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Caffyns Limited

Seventy-first Annual Report and Accounts

For the year ended 31st March, 1980

Contents

Results at a Glance

	1980 £	1979 £
Sales	51,866,244	46,038,688
Trading Profit	2,066,328	1,736,891
Profit before Tax..	603,832	911,466
Profit after Tax and Extraordinary Item	725,602	913,850
Dividends		
Preference	90,900	69,950
Ordinary	220,320	220,320

Caffyns Limited

Directors

Sir EDWARD CAFFYN, K.B.E., C.B., T.D., D.L., C.Eng., F.I.Mech.E.
Chairman

Rt. Hon. LORD SHAWCROSS, G.B.E., Q.C.
Deputy Chairman

H. C. COTTRELL, F.I.A.

ALAN M. CAFFYN, C.Eng., M.I.Mech.E., A.M.I.M.I.
Managing Director (Sales)

ANTHONY E. F. CAFFYN, A.M.I.M.I.
Managing Director (Service)

ROBERT J. M. CAFFYN, M.A., F.C.A.
Managing Director (Administration)

Local Directors

V. A. BROOKER, T.Eng.(C.E.I.), M.I.M.I.—Worthing
P. G. EDWARDS—Brighton
A. FERRARI—Canterbury
D. M. LAMBERT—Eastbourne
D. R. SEYMOUR—Bournemouth
D. H. STROUD—Tunbridge Wells
R. S. STUPPLE—Hove
L. C. WOOD—Head Office

Bankers

MIDLAND BANK LIMITED, 94 Terminus Road, Eastbourne

Auditors

THORNTON BAKER, Chartered Accountants, 2 Hyde Gardens, Eastbourne

Secretary

ROBERT J. M. CAFFYN, M.A., F.C.A.

Registered Office

Meads Road, Eastbourne

Caffyns Limited

Registered in England No. 105664

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the SEVENTY-FIRST ANNUAL GENERAL MEETING of this Company will be held at the Lecture Hall, Central Library, Eastbourne, on Thursday, the 31st day of July, 1980, at 3 p.m.

To receive the Accounts and Reports of the Directors and Auditors.

To declare a Dividend on the Ordinary Shares.

To re-elect a Director.

To re-appoint Thornton Baker as Auditors.

To empower the Directors to fix the remuneration of the Auditors.

To transact any other business proper to an Ordinary General Meeting.

By Order of the Board

R. J. M. CAFFYN,

Secretary.

Registered Office: MEADS ROAD, EASTBOURNE.

4th July, 1980.

Any member of the Company entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and vote instead of him. Proxies will be accepted up to 48 hours before the time of the meeting.

There are no contracts of service of directors with the Company or with its subsidiary.

The Dividend, if approved, will be paid to Ordinary Shareholders who were registered in the books of the Company on the 4th July, 1980. Warrants will be posted on the 31st July, 1980.

Caffyns Limited

Chairman's Review

Financial Report

The turnover for the year ended 31st March, 1980 has increased by 13% from £46m to £52m and the trading profit has increased by 19% from £1.7m to £2.1m. However, as I warned both in my Review last year and again in my Interim Report, interest rates have risen to record levels, with the result that our interest charges and display charges have more than doubled to reach over £1m. As a consequence the Profit before Tax has been reduced by one third from £911,406 to £603,832.

Sales of property in Ashford, Eastbourne and Worthing less goodwill on acquisitions produced a surplus of £184,336.

Dividend

The Directors recommend an unchanged final dividend of 4.6p per Ordinary share which with the interim dividend of 2.2p per share makes a total dividend for the year of 6.8p per share. The dividend is covered 1.78 times.

Expansion

On 2nd July, 1979 we purchased additional premises in Ashford, Bexhill and Tonbridge in order to expand our Commercial Vehicle operation. On 31st December, 1979 we purchased premises in Hailsham to expand our parts distribution.

