by the Commission, however, we will be mindful of managing the knock on effect that this will have on Used Vehicle values. Clearly the move towards harmonising vehicle pricing with mainland Europe will stimulate the release of the pent up demand for new vehicles in the UK.

**Future Periods**

At Hamer we recognise that our only true assets are our customers, our employees and our business partners. The major factor that defines us from any other motor retailer is our commitment to consumer retail experience and the quality of our people and processes. We have and are focusing further on the required processes across all the new dealerships. Our people development programme will ensure that the individual and team talent is made available across these new market areas for both Toyota and Ford. This personal development programme will be accelerated in the short and medium term. The key to a sustainable performance is to create growth in the new businesses with customer retention through excellent business processes as enjoyed in our core operation in Tamworth. We expect vehicle pricing to be less emotive in the future and see the companies which are more customer focused, as our own, forging stronger relationships not only with the manufacturers, but also having the ability to take advantage of new relationship opportunities with e-commerce, resulting in a successful business for the future. We will be developing further our own Internet site in the coming months. In the short to medium term, we see a consolidation in the sector both in the number of manufacturers and dealer points, resulting in reduced vehicle capacity and development costs and a healthier industry going forward.

It is the group's prime aim, now that the developments are complete, to bring about an operating performance that will result in reduced gearing in the short to medium term and following the implementation of our senior management structure, the company is well placed for controlled expansion should we identify the right opportunities.

Against the background of the strong economy in the UK and our industry reorganisation, the company looks forward to bringing about the returns as required.

Finally, I would like to put on record my appreciation for the hard work and determination that the employees, management and Directors have given us in this all important development year which has resulted in a superb reorganisation of both dealership facilities and consumer focus

K Hamer — 15 November 2000

## REVIEW OF BUSINESS

### TRADING PERFORMANCE

As discussed in the Chairman's statement on pages 1 and 2, the year to 30 April 2000 has been one of significant change as the group continues the development of both its Ford Customer Market Area ("CMA") in the West Midlands and its Toyota CMA in Birmingham. During the year we successfully completed the acquisitions of the Toyota business of Appleyards in Birmingham and of the Ford business formerly operated by Guests of West Bromwich as well as changing the franchise at our Tamworth dealership from Ford to Toyota.

As part of the development of our CMAs, during and after the year end, the group completed several significant property developments to ensure that the dealerships are located in areas that are attractive to customers and ensure that they offer them an environment in which they wish to buy our products and services. We have worked hard during the year with our manufacturers to ensure we can offer the best retail premises and we have been congratulated upon the design of our new buildings at ToyotaWorld, West Bromwich and more recently, Halesowen.

These developments have been achieved during what has been at times a difficult and uncertain trading environment. The investigation by the DTI into the pricing of new vehicles and the surrounding media exposure had an adverse impact upon demand. The directors welcomed the price reductions announced by the manufacturers recently and look forward to the stability this will bring.

During the year we continued the growth in our business. The figures below summarise the operating profits for the year of the trading departments before central administration and interest charges:

| | 2000 | 1999 | Movement |
|---|---|---|---|
| | £ | £ | |
| New vehicles | 1,026,434 | 818,727 | 25.4% |
| Used vehicles | 85,060 | (123,015) | 169.1% |
| Parts | 434,593 | 392,638 | 10.7% |
| Service | 945,819 | 692,077 | 36.7% |
| Bodyshop | 99,850 | 240,449 | (58.5%) |
| Rapidfit | 101,172 | 59,483 | 70.1% |
| Rent A Car | (3,228) | (874) | (269.3%) |
| | 2,689,700 | 2,079,485 | 29.3% |

REVIEW OF BUSINESS

## New Vehicles

The year was heavily influenced by the DTI investigation but despite this the new vehicle department produced growth in units and market share. The growth of the Ford CMA territory into West Bromwich during the year and the continued growth at Merry Hill resulted in increased Ford sales in spite of the closure of the Halesowen dealership in December 1999. Our newest Franchise, Toyota, benefited from the acquisition of the Appleyards business in August 1999. Overall operating profit increased by 25.4% whilst new retail units increased by 10.5%. The Ford and Toyota businesses continued to maintain market shares ahead of national averages although the Ford market share was affected by the closure of Halesowen.

Following the year end, the new dealerships at West Bromwich (Ford) and Birmingham (Toyota) were completed in July 2000 with Halesowen (Ford) completed in August 2000. In September 2000, West Bromwich, our newest Ford business, had a market share of 22.5% against a national market share of 17.2%. In the same month, Birmingham (Toyota World), our newest Toyota business, and Burton had market shares of 6.1% and 16.8% respectively against Toyota's national market share of 3.78%.

## Used vehicles

Total used vehicles sold increased by 14.6% during the year, a much improved performance over the previous period. Operating profit increased by over 169% demonstrating an improved profit per unit on all vehicles sold. This improvement reflects increased control through centralisation of the used vehicle operation. Vehicle stocks are now subject to group rather than dealership policies. This reorganisation has allowed us to exploit additional opportunities. A stronger relationship with Ford's used car operation, Ford Direct, and the strategic acquisitions of stock direct from the manufacturers is helping build the group's used car business.

The uncertainty in the new car market obviously affected the volumes and values of used cars, so the improved result was against a difficult market that continued from 1998/99. The group continues to improve this area of the business to obtain higher financial returns.

## Parts

As with all trading departments, the performance of the Parts department should be seen in the light of the significant developments within the group during the financial year. In December 1999, the Ford wholesale parts department at Halesowen was closed with the dealership. This business was transferred to West Bromwich, the planned wholesale site for the CMA. Although not yet fully replicating the Halesowen business, the West Bromwich operation continues to build steadily within the increased market.

A similar change took place within the Toyota CMA with all parts wholesaling being transferred to Tamworth which is more centrally located between the other Toyota dealerships in Burton and Birmingham. Despite these changes we have see a noticeable growth in the parts business whilst maintaining margins in line with budget.

