

BURTON (BRIDGEND) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 1995



Company no 2983192

BURTON (BRIDGEND) LIMITED

FINANCIAL STATEMENTS

For the period ended 31 December 1995

Company registration number: 2983192

Registered office: 27 Chancery Lane
LONDON
WC2A 1NF

Directors: Motors Directors Limited
S R Burton

Secretary: Motors Secretaries Limited

Bankers: Royal Bank of Scotland
27 Park Row
LEEDS
LS1 5QB

Solicitors: Rakisons & Co
27 Chancery Lane
London
WC2A 1NF

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Grant Thornton House
Kettering Parkway
Kettering Venture Park
Kettering
NN15 6XR

BURTON (BRIDGEND) LIMITED

FINANCIAL STATEMENTS

For the period ended 31 December 1995

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BURTON (BRIDGEND) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period ended 31 December 1995.

Principal activities

The company is principally engaged in purchasing, selling and repairing of motor vehicles and ancillary services.

Business review

Upon acquiring the business on 1 November 1994 it was apparent that a huge investment in premises, plant, machinery and people was required. The company embarked on this investment programme in the knowledge that much of the costs would not be immediately recovered.

Over £91,000 was spent on fixed assets. The accommodation has been increased by the development of the upper floor above Service with two offices and a meetings room created. An additional oven for the Bodyshop and refurbishment to most offices have also added to the huge expenditure in 1995. The company has invested in Information Technology with the purchase of a number of additional PC's, an integrated Dealer Communication System and Electronic Parts Catalogue.

The company's first financial "year", was a 14 month period from 1 November 1994 to 31 December 1995. November and December are far from the best trading months especially in vehicle sales. Having two of each month in our first financial period made a profit more difficult to achieve.

In addition, during this time, a major parts customer went into liquidation leading to the debt having to be written off, and heavy costs were inevitably incurred associated to the cleaning up period following the transfer of the business from the vendors.

The company fully embraced Vauxhall Motor Company's initiative to improve general standards and total customer satisfaction (THE VAUXHALL DIFFERENCE). Associated training to this initiative and skills training amounted to a significant cost. Our commitment to training continues in 1996.

The outlook for 1996 is excellent with first quarter profits expecting to exceed £50,000. These early results suggest the reported losses for our first financial period will be recovered before the end of 1996.

I would like to thank the Management and staff for their support during a most difficult year and for their help in creating the foundation for successful and profitable future.

The company was incorporated on 25 October 1994 and commenced trading on 1 November 1994, having acquired certain assets and liabilities of the business formerly known as Jacksons Garage (Bridgend) Limited.

There was a loss for the period after taxation amounting to £220,560. The directors cannot recommend payment of a dividend and the loss has therefore been deducted from reserves.

BURTON (BRIDGEND) LIMITED

REPORT OF THE DIRECTORS

Directors

The present membership of the Board is set out below. Both Directors were appointed to the board on 31 October 1994 and continued to serve throughout the period.

The interests of the directors and their families in the shares of the company as at 31 December 1995 and at the date of their appointment were as follows:

	Ordinary shares		Preference shares	
	31 December 1995	31 October 1994	31 December 1995	31 October 1994
Motors Directors Limited	-	-	-	-
S R Burton	150,000	-	1	-

Motors Directors Limited is a company related to Vauxhall Motors Limited who own all the remaining preference shares at 31 December 1995.

Fixed assets

The principal items of capital expenditure were the purchase of assets relating to Jacksons Garages (Bridgend) Limited.

Directors' responsibilities for 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:

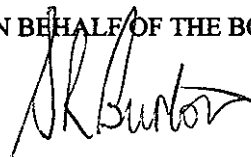
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



S R Burton
Director

14 June 1996

**REPORT OF THE AUDITORS TO THE MEMBERS OF
BURTON (BRIDGEND) LIMITED**

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on pages 5 to 6.

Respective responsibilities of the directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because of a breakdown in accounting control during the period. A new accountant was appointed and whilst he was able to rectify most matters, there still remain a number of unresolved differences and uncleared items which may require subsequent adjustment.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
BURTON (BRIDGEND) LIMITED (CONTINUED)**

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might arise from the items above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work arising from the breakdown in accounting control, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

We do, however, acknowledge the significant progress made on accounting control since the end of the financial period.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

KETTERING

28 June 1996

BURTON (BRIDGEND) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	2%
Plant and machinery	10%
Fixtures and fittings	10%
Computer equipment	20%

INTANGIBLE FIXED ASSETS

Purchased goodwill which is not eliminated from the financial statements by immediate write-off on acquisition against reserves is amortised on a straight-line basis over its estimated useful economic life of 10 years as shown in note 4.