In Lewes we have started to build new showrooms in Phoenix Causeway and will sell our premises at Cliffe Bridge. In Brighton we are building new coachshops behind our Dyke Road premises and will sell our premises in Davigdor Road.

Vehicle Sales

The second six months of the financial year has seen the development of fierce competition in the market place with many Manufacturers offering inducements to both customers and dealers in an endeavour to obtain the maximum share possible of registrations of new models. The result has been a drastic reduction in margins and although sales nationally for the first quarter of 1980 were at a record level, little profit was generated for Dealers. The outlook for the current financial year is, if anything, more bleak and an early return to more orderly marketing is overdue.

BL's problems have been well publicised but we remain confident of their survival and with the introduction of new models such as the Metro this Autumn and the Honda engineered Bounty which is due out in 1981 we look forward to the future with some optimism. Our Branches with Fiat have also experienced difficulty with Fiat's share of the market falling away, but they have continued to trade satisfactorily.

During the year we started trading at Bexhill and Hastings as Audi-Volkswagen agents and we are also acquiring this franchise at Haywards Heath on the 1st August to replace BL. We have also changed our franchises at Dover and Folkestone and now represent Renault. These developments took place after full consultation with BL as part of their rationalisation programme. We consider the spreading of our interests in this way to be a prudent course of action but we still remain with substantial investments in the BL franchise.

Our Commercial Vehicle Division, enlarged by the acquisition of Wadham Stringer Leyland Vehicle interest in Kent, have had another profitable year and this side of the business continues to grow satisfactorily.

Service and Parts

Service and Parts sales have continued to grow steadily although expenses have increased and margins reduced. With the improvement in technology vehicle manufacturers are recommending longer servicing intervals for their new models, however, the demand for servicing grows as the number of vehicles on the road continues to increase.

Future Outlook

The trading conditions at present are very difficult with low margins and interest rates at a record high level. Our business cannot isolate itself from the recession which is affecting this country and all industrialised countries at this time. We hope that inflation will reduce towards the end of the year. We are taking steps to reduce our borrowings but we cannot forecast a major improvement in profit this year. The longer term outlook is more encouraging.

Staff

This has been a difficult year for those who work in the retail motor trade. We express our appreciation and that of our customers and shareholders for the high standard of service which our staff maintain.

Edward Coffey

9th June, 1980.

Report of the Directors

The Directors submit their report and statement of accounts for the year ended 31st March, 1980.

Trading Activity

The Company is engaged in the normal activities of the Retail Motor Industry.

Subsidiary Company

The Company's only subsidiary, Caffyns Finance Co. Ltd. which is wholly owned, has not traded for some years. As its net assets amount to £14 only (see note 10), the Board have decided to discontinue the publication of a Consolidated Balance Sheet.

Turnover

The turnover of the business was £51,866,244 including car tax (1979—£46,038,688).

Exports amounted to £4,834 (1979—£11,744).

Profits and dividends

The trading profit for the year amounted to £2,066,328 (1979—£1,736,891) and the profit before tax £603,832 (1979—£911,466). The profit after tax amounted to £541,286 (1979—£708,497). There was also an extraordinary profit arising from the surplus on the disposal of properties amounting to £184,336 (1979—£145,353) after writing off £95,000 Goodwill acquired during the year.

The Directors have made and recommend dividends absorbing £311,220 as under:

	1980 £	1979 £
Dividends paid		
On 4.55% (formerly 6.5%) Cumulative First Preference Shares	17,700	17,700
On 4.2% (formerly 6%) Cumulative Second Preference Shares	8,400	8,400
On 10% Cumulative Preference Shares	64,800	43,850
On Ordinary Shares—Interim 2.2p actual (1979—2.2p actual)	71,280	71,280
Dividend proposed		
On Ordinary Shares—Final 4.6p actual (1979—4.6p actual)	149,040	149,040
	311,220	290,270

They have transferred to reserves £414,382 as under:

To Revenue Reserve	230,046	478,227
To Capital Reserve	184,336	145,353
	414,382	623,580

Directors

The Director retiring by rotation is Sir Edward Caffyn who, being eligible, offers himself for re-election. The composition of the Board is shown on page 2 and page 7. No members of the Board had beneficial interests in contracts to which the Company was party during the year. There are no contracts with the Company and its Directors whereby the Directors have any right to acquire shares or debentures. No Director has a contract of service with the Company.

