

169

BRISTOL STREET MOTORS (BROMLEY) LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 1978

KIDSONS
Chartered Accountants
LONDON



INDISTINCT ORIGINAL

REPORT OF THE DIRECTORS

The directors present their report and statement of accounts for the year ended 31st December 1978.

PRINCIPAL ACTIVITY

The company continued to trade as motor vehicle dealers.

RESULTS AND DIVIDEND

The profit and the recommended dividend for the year are shown in the profit and loss account on page 3.

FIXED ASSETS

The properties were professionally valued at 31st December 1978 and the result is incorporated in these accounts. Changes in fixed assets during the year, including the revaluation, are set out in note 8 to the accounts.

EXPORTS

There were no goods exported during the year.

DIRECTORS

The directors at 31st December 1978 were:

Mr. H.G. Cressman	U.S.A.)	Directors of B.S.G.
Mr. C.B. Justice)	International Limited
Mr. A.D. Dawson)	
Mr. T.C. Stokes	(resigned 1st February 1978)		
Mr. J.D. Lovell			
Mr. I.C.K. Black	(appointed 22nd August 1978)		

DIRECTORS' INTERESTS IN SHARES OR CONTRACT WITH THE COMPANY

None of the directors have any beneficial interest in the share capital of the company.

Beneficial interests of directors (other than directors of the holding company, whose interests are disclosed in that company) in the ordinary share capital of B.S.G. International Limited, are as follows:-

	<u>Ordinary Shares of 10p</u>	
	<u>1978</u>	<u>1977</u>
Mr. J.D. Lovell	500	500

No director has had any beneficial interest in any material contract to which the company was a party.

TAXATION STATUS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1970.

AUDITORS

The auditors, Messrs. Kidsons, have intimated their willingness to continue in office, subject to the approval of the members in general meeting.

Registered Office:
Victory House,
Masons Hill,
Bromley, Kent BR2 9HS

6th April 1979

By Order of the Board

R. THORNE
for B.S.G. Secretarial Services Limited
Secretary.

BRISTOL STREET MOTORS (BROMLEY) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts set out on pages 3 to 7. These have been prepared under the historical cost convention as modified by certain property revaluations.

In our opinion the accounts give a true and fair view of the state of affairs at 31st December 1978 and of the result for the year ended on that date and comply with the Companies Acts 1948 and 1967. The accounts do not show the manner in which the operations of the company have been financed or in which its financial resources have been used during the year as required by Statement of Standard Accounting Practice No. 10 as such information is of little value as a result of the parent company's financial structuring of its subsidiary companies.

KIDSONS

London, 6th April 1979

Chartered Accountants

BRISTOL STREET MOTORS (BROMLEY) LIMITED

3.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1978

	<u>Note</u>	<u>1978</u> £	<u>1977</u> £
TURNOVER	1	<u>8,400,365</u>	<u>6,561,382</u>
PROFIT BEFORE TAXATION	2	274,366	202,318
TAXATION	4	<u>45,161</u>	<u>1,089</u>
PROFIT AFTER TAXATION		229,205	201,229
ORDINARY DIVIDEND		<u>286,000</u>	<u>121,000</u>
LOSS (1977 - PROFIT) FOR THE YEAR		<u>(56,795)</u>	<u>80,229</u>

STATEMENT OF DISTRIBUTABLE RESERVES

	£	£
At beginning of year:		
As previously reported	196,415	53,716
Prior year adjustment	-	<u>62,470</u>
	<u>196,415</u>	116,186
Loss (1977 - Profit) for the year	<u>(56,795)</u>	<u>80,229</u>
At end of year	<u>139,620</u>	<u>196,415</u>

The notes on pages 5 to 7 form part of these accounts.

Auditors' report - page 2.

BRISTOL STREET MOTORS (BROMLEY) LIMITED

4.

BALANCE SHEET - 31ST DECEMBER 1978

	Note	1978 £	1977 £
<u>CAPITAL EMPLOYED</u>			
SHARE CAPITAL	5	50,000	50,000
RESERVES	6	608,499	455,105
		658,499	505,105
LOAN CAPITAL	7	60,000	60,000
		718,499	565,105
<u>EMPLOYMENT OF CAPITAL</u>			
FIXED ASSETS	8	1,011,504	710,709
<u>CURRENT ASSETS</u>			
Stocks	1 & 9	1,354,968	962,143
Debtors		415,307	306,054
Amounts due from other group companies		78,391	10,005
Group taxation relief		95,825	19,245
Cash		514	849
		1,945,005	1,298,296
<u>CURRENT LIABILITIES</u>			
Creditors		828,473	598,621
Short term loan		494,174	299,955
Current taxation		124,161	53,259
Amounts due to other group companies		505,202	371,065
Proposed dividend		286,000	121,000
		2,238,010	1,443,900
NET CURRENT LIABILITIES		(293,005)	(145,604)
I.C.K. BLACK	} Directors	718,499	565,105
J.D. LOVELL			

The notes on pages 5 to 7 form part of these accounts.

Auditors' report - page 2.

NOTES ON THE ACCOUNTS - 31ST DECEMBER 1978

1. ACCOUNTING POLICIES

(a) Turnover

Turnover comprises invoiced sales excluding car tax and value added tax.