REVIEW OF BUSINESS

**Service**

The Parts department's performance reflects that of the Service department. Both the major manufacturers have been increasing service intervals, which the group has successfully mitigated through better marketing and increased new vehicle sales. However, with no contribution in aftersales from Halesowen from December 1999, acquired workshops at Appleyards and Guests of West Bromwich and the change in franchise at Tamworth, our workshops have not been at full capacity during the year under review. However, labour margins have remained close to budget (75.9% actual versus 78.3% budget). Following the year end, our new workshops opened with our new sites at West Bromwich, Halesowen and Birmingham, which are quickly reaching capacity.

**Bodyshop**

Perhaps of all departments, the bodyshop department has been most affected by the developments within the Ford and Toyota CMAs. Following the change in franchise at Tamworth in November 1999, the Ford accident repair status was immediately withdrawn which accounted for some 50% of our turnover capacity in this area. Moreover, the Toyota CMA gained another bodyshop to the one already at Burton. The need for two bodyshops within the Toyota CMA is currently under review.

In December 1999, the bodyshop at the Halesowen dealership was closed and, as planned, a new separate bodyshop was opened in April 2000 to serve all three dealerships within the Ford West Midlands CMA. The benefit of this standalone operation will be seen next year.

**Rapidfit**

This department continues to perform consistently well across the group, with an increase in operating profit reflecting a contribution from the new West Bromwich dealership and continued, steady growth at all sites where a fast fit operation has been established. Again, the performance masks the fact that the operation at the Halesowen dealership ceased at the end of 1999.

Improvements in the control of this business have produced an increase in gross profit from 38.3% last year to 42.4% this year. The market continues to be highly competitive, thereby ensuring we continue to operate with high levels of efficiency.

**Rent A Car**

Ford Rent A Car was operated solely from our Tamworth dealership. Following the change in franchise from Ford to Toyota at that dealership in November 1999, the group took the decision to terminate this marginal operation.

REVIEW OF BUSINESS

BALANCE SHEET AND CASHFLOW

At 30 April 2000, the group had net assets of £2,530,663 compared to £2,851,758 at the same date last year. In prior years, the group carried the costs of establishing new dealerships as an intangible asset, Dealer Development Expenditure. Following the recent issue of a new accounting standard, FRS10 'Impairment of Goodwill and Intangible Assets', it was decided to no longer capitalise such expenditure and to write off previously capitalised expenditure to reserves by way of a Prior Year Adjustment. This is explained more fully in Note 2 to the Accounts. This reduced shareholders' funds brought forward by £141,315 but has removed the need to amortise such expenditure in future years.

During the year, the Accounting Standards Board also introduced FRS15 'Tangible Fixed Assets' to replace SSAP 12 'Accounting for Depreciation'. This provides for the depreciation of freehold buildings but also prevents non-depreciation of buildings on the basis that they are maintained to a high standard. The group continues to invest in high quality premises, where the opportunity for capital appreciation exists, and to maintain these to provide the highest quality of retail environment. Despite the fact that the current value of the group's premises are significantly in excess of their original cost, the directors have implemented FRS15 for the first time. This has given rise to a depreciation charge of £17,000 for the year.

The process of investing in new customer focussed retail premises continued during the year as part of the group's business plan to develop the Ford and Toyota CMAs. At the year end, two new dealerships were in the process of being constructed at Halesowen and West Bromwich. The expenditure at that date, amounting to £1,837,515 is disclosed within fixed asset additions. The other significant movement in fixed assets during the year was the sale of the Halesowen premises which had a net book value of £1,800,000.

No additional equity was provided to finance either the business acquisitions or the construction of new dealerships. Funding came from both the sale of the Halesowen dealership, net of the mortgage repayment, and a combination of cash generated from operations and new loans. The acquisitions of Appleyards of Birmingham and Guests of West Bromwich in August 1999 required £436,416 of the group's cash and gave rise to goodwill of £262,863.

Cash generated from operating activities totaled £1,350,955 compared to a net cash outflow of £706,990 last year. Increased controls over cash management following the two acquisitions have enabled the developments of the group to progress partly financed from internal resources. Despite the acquisitions of two dealerships, the level of cash absorbed by liquid assets at 30 April 2000 is lower than at the end of the previous year.

Net debt increased by £507,911 compared to £2,994,324 for the previous year. Capital expenditure in the year totaled £2,462,182. Gearing at the year end was 211% compared to 218%. The interest burden at £761,085 was consistent with the previous period cost of £724,956.

R Gent

15 November 2000

**DIRECTORS**

K Hamer
R G Gent
J A Thompson
D V F Wimpress

**SECRETARY**

J A Thompson

**AUDITORS**

Ernst & Young
One Colmore Row
Birmingham
B3 2DB

**BANKERS**

National Westminster Bank
Mander House
Dudley Street
Wolverhampton
WV1 3NB

**SOLICITORS**

Pinsent Curtis
3 Colmore Circus
Birmingham
B4 6BH

**REGISTERED OFFICE**

Port West House
Waterfront West
Dudley Road
Brierley Hill
West Midlands
DY5 1LL

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 30 April 2000.

## ACTIVITY

The principal activity of the group is the operation of Hamer Ford and Hamer Toyota motor dealerships.

## REVIEW OF THE BUSINESS

Details of the review of the business are set out on pages 3 to 6.

## FUTURE PROSPECTS AND POST BALANCE SHEET EVENTS

Details of future developments of the group and company are given in the Chairman's Statement on pages 1 and 2.

## RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £321,095 (1999: loss £205,209). No dividends on the equity and non-equity shares (1999: nil) have been paid in the year. Non-equity dividends of £95,400 (1999: £95,400) have been accrued but not paid. The remaining loss of £416,495 (1999: loss £300,609) is set off against reserves.