The beneficial interests of the Directors (including their families) in the shares of the Company, together with their interests as trustees of both charitable and other trusts, are as follows:—

	At 31st March, 1980 Ordinary Shares	Cum. 1st Pref. Shares	10% Pref. Shares	At 31st March, 1979 Ordinary Shares	Cum. 1st Pref. Shares	10% Pref. Shares
Sir Edward Caffyn	95,011	1,060	8,459	95,011	1,060	13,459
	*100,000		*20,000	*100,000		*20,000
Lord Shawcross	2,000		400	2,000		400
H. C. Cottrell	1,000		200	1,000		200
A. E. F. Caffyn	73,850		8,970	73,850		8,970
	*12,000		*2,400	*12,000		*2,400
A. M. Caffyn	64,720	1,040	4,800	64,720	1,040	12,944
R. J. M. Caffyn	73,735	1,000	11,400	73,735	1,000	11,400
	*24,000		*4,800	*24,000		*4,800

*held as trustees with no beneficial interest.

No changes in Directors' shareholdings have taken place between 1st April and 9th June, 1980.

All the Directors (except Lord Shawcross and Mr. H. C. Cottrell) are Directors of Caffyns Pension Fund Trustees Ltd. which owns 63,570 Ordinary Shares, 42,624 4.55% Cumulative First Preference Shares and 12,862 10% Cumulative Preference Shares. They are also Directors of Caffyns Family Holdings Ltd. which owns all the 2,000,000 4.2% Cumulative Second Preference Shares, which have full voting rights.

Other Shareholdings

The Directors are not aware that any one person or Corporation was the holder of, or beneficially interested in, 5% or more of the issued Ordinary Shares of the Company, other than Lady Annie Caffyn who holds 46,069 Ordinary Shares in addition to 200,000 Ordinary Shares held jointly with Mr. E. H. Lane as trustees with no beneficial interest and British Car Auctions Limited 220,000 Ordinary Shares.

Land and Buildings

The Company's Freehold Properties were professionally valued at 30th September, 1975. The Directors are of the opinion that their market value is greater than the valuation shown in the accounts.

Employees

The average number of employees during the year was 1,782 (1979—1,729). The aggregate remuneration paid to all employees was £6,256,585 (1979—£5,159,269).

Charitable and Political Contributions

Donations to charitable organisations amounted to £241. No contributions were made for political purposes.

Capital Gains Tax

The market values of the Company's quoted shares at 6th April, 1965, adjusted in the case of Ordinary Shares for the bonus issue of 10% Preference Shares in August, 1978, were:

Ordinary Shares	82.151p
4.55% Cumulative First Preference Shares	93.75p
10% Cumulative Preference Shares	89.245p

Auditors

A resolution proposing the reappointment of the Auditors, Messrs. Thornton Baker, will be put to the Annual General Meeting in accordance with Section 14(1) of the Companies Act, 1976.

State of Company's Affairs

A review of the past year and of the Company's prospects is contained in the Chairman's Statement on Pages 4 and 5.

By Order of the Board,

R. J. M. CAFFYN, *Secretary.*

9th June, 1980.

