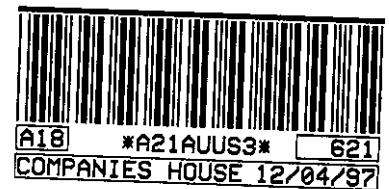


BRISTOL STREET BROMLEY LIMITED
REPORT AND FINANCIAL STATEMENTS

31 December 1996

Registered number 634024



BRISTOL STREET BROMLEY LIMITED

DIRECTORS' REPORT

31 December 1996

The directors present their annual report and the financial statements for the year ended 31 December 1996.

Review of business and results

Until 31 July 1996 the principal activities of the company were those of motor vehicle dealers. With effect from 1 August 1996 the company transferred all of its trade, assets and liabilities to Bristol Street First Investments Limited, a fellow subsidiary undertaking. From that date the company acted as undisclosed agents on behalf of that fellow subsidiary undertaking.

The turnover was £22,315,082 compared with £33,484,477 for the previous year. The profit on ordinary activities before taxation amounted to £568,810 compared with a profit of £448,368 in the previous year.

The directors consider the state of affairs of the company to be satisfactory.

Change of name

On 1 January 1996 the company changed its name to Bristol Street Bromley Limited.

Directors

The following were directors of the company at 31 December 1996

R.E.C. Marton) Directors of B.S.G.
P. Turnbull) International plc
J.B. Tustain)
P.R. Williams
J.R.H. McHutchison
J.R. Owen

Directors' shareholdings

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

The directors of the ultimate parent undertaking disclose their interests in the share capital of B.S.G. International plc in the financial statements of that company. None of the other directors have any beneficial interest in the share capital of B.S.G. International plc.

BRISTOL STREET BROMLEY LIMITED

DIRECTORS' REPORT

31 December 1996

(continued)

Directors' shareholdings (continued)

The directors (other than directors of the ultimate parent undertaking) holding options under the B.S.G. International plc Executive Share Option Scheme 1985 are as follows

	31 December 1996 Ordinary shares of 10p each	31 December 1995 Ordinary shares of 10p each
P.R. Williams	100,985	100,985
J.R.H. McHutchison	100,000	100,000

Auditors

The company has elected to dispense with the annual re-appointment of auditors and in the absence of a specific resolution to the contrary Kidsons Impey will continue in office.

Registered Office

Bristol Street House
1270 Coventry Road
Birmingham B25 8BB

By order of the board



S.D. McCaslin

for B.S.G. Secretarial Services Limited

Secretary

17 March 1997

BRISTOL STREET BROMLEY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 December 1996

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the year and of the profit or loss for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- follow applicable accounting standards.

They are also responsible:

- for ensuring that the company keeps adequate accounting records
- to the company for safeguarding the company's assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRISTOL STREET BROMLEY LIMITED

AUDITORS' REPORT

Auditors' report to the shareholders of Bristol Street Bromley Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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.

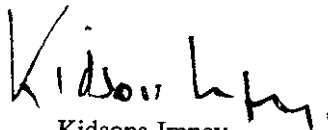
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Kidsons Impey

Registered Auditors

Chartered Accountants

Birmingham

17 March 1997

BRISTOL STREET BROMLEY LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover	2	22,315,082	33,484,477
Cost of sales		(18,788,414)	(28,068,113)
Gross profit		3,526,668	5,416,364
Distribution costs		(2,254,218)	(3,683,579)
Administrative expenses		(568,002)	(1,078,542)
Operating profit	3	704,448	654,243
Interest payable	4	(135,638)	(205,875)
Profit on ordinary activities before taxation		568,810	448,368
Taxation	6	(101,452)	(150,355)
Retained profit for the year	14	467,358	298,013

BRISTOL STREET BROMLEY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

31 December 1996

There are no recognised gains or losses other than the profit for the year of £467,358 (1995:£298,013).