## DIRECTORS AND THEIR INTERESTS

The directors who held office at 30 April 2000 had the following beneficial interests in the shares of the company at the beginning and end of the financial year:

| | *Ordinary shares of £1 each* | |
|---|---|---|
| | 30 April 2000 | 30 April 1999 |
| K Hamer | 5,300 | 5,300 |
| R G Gent | 700 | 700 |
| J A Thompson | - | - |
| D V F Wimpress | - | - |

No director had an interest in the A ordinary shares or the redeemable preference shares at any time during the year.

## EMPLOYEE INVOLVEMENT

The group has established detailed procedures for consultation, communication and negotiations with its employees. The group places importance on this aspect of the business and all managers have a responsibility to this end.

DIRECTORS' REPORT

**EMPLOYMENT OF DISABLED PERSONS**

In considering applications for employment from disabled persons, the group seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the job specification. Employees who become disabled are given individual consideration and are always offered alternative employment within the group, appropriate to their abilities and skills, together with any necessary training.

Training, career development and promotion opportunities are available to all employees based on the aptitude and abilities of the individual and the group's business requirements.

**AUDITORS**

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

K Hamer

Director

15 November 2000

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Prepare the accounts 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 group and company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**
**To the members of Specktor Limited**

We have audited the accounts on pages 12 to 30, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and the accounting policies set out on pages 18 and 19.

**Respective responsibilities of directors and auditors**

As described on page 10 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

**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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the group and the company as at 30 April 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985

Ernst & Young

Ernst & Young
Registered Auditor
Birmingham

15 November 2000

# Specktor Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT
*for the year ended 30 April 2000*

| | Notes | 2000<br>£ | 1999<br>As restated<br>(see note 2)<br>£ |
|---|---|---|---|
| **TURNOVER** | | | |
| *Continuing Operations* | | *46,857,659* | *54,575,092* |
| Acquisitions | | 12,958,336 | - |
| Total Turnover | | 59,815,995 | 54,575,092 |
| Cost of sales | | 52,160,658 | 47,506,386 |
| **GROSS PROFIT** | | 7,655,337 | 7,068,706 |
| Administrative expenses (including dealership reorganisation costs of £122,690 (1999 - £Nil)) | | 7,444,198 | 6,573,959 |
| **OPERATING PROFIT** | | | |
| Continuing Operations | | 373,553 | 494,747 |
| Acquisitions | | ( 162,414) | - |
| **TOTAL OPERATING PROFIT** | | 211,139 | 494,747 |
| Profit on dealership development | | 271,851 | - |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST** | 4 | 482,990 | 494,747 |
| Interest payable and similar charges | 5 | 761,085 | 724,956 |
| **(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION** | | ( 278,095) | ( 230,209) |
| Tax on (loss) on ordinary activities | 6 | ( 43,000) | 25,000 |
| **(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION** | | ( 321,095) | ( 205,209) |
| Dividends accrued on non-equity shares | 8 | ( 95,400) | ( 95,400) |
| **RETAINED LOSS FOR THE FINANCIAL YEAR** | 19 | ( 416,495) | ( 300,609) |

## Specktor Limited

CONSOLIDATED BALANCE SHEET
as at 30 April 2000

| | Notes | 2000 £ | 1999 As restated (see note 2) £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 9 | 350,953 | 103,090 |
| Tangible fixed assets | 10 | 8,511,113 | 8,199,348 |
| | | 8,862,066 | 8,302,438 |
| **CURRENT ASSETS** | | | |
| Stocks | 12 | 6,481,474 | 6,979,831 |
| Debtors | 13 | 4,635,568 | 4,628,014 |
| Cash at bank and in hand | | 24,109 | 953,902 |
| | | 11,141,151 | 12,561,747 |
| **CREDITORS**: amounts falling due within one year | 14 | 12,606,690 | 11,363,957 |
| **NET CURRENT (LIABILITIES)/ASSETS** | | ( 1,465,539) | 1,197,790 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 7,396,527 | 9,500,228 |
| CREDITORS: amounts falling due after more than one year | 15 | 4,825,864 | 6,621,470 |
| **PROVISIONS FOR LIABILITIES AND CHARGES** | 17 | 40,000 | 27,000 |
| **NET ASSETS** | | 2,530,663 | 2,851,758 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 18(i) | 376,000 | 376,000 |
| Share premium account | 19 | 631,506 | 631,506 |
| Revaluation reserve | 19 | 1,290,677 | 1,819,095 |
| Capital reserve | 19 | 424,722 | 424,722 |
| Other reserve | 19 | 238,184 | 142,784 |
| Profit and loss account | 19 | ( 430,426) | ( 542,349) |
| **TOTAL SHAREHOLDERS' FUNDS** | | 2,530,663 | 2,851,758 |
| Attributable to equity shareholders' funds | | 1,332,479 | 1,748,974 |
| Attributable to non-equity shareholders' funds | 18(iii) | 1,198,184 | 1,102,784 |
| | | 2,530,663 | 2,851,758 |

K Hamer

15 November 2000

## Specktor Limited

BALANCE SHEET
as at 30 April 2000

| | Notes | 2000 £ | 1999 As restated (see note 2) £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 9 | 129,724 | 18,359 |
| Tangible fixed assets | 10 | 7,661,095 | 7,401,801 |
| Investments | 11 | 2 | 2 |
| | | 7,790,821 | 7,420,162 |
| **CURRENT ASSETS** | | | |
| Stocks | 12 | 2,905,409 | 927,765 |
| Debtors | 13 | 1,906,499 | 2,203,095 |
| Cash at bank and in hand | | 178,002 | 952,717 |
| | | 4,989,910 | 4,083,577 |
| **CREDITORS**: amounts falling due within one year | 14 | 5,727,384 | 3,852,022 |
| **NET CURRENT (LIABILITIES) / ASSETS** | | ( 737,474) | 231,555 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 7,053,347 | 7,651,717 |
| **CREDITORS**: amounts falling due after more than one year | 15 | 4,020,468 | 4,294,282 |
| **PROVISIONS FOR LIABILITIES AND CHARGES** | 17 | 40,000 | 27,000 |
| **NET ASSETS** | | 2,992,879 | 3,330,435 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 18(i) | 376,000 | 376,000 |
| Share premium account | 19 | 631,506 | 631,506 |
| Revaluation reserve | 19 | 1,290,677 | 1,819,095 |
| Capital reserve | 19 | 424,722 | 424,722 |
| Other reserve | 19 | 238,184 | 142,784 |
| Profit and loss account | 19 | 31,790 | ( 63,672) |
| **TOTAL SHAREHOLDERS' FUNDS** | | 2,992,879 | 3,330,435 |
| Attributable to equity shareholders' funds | | 1,794,695 | 2,227,651 |
| Attributable to non-equity shareholders' funds | 18(iii) | 1,198,184 | 1,102,784 |
| | | 2,992,879 | 3,330,435 |