Caffyns Limited

Profit and Loss Account
For the Year ended 31st March, 1980

	Note	1980 £	1980 £	1979 £	1979 £
Turnover			51,856,244		49,033,623
Trading Profit for the year	1		2,066,328		1,736,891
Depreciation of Fixed Assets		184,965		145,423	
Interest Payable (including Display Charges)	4	1,010,100		442,338	
Contributions to Staff Pension Fund		267,431		237,664	
			1,462,496		825,425
Profit before Taxation			603,832		911,466
Taxation	5		62,566		142,969
Profit after Taxation			541,266		768,497
Extraordinary Item	6		184,336		145,353
Profit after Extraordinary Item			725,602		913,850

This amount is dealt with as follows:

	Note	1980 £	1980 £	1979 £	1979 £
Dividends for the year:	7				
On 4.55% (formerly 6.5%) First Preference Shares		17,700		17,700	
On 4.2% (formerly 6%) Second Preference Shares		8,400		8,400	
On 10% Preference Shares		64,800		43,850	
			90,900		69,950
On Ordinary Shares:					
Interim Dividend paid 24th January, 1980, of 2.2p actual (*1979 2.2p actual*)		71,280		71,280	
Final Dividend proposed of 4.6p actual (*1979 4.6p actual*)		149,040		149,040	
			220,320		220,320
			311,220		290,270
Profits retained					
As Capital Reserve	13	184,336		145,353	
As Revenue Reserve	13	230,046		478,227	
			414,382		623,580
			725,602		913,850
Earnings per Ordinary Share of 50p (see Note 8)			12.07p		21.56p

The Accounting Policies and Notes on pages 13 to 17 form part of these Accounts

Caffyns Limited

Profit and Loss Account
For the Year ended 31st March, 1980

	Note	1980 £	1980 £	1979 £	1979 £
Turnover			51,866,244		46,035,699
Trading Profit for the year . ..	1		2,066,328		1,736,891
Depreciation of Fixed Assets ..		184,965		145,423	
Interest Payable (including Display Charges)	4	1,010,100		442,338	
Contributions to Staff Pension Fund		267,431		237,664	
			1,462,496		825,425
Profit before Taxation			603,832		911,466
Taxation	5		62,566		142,969
Profit after Taxation			541,266		768,497
Extraordinary Item	6		184,336		145,353
Profit after Extraordinary Item			725,602		913,850

This amount is dealt with as follows:

	Note	1980 £	1980 £	1979 £	1979 £
Dividends for the year:	7				
On 4.05% (formerly 6.5%) First Preference Shares ..		17,700		17,700	
On 4.2% (formerly 6%) Second Preference Shares ..		8,400		8,400	
On 10% Preference Shares ..		64,800		43,850	
			90,900		69,950
On Ordinary Shares:					
Interim Dividend paid 24th January, 1980, of 2.2p actual (*1979 2.2p actual*)		71,280		71,280	
Final Dividend proposed of 4.6p actual (*1979 4.6p actual*)		149,040		149,040	
			220,320		220,320
			311,220		290,270
Profits retained					
As Capital Reserve	13	184,336		145,353	
As Revenue Reserve	13	230,046		478,227	
			414,382		623,580
			725,602		913,850

	1980	1979
Earnings per Ordinary Share of 50p (see Note 8)	12.07p	21.56p

The Accounting Policies and Notes on pages 13 to 17 form part of these Accounts

Caffyns Limited

Balance Sheet at 31st March, 1980

	Note	1980 £	£	1979 £	£
Fixed Assets					
Freehold Properties	9	6,255,971		5,525,948	
Leasehold Properties	9	297,265		171,583	
Plant and Equipment	9	1,142,531		958,643	
			7,695,767		6,656,174
Subsidiary Company	10		(14)		(14)
Investment - Mortgage Loan			—		85,000
Current Assets					
Stocks and Work in Progress	11	10,533,426		7,319,308	
Debtors		3,834,209		3,060,743	
Bank Balance and Cash		4,717		4,365	
		14,372,352		10,384,416	
Current Liabilities					
Creditors		6,715,942		4,710,753	
Bank Overdraft		3,516,173		1,837,239	
Taxation	6	118,148		117,908	
Dividends	7	194,490		205,940	
		10,544,753		6,871,840	
Net Current Assets			3,827,599		3,512,576
Total Net Assets			11,523,352		10,253,736
Financed by					
Share Capital	12		2,857,000		2,857,000
Reserves:					
Capital	13	2,459,667		2,275,331	
Revenue	13	4,439,011		4,208,965	
			6,898,678		6,484,296
Total Share Capital and Reserves			9,755,678		9,341,296
Unsecured Loans	14		1,767,674		912,440
			11,523,352		10,253,736