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1996 £	1995 £
Profit on ordinary activities before taxation	568,810	448,368
Realisation of property revaluation net gains of previous years	2,048,043	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	2,616,853	448,368
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation	2,515,401	298,013
	<hr/>	<hr/>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	£
Total recognised gains and losses for the year	467,358	298,013
Opening shareholders funds	<u>4,031,995</u>	<u>3,733,982</u>
Closing shareholders funds	<u>4,499,353</u>	<u>4,031,995</u>

BRISTOL STREET BROMLEY LIMITED

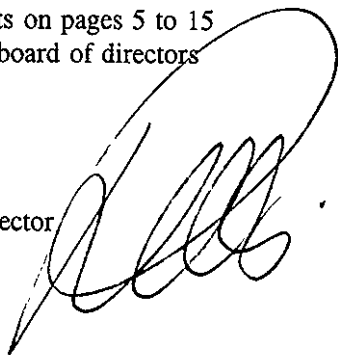
BALANCE SHEET

at 31 December 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	7		-		4,632,475
Current assets					
Stocks	8		-	2,585,369	
Debtors	9	4,647,966		2,129,378	
Cash at bank and in hand		<u>-</u>		<u>1,750</u>	
		4,647,966		4,716,497	
Creditors: amounts falling due within one year	10	<u>(148,613)</u>		<u>(4,805,152)</u>	
Net current assets/(liabilities)			<u>4,499,353</u>		<u>(88,655)</u>
Total assets less current liabilities			4,499,353		4,543,820
Creditors: amounts falling due after more than one year	11		-		(467,825)
Provision for liabilities and charges					
Deferred tax	12		<u>-</u>		<u>(44,000)</u>
			<u>4,499,353</u>		<u>4,031,995</u>
Capital and reserves (equity)					
Called up share capital	13		50,000		50,000
Revaluation reserve	14		-		2,048,043
Profit and loss account	14		<u>4,449,353</u>		<u>1,933,952</u>
Total shareholders' funds			<u>4,499,353</u>		<u>4,031,995</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 17 March 1997

R.E.C. Marton - Director



BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of freehold property.

Depreciation

Depreciation is calculated on cost or revalued amounts on a straight line basis to write off the relevant assets over their expected useful lives. The principal annual rates used are as follows

	%
Plant	10-33.33
Vehicles	25-50
Office equipment	10 - 33.33
Computer equipment	33.33 - 100

It is the company's policy to maintain freehold property in such condition that the residual value, based on the price prevailing at the time of acquisition or subsequent valuation, is at least equal to book value. Having regard to this it is the opinion of the directors that depreciation of any such freehold property as required by the Companies Act 1985 and accounting standards would not be material and accordingly none is provided.

Stocks

The basis of valuation is the lower of cost and estimated realisable value. Cost includes materials, direct labour and production overheads where appropriate.

Vehicle repurchase commitments

The company has arrangements with customers which include a commitment to repurchase vehicles at a future date at a pre-determined price. The residual interest in these vehicles is included in stocks, with the corresponding liability included in creditors.

Leases

Assets held under hire purchase contracts are capitalised as tangible fixed assets and depreciated over the shorter of the term of the lease, including any secondary period, and the useful economic life based upon the depreciation policies above. The obligation to pay future rentals is included in creditors net of interest charges allocated to future periods. The finance charge element of rentals is calculated on the reducing balance of capital outstanding and charged to the appropriate accounting period through the profit and loss account.

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

Deferred taxation

Deferred taxation is calculated on the liability method in respect of timing differences between profits as stated in the financial statements and as computed for tax purposes. Where such timing differences are anticipated to continue for the foreseeable future no provision is made.

Pensions

The ultimate parent undertaking operates a number of defined benefit pension schemes for its employees. All the schemes are funded; liabilities are provided on a systematic basis over the period of employment of scheme members. Variations disclosed by actuarial valuations are spread over the average remaining service lives of current scheme members.

BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

1 Principal accounting policies (continued)

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard No.1 as it is a wholly owned subsidiary undertaking and the ultimate parent undertaking publishes consolidated financial statements which include a consolidated cash flow statement.

2 Turnover

Turnover represents the value, excluding value added tax, of goods sold and services provided to customers.

Turnover of £106,666 (1995 £Nil) and operating profit of £106,666 (1995 £Nil) relate to continuing activities. All other activities are classed as discontinued.

Turnover and operating profit relate wholly to operations in the United Kingdom.

3	Operating profit	1996	1995
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible fixed assets		
	- Owned assets	92,722	143,146
		—	—
	Auditors' remuneration		
	- Audit fees	11,500	16,730
	- Other services	980	950
	Operating lease rentals		
	- Hire of plant and machinery	-	195,232
		—	—
4	Interest payable		
	Interest payable on loans repayable within 5 years		
	Bank overdraft	120,734	191,103
	Short term loan	<u>14,904</u>	<u>14,772</u>
		135,638	205,875
		—	—

KIDSONS IMPEY

BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

5	Directors and employees	1996	1995
		£	£
	Staff costs including directors' emoluments		
	Wages and salaries	1,468,258	2,436,227
	Social security costs	140,491	233,038
	Pension costs	<u>9,623</u>	<u>12,666</u>
		1,618,372	2,681,931
		<u>=====</u>	<u>=====</u>
	Average number of persons employed including executive directors	Number	Number
	Production	49	45
	Sales and distribution	76	79
	Administration	<u>21</u>	<u>19</u>
		146	143
		<u>=====</u>	<u>=====</u>
	Directors' emoluments	£	£
	For management	25,985	120,972
		<u>=====</u>	<u>=====</u>
	Emoluments excluding pension contributions are analysed as follows		
	Chairman	Nil	Nil
		<u>=====</u>	<u>=====</u>
	Highest paid director	22,913	73,815
		<u>=====</u>	<u>=====</u>
	Directors' emoluments were within the ranges	Number	Number
	£0 - £5,000	5	5
	£20,001 - £25,000	1	-
	£40,001 - £45,000	-	1
	£70,001 - £75,000	-	1

BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

6	Taxation		1996	1995
			£	£
	The taxation charge comprises			
	U.K. corporation tax		146,093	156,000
	Deferred tax		(44,000)	(6,000)
	Prior year's adjustment - corporation tax		<u>(641)</u>	<u>355</u>
			101,452	150,355
			<u> </u>	<u> </u>
7	Tangible fixed assets			
		Freehold	Plant and	
		property	vehicles	Total
	Cost or valuation	£	£	£
	1 January 1996	4,250,000	1,048,781	5,298,781
	Reclassification	-	9,688	9,688
	Additions	120,671	198,013	318,684
	Inter-company transfers	(4,367,771)	(1,186,272)	(5,554,043)
	Disposals	<u>(2,900)</u>	<u>(70,210)</u>	<u>(73,110)</u>
	31 December 1996	-	-	-
		<u> </u>	<u> </u>	<u> </u>
	Depreciation			
	1 January 1996	-	666,306	666,306
	Reclassification	-	(3,673)	(3,673)
	Charge for the year	-	92,722	92,722
	Inter-company transfers	-	(733,282)	(733,282)
	Disposals	<u>-</u>	<u>(22,073)</u>	<u>(22,073)</u>
	31 December 1996	-	-	-
		<u> </u>	<u> </u>	<u> </u>
	Net book amount			
	31 December 1996	-	-	-
		<u> </u>	<u> </u>	<u> </u>
	31 December 1995	4,250,000	382,475	4,632,475
		<u> </u>	<u> </u>	<u> </u>

KIDSONS IMPEY

BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

7 Tangible fixed assets (continued)

Historical cost information	1996	1995
	£	£
Historical cost of freehold property	-	2,201,957
Accumulated depreciation based on cost	-	-
Net book amount	-	2,201,957

8 Stocks

Vehicle and accessory stock	-	1,907,704
Work in progress	-	46,328
Residual interest in buy back vehicles	-	631,337
	-	2,585,369

The company held £4,636,841 of consignment stock as at 31 December 1995 which is not recorded in the balance sheet. The principal terms of the consignment agreements, which can generally be terminated by either side, are such that the company can return any or all of the stock to the relevant suppliers without financial or commercial penalties and the supplier can vary stock prices.