K Hamer

15 November 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 30 April 2000

| | 2000 | 1999 As restated (see note 2) |
|---|---|---|
| | £ | £ |
| (Loss) for the financial year | ( 321,095) | ( 205,209) |
| Revaluation surplus arising during the year | - | 475,000 |
| Total recognised gains and losses relating to the year | ( 321,095) | 269,791 |

**Note on prior year adjustment**

| | |
|---|---|
| Total recognised gains and losses relating to the year (as above) | ( 321,095) |
| Prior year adjustment (note 2) | ( 141,315) |
| Total gains and losses recognised since the last annual report | ( 462,410) |

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 30 April 2000

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| (Loss) for the financial year | ( 321,095) | ( 205,209) |
| Other recognised gains & losses relating to the year | - | 475,000 |
| (Decrease) / increase in shareholders' funds | ( 321,095) | 269,791 |
| Opening shareholders' funds: | | |
| As previously stated | 2,993,073 | 2,699,927 |
| Prior year adjustment | ( 141,315) | ( 117,960) |
| As restated | 2,851,758 | 2,581,967 |
| Closing shareholders' funds | 2,530,663 | 2,851,758 |

NOTE OF HISTORICAL COSTS PROFITS AND LOSSES
for the year ended 30 April 2000

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Reported loss on ordinary activities before taxation | ( 278,095) | ( 230,209) |
| Realisation of property revaluation gains of previous years | 528,418 | - |
| Historical cost profit/(loss) on ordinary activities before taxation | 250,323 | ( 230,209) |
| Historical cost profit/(loss) after taxation and dividends | 111,923 | ( 300,609) |

## Specktor Limited

CONSOLIDATED CASHFLOW STATEMENT
for the year ended 30 April 2000

| | Notes | 2000 £ | 1999 As restated (see note 2) £ |
|---|---|---|---|
| **NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** | (i) | 1,330,955 | ( 706,990) |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | |
| Interest paid | | ( 723,612) | ( 698,976) |
| Interest element of finance lease rental payments | | ( 37,473) | ( 25,980) |
| **NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | ( 761,085) | ( 724,956) |
| **TAXATION** | | | |
| Corporation tax paid | | ( 26,014) | ( 23,530) |
| **CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT** | | | |
| Payments to acquire tangible fixed assets | | ( 2,091,528) | ( 1,334,450) |
| Receipts from sales of tangible fixed assets | | 1,846,831 | 21,475 |
| | | ( 244,697) | ( 1,312,975) |
| **ACQUISITIONS AND DISPOSALS** | | | |
| Purchase of business operations | 23 | ( 436,416) | - |
| **NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT** | | ( 681,113) | ( 1,312,975) |
| **NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING** | | ( 137,257) | ( 2,768,451) |
| **FINANCING** | | | |
| Debt due within one year - debenture loans | | ( 686,596) | 1,360,959 |
| Debt due beyond a year - debenture loans | | ( 278,179) | 1,198,881 |
| Capital element of finance lease rentals | | ( 294,804) | ( 165,295) |
| **NET CASH (OUTFLOW)/INFLOW FROM FINANCING** | | ( 1,259,579) | 2,394,545 |
| **DECREASE IN CASH** | (iii) | ( 1,396,836) | ( 373,906) |

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2000

## (i) RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2000 | 1999 As restated (see note 2) |
|---|---|---|
| | £ | £ |
| Operating profit | 211,139 | 494,747 |
| Profit on development of dealership | 271,851 | - |
| Amortisation of goodwill and dealership development costs | 15,000 | 6,371 |
| Depreciation | 303,586 | 230,146 |
| Decrease in stocks | 764,417 | 437,622 |
| Decrease/(Increase) in debtors | 4,223 | ( 2,086,288) |
| (Decrease)/Increase in creditors | ( 239,261) | 210,412 |
| | 1,330,955 | ( 706,990) |

## (ii) ANALYSIS OF NET DEBT

| | At 1 May 1999 | Cash Flow | Other non-cash changes | At 30 April 2000 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash in hand and at bank | 953,902 | ( 929,793) | - | 24,109 |
| Overdraft | ( 1,960,209) | ( 467,043) | - | ( 2,427,252) |
| | ( 1,006,307) | ( 1,396,836) | - | ( 2,403,143) |
| Debt due after one year | ( 4,289,115) | 278,179 | - | ( 4,010,936) |
| Debt due within one year | ( 1,558,447) | 686,596 | - | ( 871,851) |
| Finance leases | ( 383,484) | 294,804 | ( 370,654) | ( 459,334) |
| Net debt | ( 7,237,353) | ( 137,257) | ( 370,654) | ( 7,745,264) |

During the year, the group entered into finance lease obligations with a capital value at inception of £370,654.