STOCKS

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

Under supply agreements with General Motors the company has access to 'consignment stock' during the consignment period. Where the nature of this supply agreement transfers risks and rewards to the company which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs the company recognises this stock in the balance sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, this stock is not included in the balance sheet. Both the terms under which stock is held, and the financial commitment in respect of this stock are disclosed in the notes to the financial statements.

DEFERRED TAXATION

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

BURTON (BRIDGEND) LIMITED

PRINCIPAL ACCOUNTING POLICIES

MOTABILITY REPURCHASE ARRANGEMENTS

The company has certain obligations to repurchase vehicles at a predetermined residual price upon the expiry of contracts, usually after three years under agreements with Motability Finance Limited. The assets and corresponding liabilities have been disclosed in the balance sheet at the repurchase price. Where there is no obligation to repurchase vehicles, no disclosure is made.

BURTON (BRIDGEND) LIMITED**PROFIT AND LOSS ACCOUNT**

For the period ended 31 December 1995

	Note	1995 £
Turnover	1	12,745,045
Cost of sales		11,282,572
Gross profit		1,462,473
Administrative expenses		1,704,513
Other operating income		(183,512)
Operating loss		(58,528)
Net interest	2	162,032
Loss on ordinary activities before taxation	1	(220,560)
Tax on loss on ordinary activities		-
Loss for the financial year transferred from reserves	11	(220,560)

There were no recognised gains or losses other than the loss for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

BURTON (BRIDGEND) LIMITED**BALANCE SHEET AT 31 DECEMBER 1995**

	Note	1995 £	1995 £
Fixed assets			
Intangible assets	4		88,333
Tangible assets	5		1,170,863
			<u>1,259,196</u>
Current assets			
Stocks	6	3,271,939	
Debtors	7	474,562	
Cash at bank and in hand		124,243	
		<u>3,870,744</u>	
Creditors: amounts falling due within one year	8	1,934,335	
Net current assets			<u>1,936,409</u>
Total assets less current liabilities			<u>3,195,605</u>
Creditors: amounts falling due after more than one year	9		2,608,165
			<u>587,440</u>
Capital and reserves			
Called up share capital	10		808,000
Profit and loss account	11		(220,560)
Shareholders' funds	12		<u>587,440</u>
Equity shareholders' funds			(70,560)
Non-equity shareholders' funds			658,000
			<u>587,440</u>

The financial statements were approved by the Board of Directors on 14 June 1996

S R Burton

Director

Motors Directors Limited

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

BURTON (BRIDGEND) LIMITED**CASH FLOW STATEMENT**

For the period ended 31 December 1995

	Note	1995 £
Net cash inflow from operating activities	13	157,979
Returns on investments and servicing of finance		
Interest received		9,332
Interest paid		(169,534)
Finance lease interest paid		(1,830)
		<hr/>
Net cash outflow from returns on investments and servicing finance		(162,032)
		<hr/>
Investing activities		
Purchase of tangible fixed assets		(40,194)
Purchase of business entity	4	(1,739,501)
		<hr/>
Net cash outflow from investing activities		(1,779,695)
		<hr/>
Net cash outflow before financing		(1,783,748)
		<hr/>
Financing		
Issue of shares		808,000
Receipts from borrowings		1,050,000
Repayment of borrowings		(18,982)
Capital element of finance lease rentals		(10,570)
		<hr/>
Net cash inflow from financing	14	1,828,448
		<hr/>
Increase in cash and cash equivalents	15	44,700

The accompanying accounting policies and notes form an integral part of these financial statements.