Edward Caffyn

EDWARD CAFFYN }
SHAWCROSS } *Directors*

The Accounting Policies and Notes on pages 13 to 17 form part of these Accounts

Caffyns Limited

Statistics — 1971 - 1980

Year ended 31st March:—	1971 £	1972 £	1973 £	1974 £
Turnover	15,360,532	18,463,657	20,349,150	19,412,771
BALANCE SHEET				
Fixed Assets	3,444,573	3,534,882	3,611,551	3,732,508
Investment - Mortgage Loan	—	—	—	—
Current Assets	3,079,625	2,970,896	3,508,425	3,758,166
Book Amount of Assets Employed	6,524,198	6,505,778	7,119,976	7,490,674
FINANCED AS FOLLOWS:—				
Ordinary Share Capital	810,000	1,620,000	1,620,000	1,620,000
Reserves	1,888,763	1,189,407	1,493,881	1,822,192
	2,698,763	2,809,407	3,113,881	3,442,192
Preference Share Capital	589,000	589,000	589,000	589,000
Loans	691,965	612,500	542,500	472,500
Deferred Taxation	—	53,900	88,000	108,878
Advances from Bankers	354,353	43,858	358,095	343,166
Current Liabilities & Provisions	2,190,117	2,397,113	2,428,500	2,534,938
	6,524,198	6,505,778	7,119,976	7,490,674
PROFIT AND LOSS ACCOUNT				
Profit on Trading	681,862	819,514	998,851	869,245
Less Depreciation & Pensions, etc.	91,200	105,282	108,541	116,922
Profit on Total Funds	590,662	714,232	890,310	752,323
" Interest on borrowing	97,795	84,518	94,870	134,824
Profit on Shareholders Capital ..	492,867	629,714	795,440	617,499
" Taxation	193,779	262,205	328,751	318,196
Profit after Taxation	299,088	367,509	466,689	299,303
DEALT WITH AS FOLLOWS:—				
Retained for the development of the business ..	91,703	135,824	268,880	127,727
Dividends—Preference	37,285	37,285	† 35,485	26,100
Ordinary	170,100	194,400	† 162,324	145,476
STATISTICS				
Dividend per Ordinary Share	5.25p	6p	6.3p	4.49p
Gross equivalent				6.61p
Earnings per Ordinary Share	8.08p	10.19p	13.31p	8.43p