## (iii) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | | 2000 | | 1999 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Decrease in cash in the period | ( 1,396,836) | | ( 373,906) | |
| Cash inflow from increase in debt and lease financing | 1,259,579 | | ( 2,394,545) | |
| **CHANGE IN NET DEBT RESULTING FROM CASH FLOWS** | | ( 137,257) | | ( 2,768,451) |
| New finance leases | | ( 370,654) | | ( 225,873) |
| **MOVEMENT IN NET DEBT IN THE YEAR** | | ( 507,911) | | ( 2,994,324) |
| **NET DEBT AT BEGINNING OF YEAR** | | ( 7,237,353) | | ( 4,243,029) |
| **NET DEBT AT END OF YEAR** | | ( 7,745,264) | | ( 7,237,353) |

## 1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

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

**Basis of consolidation**
The group financial statements consolidate, using the acquisition accounting method, the financial statements of the company and its subsidiary undertaking.

**Turnover**
Turnover represents amounts receivable for goods and services provided in the UK net of trade discounts and value added tax.

**Goodwill**
Goodwill, the excess of the fair value of the consideration given to acquire a business over the fair value of the separable net assets acquired, is capitalised and amortised over 20 years.

**Tangible fixed assets**
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, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

| | | |
|---|---|---|
| Freehold buildings | - | 50 years |
| Leasehold improvements | - | Over the term of the lease |
| Plant and machinery | - | 5 to 20 years |
| Motor vehicles | - | 4 years |
| Fixtures and fittings, tools and equipment | - | 5 to 20 years |

FRS15 'Tangible Fixed Assets' is applicable for the first time this year. In accordance with this new accounting standard, it has been decided to depreciate freehold buildings for the first time over their estimated useful life of 50 years. In prior years, no depreciation was provided because, in the opinion of the directors, the residual value would be sufficiently high to make any depreciation charge immaterial. Although this position is unchanged it has been decided to adopt this policy. The charge for the year amounted to £17000.

**Stocks**
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.

**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.

**Capital instruments**
Capital instruments are accounted for and classified as debt, equity or non-equity share capital according to their form.

## 1 ACCOUNTING POLICIES *(continued)*

**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

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

**Pensions**
Pension contributions made to defined contribution schemes are charged to the profit and loss account in the year incurred.

## 2 Prior year adjustment

In previous years, the costs of establishing new dealerships prior to opening have been capitalised and written off over the expected life of the business.

Following the recent issue of FRS 10 'Impairment of Goodwill and Intangible Assets' it has been decided to no longer carry dealer development expenditure as an intangible asset but to write it off to reserves in accordance with the new accounting standard. Accordingly, the adoption of the new accounting policy has been treated as a prior year adjustment.

The prior year adjustment gives rise to a cumulative adjustment of £141,315 in the 1999 accounts of which £117,960 relates to 1998 and prior years. The comparative figures for 1999 have been restated to comply with the new policy.

## 3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Staff costs during the year (including directors) | | |
| Wages and salaries | 4,671,715 | 3,434,564 |
| Social security costs | 411,537 | 293,662 |
| Pension costs | 50,611 | 40,063 |
| | 5,133,863 | 3,768,289 |
| | £ | £ |
| | No. | No. |
| Average number of persons employed | 316 | 246 |
| | £ | £ |
| Directors' emoluments | 314,339 | 234,348 |
| Company contributions to defined contribution pension scheme | 3,000 | 3,000 |

## 3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES *(continued)*

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

| | | |
|---|---|---|
| | £ | £ |
| Emoluments | 138,486 | 116,974 |
| Company contribution and defined contribution | 1,800 | 1,800 |
| | No. | No. |
| Members of defined contribution scheme | 2 | 2 |

## 4 PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Profit on ordinary activities before interest is after charging/(crediting): | | |
| Amortisation of goodwill | 15,000 | 14,462 |
| Depreciation: | | |
| Owned assets | 162,660 | 101,873 |
| Leased assets | 140,926 | 128,273 |
| Rentals under operating leases: | | |
| Land and buildings | 163,583 | 158,000 |
| Auditors' remuneration: | | |
| Audit services | 23,500 | 21,000 |
| Non-audit services | 5,000 | 5,000 |
| Exceptional dealership reorganisation costs | 122,690 | - |
| Profit on dealership development | ( 271,851) | - |

The exceptional dealership reorganisation costs in the year arise from the closure of the Halesowen Ford dealership in December 1999. The dealership was closed as part of the development of the Ford CMA and remained closed whilst a new showroom and workshop were being constructed.

The profit on dealership development arises from the acquisition of land and the construction of a new vehicle showroom and workshops which were subsequently sold during the year.

## 5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| On bank loans and overdrafts repayable: | | |
| Within five years | 490,625 | 417,381 |
| Wholly or partly in more than five years | 232,987 | 281,595 |
| On finance leases terminating within five years | 37,473 | 25,980 |
| | 761,085 | 724,956 |

## 6 TAX ON (LOSS) ON ORDINARY ACTIVITIES

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| UK corporation tax | - | - |
| Deferred taxation (note 17) | 13,000 | ( 25,000) |
| Adjustment in respect of prior year | 30,000 | - |
| | 43,000 | ( 25,000) |

## 7 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss after taxation for the financial year amounted to £337,556 (1999: £189,644 profit as restated (see note 2)).

## 8 DIVIDENDS

| | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| 11.5% Redeemable preference shares | 41,400 | 41,400 |
| 900% 'B' Redeemable preference shares | 27,000 | 27,000 |
| 900% 'C' Redeemable preference shares | 27,000 | 27,000 |
| | 95,400 | 95,400 |

## 9 INTANGIBLE ASSETS

| The Group | Goodwill |
|---|---|
| | £ |
| Cost: | |
| At 1 May 1999 | 127,421 |
| Additions (see note 23) | 262,863 |
| At 30 April 2000 | 390,284 |
| Accumulated depreciation: | |
| At 1 May 1999 | 24,331 |
| Charge for the year | 15,000 |
| At 30 April 2000 | 39,331 |
| Net book value: | |
| At 30 April 2000 | 350,953 |
| At 30 April 1999 | 103,090 |