BURTON (BRIDGEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 1995

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after:

Auditors' remuneration:

Audit services

Non-audit services

Depreciation and amortisation:

Goodwill

Tangible fixed assets, owned

Tangible fixed assets, held under finance leases and hire purchase contracts

Other operating lease rentals

Other operating income comprises:

Manufacturers receivables

1995

£

4,500

1,000

11,667

17,013

3,989

7,495

183,512

2 NET INTEREST

1995

£

On bank loans, overdrafts and other loans:

Repayable within 5 years, otherwise than by instalments

18,989

18,989

Repayable wholly or partly in more than 5 years

Interest payable to group undertakings

99,181

53,194

171,364

(9,332)

Other interest receivable and similar income

162,032

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

1995

£

Wages and salaries

Social security costs

1,050,814

96,552

1,147,366

BURTON (BRIDGEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 1995

The average number of employees of the company during the period were as follows:

	1995 Number
Mechanical	13
Selling and distribution	7
Administration	36
Management	13
	<u>69</u>

Remuneration in respect of directors was as follows:

	1995 £
Management remuneration	<u>67,882</u>

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

	1995 £
The higher paid director	<u>67,882</u>

The emoluments of the other director, excluding pension contributions, fell within the following range:

	1995 Number
Nil - £5,000	<u>1</u>

4 INTANGIBLE FIXED ASSETS

	Purchased goodwill £
Cost	
Additions	100,000
At 31 December 1995	<u>100,000</u>
Amortisation	
Charge for the year	11,667
At 31 December 1995	<u>11,667</u>
Net book amount at 31 December 1995	<u>88,333</u>

BURTON (BRIDGEND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 1995

Purchased goodwill included above relates to the following acquisitions:

	Date of acquisition	Period of amortisation	Amount £
The assets and liabilities of Jacksons Garages (Bridgend) Limited	28 October 1994	10 years	100,000

The assets and liabilities acquired were as follows:

	Book value £	Revaluation £	Fair value £
Fixed assets			
Tangible	1,200,000	(100,000)	1,100,000
Current assets			
Stocks	686,908	-	686,908
Debtors	1,562	-	1,562
Total assets	1,888,470	(100,000)	1,788,470

	Book value £	Revaluation £	Fair value £
Creditors			
Trade and other creditors	81,986	-	81,986
Accruals	66,983	-	66,983
Total liabilities	148,969	-	148,969
Net assets	1,739,501	(100,000)	1,639,501
Fair value of net assets			1,639,501
Goodwill			100,000
			1,739,501
Satisfied by:			
Cash			1,739,501

BURTON (BRIDGEND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 1995

5 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
Additions	1,050,000	65,484	60,113	16,268	1,191,865
	<u>1,050,000</u>	<u>65,484</u>	<u>60,113</u>	<u>16,268</u>	<u>1,191,865</u>
Depreciation					
Provided in the year	8,169	2,122	8,672	2,039	21,002
	<u>8,169</u>	<u>2,122</u>	<u>8,672</u>	<u>2,039</u>	<u>21,002</u>
Net book amount at 31 December 1995	<u><u>1,041,831</u></u>	<u><u>63,362</u></u>	<u><u>51,441</u></u>	<u><u>14,229</u></u>	<u><u>1,170,863</u></u>

The gross amount of land and buildings on which depreciation is being provided is £350,000.

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £	Computer equipment £
Net book amount at 31 December 1995	<u>43,695</u>	<u>6,171</u>
Depreciation provided during year	<u>2,611</u>	<u>1,378</u>

6 STOCKS

	1995 £
Short term work in progress	3,157
Finished goods and goods for resale	901,294
Vehicle consignment stock	160,146
Motability repurchase commitment vehicles	2,207,342
	<u><u>3,271,939</u></u>

The company has an obligation to repurchase vehicles under agreements with Motability Finance Limited, such repurchase is usually required after three years. The assets and corresponding liabilities have been recorded at the repurchase price. There is no impact on the results for the financial period. The value of repurchase vehicles due after more than one year is £1,571,217.

BURTON (BRIDGEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 1995

Consignment vehicles included in the balance sheet relate to categories of stock where allocation has in principal been made to customer order. All other consignment vehicles are available for allocation to other Vauxhall Retailers. Consignment vehicles excluded from the balance sheet at 31 December 1995 had a cost of £58,207.

There were no significant differences between the replacement cost and the values disclosed above.

7 DEBTORS

	1995 £
Trade debtors	367,665
Amounts owed by group undertakings	77,817
Prepayments and accrued income	29,080
	<u>474,562</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £
Bank loans and overdrafts	101,810
Trade creditors	443,038
Amounts owed to group undertakings	673,804
Motability repurchase commitments (see note 9)	636,125
Social security and other taxes	49,277
Accruals and deferred income	17,377
Amounts due under finance leases	12,904
	<u>1,934,335</u>

The bank overdraft is secured by way of a fixed charge and a debenture over the assets of the company.