The company had arrangements with customers at 31 December 1995 which included a commitment to repurchase vehicles at a future date at a pre-determined price. The residual interest in these vehicles is included in stocks with the corresponding liability included in creditors.

9 Debtors

	£	£
Trade debtors	-	1,239,008
Deposits with motor manufacturers	-	233,321
Amount owed by ultimate parent undertaking	3,092,913	-
Amounts owed by fellow subsidiary undertakings	1,555,053	44,330
Other debtors	-	76,418
Prepayments and accrued income	-	536,301
	4,647,966	2,129,378

BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

10	Creditors: amounts falling due within one year	1996	1995
		£	£
	Trade creditors	-	1,065,440
	Amount owed to ultimate parent undertaking	-	2,974,353
	Amounts owed to fellow subsidiary undertakings	-	61,705
	Corporation tax payable	146,093	156,000
	Vehicle repurchase commitments	-	163,512
	Other taxes and social security	-	84,275
	Other creditors and accruals	<u>2,520</u>	<u>299,867</u>
		<u>148,613</u>	<u>4,805,152</u>
11	Creditors: amounts falling due after more than one year		
	Vehicle repurchase commitments	-	<u>467,825</u>

12 Deferred tax

The deferred tax liability at 31 December 1996 arising on timing differences, calculated on the liability method is as follows:

	Potential liability	1996 Amount provided	Potential liability	1995 Amount provided
	£	£	£	£
Accelerated capital allowances	-	-	44,000	44,000
Industrial buildings allowances	<u>-</u>	<u>-</u>	<u>54,000</u>	<u>-</u>
	-	-	98,000	44,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13 Called up share capital (1996 and 1995)

	Authorised	Issued and fully paid
	£	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

14 Reserves	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 1996	2,048,043	1,933,952	3,981,995
Transfers	(2,048,043)	2,048,043	-
Retained profit for the year	<u>-</u>	<u>467,358</u>	<u>467,358</u>
Balance at 31 December 1996	<u>-</u>	<u>4,449,353</u>	<u>4,449,353</u>

The transfer between the revaluation reserve and the profit and loss account represents revaluation surpluses realised in the company of which £2,045,144 has not yet been realised outside the group.

15 Transactions involving directors

Directors' interest in contracts

No director, either during or at the end of the financial year, was materially interested in any significant contract to which the company was a party.

16 Contingent liabilities

The company has given a joint and several guarantee in respect of the ultimate parent undertaking's indebtedness to Barclays Bank PLC.

17 Pensions

Pension costs have been assessed in accordance with advice received from the actuary to the schemes on the basis of reviews carried out for the purpose of Statement of Standard Accounting Practice No.24. Pension costs were assessed using the projected unit actuarial costing method based on assumptions including a long term rate of investment return on assets of 9% per annum, a general rate of increase in members' earnings 2% less than this figure, pension increases in accordance with the scheme rules and appropriate allowances for mortality, members leaving service and early retirements.

Actuarial valuations of all schemes are carried out triennially and full details of the valuation at 31 March 1995 appear in the published financial statements of the ultimate parent undertaking.

BRISTOL STREET BROMLEY LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

(continued)

18 Immediate and ultimate parent undertaking

The company is a wholly owned subsidiary of B.S.G. Holdings Limited.

The ultimate parent undertaking is B.S.G. International plc, a company incorporated in England. The ultimate parent undertaking is a publicly quoted company and copies of its published accounts are available from Seton House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DE.