**9 INTANGIBLE ASSETS** *(continued)*

| The Company | Goodwill |
|---|---|
| | £ |
| Cost: | |
| At 1 May 1999 | 24,479 |
| Additions | 118,514 |
| At 30 April 2000 | 142,993 |
| Accumulated depreciation: | |
| At 1 May 1999 | 6,120 |
| Charge for the year | 7,149 |
| At 30 April 2000 | 13,269 |
| Net book value: | |
| At 30 April 2000 | 129,724 |
| At 30 April 1999 | 18,359 |

**10 TANGIBLE FIXED ASSETS**

The Group

| | Freehold land and buildings | Leasehold improve-ments | Plant and equipment | Motor vehicles | Fixtures, fittings, tools and equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Cost or valuation: | | | | | | |
| At 1 May 1999 | 6,943,104 | 316,755 | 819,080 | 135,698 | 710,026 | 8,924,663 |
| Additions | 1,847,233 | 58,230 | 399,284 | 35,374 | 122,061 | 2,462,182 |
| Disposals | ( 1,800,000) | - | ( 72,717) | - | ( 11,761) | ( 1,884,478) |
| At 30 April 2000 | 6,990,337 | 374,985 | 1,145,647 | 171,072 | 820,326 | 9,502,367 |
| Accumulated depreciation: | | | | | | |
| At 1 May 1999 | - | 24,563 | 407,224 | 61,052 | 232,476 | 725,315 |
| Charge for the year | 17,000 | 9,622 | 138,421 | 32,395 | 106,148 | 303,586 |
| Disposals | - | - | ( 36,115) | - | ( 1,532) | ( 37,647) |
| At 30 April 2000 | 17,000 | 34,185 | 509,530 | 93,447 | 337,092 | 991,254 |
| Net book value: | | | | | | |
| At 30 April 2000 | 6,973,337 | 340,800 | 636,117 | 77,625 | 483,234 | 8,511,113 |
| At 30 April 1999 | 6,943,104 | 292,192 | 411,856 | 74,646 | 477,550 | 8,199,348 |

## 10 TANGIBLE FIXED ASSETS *(continued)*

The Company

| | Freehold land and buildings | Leasehold improve-ments | Plant and equipment | Motor vehicles | Fixtures, fittings, tools and equipment | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Cost or valuation: | | | | | | |
| At 1 May 1999 | 6,943,104 | 316,755 | 157,532 | 21,250 | 80,079 | 7,518,720 |
| Additions | 1,847,233 | 58,230 | 89,029 | - | 17,264 | 2,011,756 |
| Transfer from subsidiary | - | - | 290,347 | 46,366 | 116,723 | 453,436 |
| Disposals | ( 1,800,000) | - | ( 13,273) | - | ( 11,761) | ( 1,825,034) |
| At 30 April 2000 | 6,990,337 | 374,985 | 523,635 | 67,616 | 202,305 | 8,158,878 |
| Accumulated depreciation: | | | | | | |
| At 1 May 1999 | - | 24,563 | 57,187 | 6,350 | 28,819 | 116,919 |
| Charge for the year | 17,000 | 9,622 | 43,545 | 7,635 | 21,974 | 99,776 |
| Transfer from subsidiary | - | - | 178,499 | 28,354 | 76,721 | 283,574 |
| Disposals | - | - | ( 954) | - | ( 1,532) | ( 2,486) |
| At 30 April 2000 | 17,000 | 34,185 | 278,277 | 42,339 | 125,982 | 497,783 |
| Net book value: | | | | | | |
| At 30 April 2000 | 6,973,337 | 340,800 | 245,358 | 25,277 | 76,323 | 7,661,095 |
| At 30 April 1999 | 6,943,104 | 292,192 | 100,345 | 14,900 | 51,260 | 7,401,801 |

The net book value of fixed assets for the group includes £589,121 (1999: £910,000) in respect of assets held under finance leases and hire purchase contracts. The company has £10,970 (1999: £380,007) in respect of assets held under finance leases and hire purchase contracts.

The net book value of freehold land and buildings includes £1,837,515 (1999: nil) in respect of assets in the course of contruction.

## 10 TANGIBLE FIXED ASSETS (continued)

Asset revaluations

Freehold land and buildings at the Tamworth dealership were last valued on 30 April 1998 by Grimley JR Eve, Chartered Surveyors. Freehold land and buildings at Burton-upon-Trent were last valued on 9 December 1999 by Bache Treharne. Freehold land and buildings at the Merry Hill dealership were valued on 20 April 1999 by DTZ Debenham Thorpe. All properties were assessed on the basis of an open market valuation for existing use with the continuing benefit of the relevant franchise.

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

| | 2000<br>£ | 1999<br>£ |
|---|---|---|
| Cost and net book value | 5,682,660 | 5,124,009 |

Land and buildings at cost or valuation are stated:

At open market value for existing use

| | 2000 | 1999 |
|---|---|---|
| 25-September-95 | - | 1,800,000 |
| 29-February-96 | 1,850,000 | 1,850,000 |
| 09-December-98 | 1,350,000 | 1,350,000 |
| 20-April-99 | 1,850,000 | 1,850,000 |
| At cost | 1,923,337 | 93,104 |
| | 6,973,337 | 6,943,104 |

## 11 FIXED ASSETS INVESTMENTS

| Company | Shares in group undertakings<br>£ |
|---|---|
| Cost | |
| At 1 May 1999 and 30 April 2000 | 2 |

Investments comprise 100% of the share capital of Hamer Tamworth Limited, a company registered and operating in England and Wales. The principal activity of Hamer Tamworth Limited is the operation of Ford Motor dealerships. The investment is not listed.