† *New taxation system*

'72	1973 £	1974 £	1975 £	1976 £	1977 £	1978 £	1979 £	1980 £
,087	20,348,159	19,412,771	21,474,612	24,407,994	29,480,812	38,363,292	46,038,658	51,866,244
,882	3,611,551	3,732,386	3,824,555	* 5,606,413	5,797,976	6,286,202	6,656,174	7,096,767
—	—	—	—	—	—	—	85,000	—
,896	3,508,425	3,758,188	5,819,367	5,802,179	6,812,305	9,381,826	10,384,416	14,[illegible]72,352
,778	7,119,976	7,490,574	9,643,922	11,408,592	12,610,281	15,668,028	17,125,590	22,068,119
				* Property revaluation				
,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000
,407	1,493,881	1,822,192	1,983,624	3,584,250	3,806,561	5,674,107	6,484,296	6,898,678
,407	3,113,881	3,442,192	3,603,624	5,204,250	5,426,561	7,294,107	8,104,296	8,518,678
,000	589,000	589,000	589,000	589,000	589,000	589,000	1,237,000	1,237,000
,500	542,500	472,500	403,750	362,500	327,500	1,012,808	912,440	1,797,674
,900	88,000	108,878	613,079	1,423,819	1,798,673	834,623	—	—
,858	358,095	343,166	255,271	248,704	226,031	573,173	1,897,239	3,516,173
113	2,428,500	2,534,838	4,179,198	3,580,319	4,252,516	5,364,317	5,034,615	7,028,594
778	7,119,976	7,490,574	9,643,922	11,408,592	12,610,281	15,668,028	17,125,590	22,068,119
514	998,851	869,245	994,942	1,180,755	1,132,932	1,427,320	1,736,891	2,066,328
282	108,541	116,922	134,884	146,186	162,332	182,573	383,087	452,396
232	890,310	752,323	860,058	1,034,569	970,600	1,244,747	1,353,804	1,613,932
518	94,870	134,824	134,581	134,079	69,643	162,700	442,338	1,010,100
14	795,440	617,499	725,477	900,490	900,957	1,082,047	911,466	603,832
05	323,751	318,196	385,156	471,405	476,976	*116,128	*142,969	*62,566
09	466,689	299,303	340,321	429,085	423,981	965,919	768,497	541,266
24	268,880	127,727	158,701	233,533	211,581	732,459	478,227	230,046
36	† 35,485	26,100	26,100	26,100	26,100	26,100	69,950	90,900
00	† 162,324	145,476	155,520	169,452	186,300	207,360	220,320	220,320
p	6.3p	4.49p	4.8p	5.23p	5.75p	6.4p	6.8p	6.8p
		6.61p	7.32p	8.05p	8.85p	9.6p	10.15p	9.7p
p	13.31p	8.43p	9.7p	12.44p	12.28p	29.01p	21.56p	12.07p
	† New taxation system					* New taxation policy SSAP 15		

Caffyns Limited

Statement of Source and Application of Funds for the Year ended 31st March, 1980

	1980 £	1980 £	1979 £	1979 £
Source of Funds				
Profit before Taxation and Extraordinary Item		603,832		911,466
Adjustment for items not involving the movement of funds:				
Depreciation	184,965		145,423	
Loss on disposal of fixed assets ..	2,612	187,577	4,991	150,414
Total Funds Generated by Operations		791,409		1,061,880
Funds from other sources				
Bank Loans	950,000		—	
Repayment of Mortgage Loan	85,000		—	
Sale of fixed assets	301,675		319,155	
Taxation repaid	79,391	1,416,066	—	319,155
		2,207,475		1,381,035
Application of Funds				
Purchase of Fixed Assets	1,249,519		694,187	
Purchase of Goodwill	95,000		—	
Repayment of Unsecured Loans ..	94,766		100,368	
Mortgage Loan	—		85,000	
Dividends paid	322,670		239,940	
Taxation paid	141,707	1,903,662	118,306	1,237,801
Net Inflow of Funds		303,813		143,234
Increases/(decreases) in Working Capital				
Stocks:				
Vehicles	1,404,376		593,195	
Sundries	1,809,742	3,214,118	447,118	1,040,313
Debtors		773,466		(37,874)
Creditors		(2,005,189)		404,710
		1,982,395		1,407,149
Net Liquid Funds:				
Cash in hand	352		151	
Bank Overdraft	(1,678,934)	(1,678,582)	(1,264,066)	(1,263,915)
Net Increase in Working Capital ..		303,813		143,234

Caffyns Limited

Accounting Policies for the Year ended 31st March 1980

The accounts are prepared under the historical cost convention, which takes no account of the effect of inflation except for Freehold Properties shown at their revalued amounts as at 30th September 1975.

The principal accounting policies of the Company are set out below. The policies have remained unchanged from the previous year.

(a) *Turnover*

Turnover is the total amount receivable by the Company in the ordinary course of business to outside customers for goods supplied as a principal and for services provided, including car tax but excluding VAT.

(b) *Depreciation*

Depreciation is calculated to write down the cost or valuation of all fixed assets by equal annual instalments over their expected useful lives.