Amounts due to group undertakings include £239,946 in respect of vehicles held under the GMAC demonstrator and daily rental plans, and £160,146 in respect of consignment stock creditors.

All monies due to Vauxhall Motors Limited are secured by a debenture over the assets of the company.

Trade creditors include amounts due under vehicle finance arrangements of £236,447 effectively secured against the relevant vehicle stocks.

BURTON (BRIDGEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 1995

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £
Bank loans	693,751
Amounts owed to group undertakings	315,000
Motability repurchase commitments	1,571,217
Amounts due under finance leases	28,197
	<u>2,608,165</u>

Motability repurchase commitments are spread monthly throughout financial periods.

Borrowings are repayable as follows:	1995 £
Within one year	
Bank and other borrowings	101,810
Finance leases	12,904
After one and within two years	
Bank and other borrowings	22,267
Finance leases	12,849
After two and within five years	
Bank and other borrowings	66,801
Finance leases	15,348
After five years	
Bank and other borrowings (repayable by instalments)	604,683
	<u>836,662</u>

The aggregate values of borrowings repayable partly after five years are as follows:

Repayable by instalments	<u>716,018</u>
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The bank loan is secured by a legal charge over all the freehold property and by way of a debenture over the assets of the company. The loan carries interest at commercial rates, and is repayable in a period in excess of 10 years.

In addition to the borrowings disclosed above, the amounts due to group undertakings (repayable otherwise than by instalments in more than five years) are made up of a Vauxhall Motors loan of £315,000.

The Vauxhall Motors loan becomes repayable when 80% of the dealer franchise has been acquired. Interest is payable at commercial rates. The loan is secured by a second legal charge over the freehold land and buildings.

BURTON (BRIDGEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 1995

10 SHARE CAPITAL

	1995 £
Authorised	
150,000 ordinary £1 shares	150,000
658,000 preference £1 shares	658,000
	<u>808,000</u>
Allotted, called up and fully paid	
150,000 ordinary £1 shares	150,000
658,000 preference £1 shares	658,000
	<u>808,000</u>

Preference shares

The preference shares are non-equity shares. The basic entitlement to a dividend at the rate of 1% net per share is waived, and instead these shares are entitled to a balance of any post tax profits remaining after the redemption of the preference shares in accordance with the formula included in the company's Articles of Association. The redemption is made quarterly. Holders of preference shares have one vote for every share held. The rights of preference shareholders on a winding-up are dependent upon a calculation determining funds in excess of 85% of the original total share capital, and such rights are ranked before those of ordinary shareholders.

Allotments during the period

In order to finance the company and enable it to commence trading, the company made an allotment of 150,000 ordinary £1 shares at par and 658,000 preference £1 shares at par.

11 RESERVES

	Profit and loss account £
Retained loss for the period	(220,560)
At 31 December 1995	<u>(220,560)</u>

BURTON (BRIDGEND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 1995

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £
Loss for the financial year	(220,560)
Issue of shares	808,000
Net increase in shareholders' funds	<u>587,440</u>

13 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £
Operating loss	(58,528)
Depreciation	32,669
Increase in stocks	(2,585,031)
Increase in debtors	(473,000)
Increase in creditors	3,241,869
Net cash inflow from operating activities	<u>157,979</u>

14 ANALYSIS OF CHANGES IN FINANCING

	Share capital	Loans and amounts due under finance leases
	1995 £	1995 £
At 25 October 1994	-	-
Net cash inflow from financing	808,000	1,020,448
Inception of finance leases	-	51,671
At 31 December 1995	<u>808,000</u>	<u>1,072,119</u>

15 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1995 £
At 25 October 1994	-
Net cash inflow	44,700
At 31 December 1995	<u>44,700</u>

BURTON (BRIDGEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 1995

16 ANALYSIS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:	1995 £	Change in 1995 £
Cash at bank and in hand	124,243	124,243
Bank overdrafts	(79,543)	(79,543)
	<u>44,700</u>	<u>44,700</u>

17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1995.

18 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1995.

19 LEASING COMMITMENTS

Operating lease payments amounting to £13,329 are due within one year. The leases to which these amounts relate expire as follows:

	1995 Other £
Between two and five years	11,730
In five years or more	1,599
	<u>13,329</u>

20 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is General Motors Corporation which is registered in the United States of America.