## 12 STOCKS

| | Group | | Company | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | £ | £ | £ | £ |
| New vehicles | 155,982 | 14,234 | 61,707 | 9,683 |
| Used vehicles | 3,033,594 | 2,379,863 | 1,812,259 | 465,037 |
| Vehicle buy-back obligations | 1,261,486 | 2,879,759 | - | - |
| Demonstrators, rental and courtesy cars | 1,451,119 | 1,243,989 | 814,211 | 341,549 |
| Other stocks | 579,293 | 461,986 | 217,232 | 111,496 |
| | 6,481,474 | 6,979,831 | 2,905,409 | 927,765 |

Motability buy-back vehicles are included within vehicle stocks. The related liabilities are included within vehicle buy-back obligations. Included within stocks as a result of the above is £549,851 (1999: £2,119,466) in respect of vehicles on buy-back agreements which are not due to mature for more than one year.

## 13 DEBTORS

| | Group | | Company | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | £ | £ | £ | £ |
| Trade debtors | 2,851,873 | 3,075,977 | 731,647 | 424,407 |
| Amounts owed by subsidiary undertakings | - | - | - | 1,028,600 |
| Other debtors | 103,873 | 386,542 | 54,971 | 204,931 |
| ACT recoverable (due after more than one year) | 54,697 | 84,697 | 54,697 | 84,697 |
| Prepayments and accrued income | 1,625,125 | 1,080,798 | 1,065,184 | 460,460 |
| | 4,635,568 | 4,628,014 | 1,906,499 | 2,203,095 |

## 14 CREDITORS: amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | £ | £ | £ | £ |
| Loans (note 16) | 871,851 | 1,558,447 | 871,851 | 1,558,447 |
| Bank loans and overdrafts (note 16) | 2,427,252 | 1,960,209 | - | 450,000 |
| Obligations under finance leases and hire purchase contracts (notes 16 and 20) | 194,257 | 170,595 | 7,008 | 32,453 |
| Trade creditors | 7,419,300 | 6,387,372 | 3,759,991 | 1,357,057 |
| Vehicle buy-back obligations (note 12) | 711,635 | 760,293 | - | - |
| Corporation tax | 12,532 | 8,546 | 4,821 | 835 |
| Amounts owed to subsidiary undertakings | - | - | 301,670 | 274,337 |
| Other taxes and social security | 342,416 | 106,225 | 231,320 | 20,197 |
| Accruals and deferred income | 627,447 | 412,270 | 550,723 | 158,696 |
| | 12,606,690 | 11,363,957 | 5,727,384 | 3,852,022 |

## 14 CREDITORS: amounts falling due within one year (continued)

Included in group trade creditors are used vehicle stock loans of £2,545,859 (1999: £1,845,511), a working capital loan of £200,000 (1999: £200,000), an oil company loan of £320,828 (1999: £206,878) and rental, demonstrator and courtesy car loans of £1,398,365 (1999: £1,528,050), all repayable on demand.

## 15 CREDITORS: amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | £ | £ | £ | £ |
| Loans (note 16) | 4,010,936 | 4,289,115 | 4,010,936 | 4,289,115 |
| Obligations under finance leases and hire purchase contracts (notes 16 and 20) | 265,077 | 212,889 | 9,532 | 5,167 |
| Vehicle buy-back obligations (note 12) | 549,851 | 2,119,466 | - | - |
| | 4,825,864 | 6,621,470 | 4,020,468 | 4,294,282 |

## 16 BORROWINGS

| | Group and Company | |
|---|---|---|
| | 2000 | 1999 |
| | £ | £ |
| Bank Loans | 4,882,787 | 5,847,562 |
| Bank Overdraft | 2,427,252 | 1,960,209 |
| Obligations under finance leases and hire purchase contracts | 459,334 | 383,484 |
| | 7,769,373 | 8,191,255 |

Analysis of repayments:

Amounts repayable by instalments some of which fall after five years:

| | | |
|---|---|---|
| Within one year or on demand | 3,493,360 | 3,689,251 |
| Between one and two years | 633,599 | 380,830 |
| Between two and five years | 851,005 | 932,512 |
| After five years | 2,791,409 | 3,188,662 |
| | 7,769,373 | 8,191,255 |

The borrowings of the group are secured on the assets to which they relate.

## 17 PROVISIONS FOR LIABILITIES AND CHARGES

| The Group | 2000 | 1999 |
|---|---|---|
| | £ | £ |
| Deferred taxation | | |
| Balance at 1 May | 27,000 | 52,000 |
| Profit and loss account (note 6) | 13,000 | ( 25,000) |
| Balance at 30 April | 40,000 | 27,000 |

## 17 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The amounts provided in the accounts and the amounts not provided are as follows:

| | Provided 2000 £ | Not provided 2000 £ | Provided 1999 £ | Not Provided 1999 £ |
|---|---|---|---|---|
| Capital allowances in excess of depreciation | 40,000 | 138,000 | 27,000 | 109,336 |
| Taxation on valuation surplus | - | 387,000 | - | 404,000 |
| Taxation on rolled over gain | - | 174,000 | - | - |
| Tax losses available | - | ( 138,000) | - | ( 68,897) |
| | 40,000 | 561,000 | 27,000 | 444,439 |

| The Company | 2000 £ | 1999 £ |
|---|---|---|
| Balance at 1 May | 27,000 | 52,000 |
| Profit and loss account | 13,000 | ( 25,000) |
| Balance at 30 April | 40,000 | 27,000 |

The amounts provided in the accounts and the amounts not provided are as follows:

| | Provided 2000 £ | Not provided 2000 £ | Provided 1999 £ | Not provided 1999 £ |
|---|---|---|---|---|
| Capital allowances in excess of depreciation | 40,000 | 48,000 | 27,000 | 109,336 |
| Taxation on valuation surplus | - | 387,000 | - | 404,000 |
| Taxation on rolled over gain | - | 174,000 | - | - |
| Tax losses available | - | ( 48,000) | - | ( 121,000) |
| | 40,000 | 561,000 | 27,000 | 392,336 |