(b) Depreciation

Depreciation is calculated on cost, on a straight line basis to write off the book value over the expected useful life of the assets concerned. The principal annual rates used for this purpose are:

Motor vehicles	25%
Plant and equipment	10%

It is group policy to revalue freehold properties at frequent intervals and to reflect any changes in each subsidiary's accounts. Accordingly it is not considered appropriate to adopt SSAP 12 with regard to depreciation of freehold buildings.

(c) Stocks

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

(d) Deferred Taxation

The directors consider that future capital expenditure plans and their intention of maintaining existing stock levels in the foreseeable future do not justify the existence of the deferred taxation account and accordingly no provision has been made in these accounts.

2. TRADING PROFIT BEFORE TAXATION

	<u>1978</u>	<u>1977</u>
	£	£
Trading profit is after charging:-		
Depreciation	47,147	34,814
Auditors' remuneration	2,700	2,150
Long term interest	2,400	2,400
Short term interest	152,244	128,561
Directors' emoluments:		
for executive services including		
benefits-in-kind	17,841	20,663
Profit on sale of fixed assets	(6,558)	(3,953)
Management service charge	36,300	-
	<u> </u>	<u> </u>

3. DIRECTORS' EMOLUMENTS (excluding contributions to pension schemes):

	<u>1978</u>	<u>1977</u>
	£	£
Chairman's emoluments	Nil	Nil
Emoluments of the highest paid director	11,148	13,530
Other directors - number whose emoluments fall in the following ranges:-	<u>No.</u>	<u>No.</u>
£ Nil to £2,500	3	2
£5,001 to £7,500	1	1

BRISTOL STREET MOTORS (BROMLEY) LIMITED

6.

NOTES ON THE ACCOUNTS - 31ST DECEMBER 1978

(CONTINUED)

4. TAXATION	1978 £	1977 £
The charge for the year comprises:		
U.K. Corporation tax based on the profits at a rate of 52% for the year	124,161	-
Prior years' adjustment	(79,000)	1,089
	<u>45,161</u>	<u>1,089</u>

If deferred taxation had been provided on the liability method the charge for the year would have been £21,000. This would be made up of £73,900 in respect of accelerated capital allowances, a credit of £57,000 in respect of stock relief and £4,100 in respect of other timing differences.

5. SHARE CAPITAL (1978 and 1977)	Authorised £	Issued and Fully Paid £
Ordinary shares of £1 each	50,000	50,000

6. RESERVES	£	£	Total £
At 31st December 1977	258,690	196,415	455,105
Loss for the year	-	(56,795)	(56,795)
Revaluation surplus	210,189	-	210,189
At 31st December 1978	<u>468,879</u>	<u>139,620</u>	<u>608,499</u>

7. LOAN CAPITAL
The loan, bearing interest at the rate of 4% p.a. is repayable in 1981/84. It is secured on one of the freehold properties.

8. FIXED ASSETS	Freehold property £	Plant equipment and vehicles £	Total £
(a) <u>COST OR VALUATION</u>			
At 31st December 1977	574,811	215,332	790,143
Additions	-	219,747	219,747
Disposals	-	(106,942)	(106,942)
Revaluation	210,189	-	210,189
At 31st December 1978	785,000	328,137	1,113,137
Aggregate depreciation	-	101,633	101,633
<u>NET BOOK AMOUNT</u>			
At 31st December 1978	<u>785,000</u>	<u>226,504</u>	<u>1,011,504</u>
At 31st December 1977	<u>574,811</u>	<u>135,898</u>	<u>710,709</u>

(b) The freehold properties were professionally valued at £785,000 as at 31st December 1978. The properties were valued with the benefit of vacant possession on an existing use basis. The surplus over net book value has been transferred to reserves.

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BRISTOL STREET MOTORS (BROMLEY) LIMITED

7.

NOTES ON THE ACCOUNTS - 31ST DECEMBER 1978

(CONTINUED)

9. STOCKS	<u>1978</u>	<u>1977</u>
	£	£
Vehicles - on consignment	494,174	299,955
- adopted	568,161	428,733
Parts	292,633	232,550
Work in progress	-	905
	<u>1,354,968</u>	<u>962,143</u>

10. CONTINGENT LIABILITIES

- (a) The amounts for deferred taxation, calculated on the liability method, that would have been provided for if deferred taxation had been accounted for are as follows:-

	<u>1978</u>
	£
Accelerated capital allowances	5,550
Stock appreciation relief	261,900
Other timing differences	4,100
	<u>271,550</u>

Deferred tax has been calculated on the liability method at a rate of 52% on the excess of book values of appropriate fixed assets over their written down values for tax purposes, and on stock appreciation relief claimed or claimable up to 31st December 1978.

- (b) Certain of the freehold properties of the company together with that of certain other group companies is subject to a charge to secure the debenture stock of the holding company.
- (c) The company has given joint and several guarantees secured by fixed and floating charges on its assets in respect of the holding company's indebtedness to Barclays Bank Limited.
- (d) Under supply agreements with an oil company, there is a maximum contingent liability of £21,279.

11. ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of B.S.G. International Limited, a company incorporated in England.