## 18 CALLED UP SHARE CAPITAL

Group and company

### (i) Summary

Authorised, Allotted, called up and fully paid:

| | | 2000 £ | 1999 £ |
|---|---|---|---|
| 6,000 | Ordinary shares of £1 each | 6,000 | 6,000 |
| 4,000 | 'A' ordinary shares of £1 each | 4,000 | 4,000 |
| 360,000 | 11.5% Redeemable preference shares of £1 each | 360,000 | 360,000 |
| 300,000 | 900% 'B' Redeemable preference shares of £0.01 each | 3,000 | 3,000 |
| 300,000 | 900% 'C' Redeemable preference shares of £0.01 each | 3,000 | 3,000 |
| | | 376,000 | 376,000 |

## 18 CALLED UP SHARE CAPITAL *(continued)*

### (ii) Summary of share rights

The 11.5% Redeemable preference shares and the 900% 'B' Redeemable preference shares rank equally in all respects. They rank above the 'A' ordinary shares and the ordinary shares for dividends and on winding up. The preference shares have cumulative rights to dividends and are redeemable at par plus accrued unpaid dividends. They have no voting rights. The 11.5% Redeemable preference shares are redeemable at par in half yearly instalments. The 900% 'B' and 'C' Redeemable preference shares are redeemable at £1 per share in 12 half yearly equal instalments.

The 'A' ordinary shares are entitled to a cumulative participating dividend of 8½% of net profit. Any unpaid dividends are paid in preference to the ordinary shares on winding up. The 'A' ordinary shares and ordinary shares have equal voting rights.

### (iii Non-equity shareholders' funds

| | 2000<br>£ | 1999<br>£ |
|---|---|---|
| Attributable to 11.5% Redeemable preference shares | 463,184 | 421,784 |
| Attributable to 900% 'B' Redeemable preference shares | 367,500 | 340,500 |
| Attributable to 900% 'C' Redeemable preference shares | 367,500 | 340,500 |
| | 1,198,184 | 1,102,784 |

## 19 RESERVES

Group

| | Capital reserve<br>£ | Share premium account<br>£ | Revaluation reserve<br>£ | Other reserve<br>£ | Profit and loss account<br>£ |
|---|---|---|---|---|---|
| At 1 May 1999 | | | | | |
| As previously reported | 424,722 | 631,506 | 1,819,095 | 142,784 | ( 401,034) |
| Prior Year Adjustment | - | - | - | - | ( 141,315) |
| As restated | 424,722 | 631,506 | 1,819,095 | 142,784 | ( 542,349) |
| Retained loss for the year | - | - | - | - | ( 416,495) |
| Dividends accrued but not paid | - | - | - | 95,400 | - |
| Realised on disposal | - | - | ( 528,418) | - | 528,418 |
| At 30 April 2000 | 424,722 | 631,506 | 1,290,677 | 238,184 | ( 430,426) |

**19 RESERVES** *(continued)*

Company

| | Capital reserve | Share premium account | Revaluation reserve | Other reserve | Profit and loss account |
|---|---|---|---|---|---|
| At 1 May 1999 | £ | £ | £ | £ | £ |
| As previously reported | 424,722 | 631,506 | 1,819,095 | 142,784 | ( 27,014) |
| Prior Year Adjustment | - | - | - | - | ( 36,658) |
| As restated | 424,722 | 631,506 | 1,819,095 | 142,784 | ( 63,672) |
| Retained loss for the year | - | - | - | - | ( 432,956) |
| Dividends accrued but not paid | - | - | - | 95,400 | - |
| Realised on disposal | - | - | ( 528,418) | - | 528,418 |
| At 30 April 2000 | 424,722 | 631,506 | 1,290,677 | 238,184 | 31,790 |

The other reserve represents cumulative unpaid dividends on preference shares.

**20 FINANCIAL COMMITMENTS**

| | Group 2000 £ | Company 2000 £ | Group 1999 £ | Company 1999 £ |
|---|---|---|---|---|
| **(i) Capital commitments** | | | | |
| Contracted for but not provided | 784,000 | 784,000 | 712,500 | 712,500 |

| | Group 2000 £ | Group 1999 £ | Company 2000 £ | Company 1999 £ |
|---|---|---|---|---|
| **(ii) Obligations under finance leases and hire purchase contracts** | | | | |
| Minimum lease payments due net of interest: | | | | |
| Within one year | 194,257 | 170,595 | 7,008 | 32,453 |
| Within one to two years | 151,579 | 105,716 | 4,116 | 3,111 |
| Within two to five years | 113,498 | 107,173 | 5,416 | 2,056 |
| | 459,334 | 383,484 | 16,540 | 37,620 |

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

## 20 FINANCIAL COMMITMENTS *(continued)*

### (iii Operating lease commitments

At 30 April 2000, the group and company had annual commitments under non-cancellable operating leases as set out below:

| | Group Land and buildings | | Company Land and buildings | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | £ | £ | £ | £ |
| Leases which expire: | | | | |
| After five years | 112,250 | 158,000 | 74,250 | - |

## 21 CONTINGENT LIABILITIES

At 30 April 2000, the company had entered into unlimited bank guarantees in respect of overdrafts of group companies. The group has bank loans and overdrafts of £2,427,252 (1999: £1,960,209).

## 22 RELATED PARTY TRANSACTIONS

The company has taken the advantage of the exemption under Financial Reporting Standard 8 - Related Party Transactions not to disclose transactions with group companies.

## 23 ACQUISITIONS

On the 28 July 1999 and the 2 August 1999 respectively, the company acquired the business and certain trading assets of Appleyard's of Birmingham and Guests of West Bromwich for a cash consideration of £414,673. The amount of goodwill arising as the result of the acquisition was £262,863.

The following table sets out details of the major categories of assets and liabilities acquired including the cashflow effects.

| | 2000 |
|---|---|
| | £ |
| **Net assets acquired:** | |
| Stocks | 266,060 |
| Debtors | 11,777 |
| Creditors | ( 12,363) |
| Provisions | ( 91,921) |
| | 173,553 |
| Goodwill | 262,863 |
| | 436,416 |
| **Satisfied by:** | |
| Cash (including costs) | 436,416 |