The periods generally applicable are:—

Freehold Premises	100 years
Leasehold Premises	Period of Lease
Fixed Plant, Fixtures & Fittings and Office machines	10 years
Office furniture	20 years

(c) *Stocks and Work in Progress*

Stocks and Work in Progress are stated at the lower of cost and net realisable value. In the case of stocks, cost means purchase price (less trade discounts) calculated on a first in first out basis. Net realisable value means estimated selling price. In the case of work in progress cost consists of direct materials and direct labour, no addition being made for overheads as this would be negligible.

Warranty claims are included in Work in Progress at the estimated amount due from the manufacturer. Vehicle Stock includes service vehicles and those let out on contract hire which are treated as current assets and depreciation thereon has been provided by valuing such vehicles at the year end at their net realisable value.

(d) *Deferred Taxation*

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts. Provision is made for deferred taxation except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

Transfers to and from deferred taxation are calculated at the rate of corporation tax in force at the end of the period in which transfers are made, adjusting for any changes in rate as compared with the preceding period.

Unrelieved advance corporation tax is carried forward only if it appears to be recoverable in the foreseeable future.

Caffyns Limited

Notes to the Accounts

1. Trading Profit

		1980		1979
		£		£
This is arrived at after charging:				
Legal costs and professional charges of a capital nature		24,142		22,225
Auditors' Remuneration and Expenses		13,700		11,000
Directors' Emoluments:				
Fees	5,000		5,000	
Management emoluments including Pension Fund contributions	62,954		57,044	
		67,954		62,044
Hire of plant and equipment		19,766		19,409
Crediting: Interest received		25,885		22,725

2. Directors' Emoluments

	1980	1979
The Directors' Emoluments, excluding pension fund contributions were:	£	£
Chairman	9,617	8,380
Highest paid director	16,994	15,491
The emoluments of the directors were in the following ranges:		
Up to £5,000	(2)	(2)
£5,001 to £10,000	(1)	(1)
£15,001 to £20,000	(3)	(3)

3. Employees

There are no employees receiving more than £20,000 per annum.

4. Interest Payable

	1980	1979
	£	£
On bank overdraft	648,867	324,499
On loans repayable within 5 years	98,425	377
On loans repayable after 5 years	43,744	100,695
Display charges	219,064	16,767
	1,010,100	442,338

5. Taxation

	1980	1979
The taxation charge based on the profits of the year is made up as follows:	£	£
Corporation Tax at 52% (1979 52%)	—	—
Advance Corporation Tax not immediately recoverable	121,778	142,969
	121,778	142,969
Less Adjustment for previous years	59,212	—
	62,566	142,969

The taxation charge has been reduced by £203,395 (1979 £372,648) as a result of accelerated capital allowances and stock relief on which deferred tax has not been provided following the adoption of the new accounting policy recommended in *Statement of Standard Accounting Practice* No. 15.

5. Taxation *(continued)*

The amount shown for taxation under current liabilities represents:

	1980 £	1979 £
Corporation Tax repayable	—	(20,180)
Advance Corporation Tax	118,148	138,088
	118,148	117,908

No provision has been made in these accounts for Corporation Tax amounting to £[illegible] deferred by means of roll-over relief (1979 £223,438).

The Company has unrelieved tax losses not adjusted through the deferred taxation account of £3,025,782 (1979 £368,128) which are available to be set against future trading profits of the Company.

The Company is not a close company as defined by Section 282 of the Income and Corporation Taxes Act 1970.

6. Extraordinary Item

The extraordinary item credited in the Profit and Loss Account is in respect of a surplus on disposal of properties during the year including £61,405 on reappraisal of previous years disposals less £95,000 written off goodwill acquired during the year.

7. Dividends

Dividends outstanding at 31st March, 1980 were:	1980 £	1979 £
On First Preference Shares paid 1st April, 1980	8,850	8,850
On Second Preference Shares paid 15th April, 1980	4,200	4,200
On 10% Cumulative Preference Shares paid 1st April, 1980	32,400	43,850
Proposed final dividend on Ordinary Shares	149,040	149,040
Per Balance Sheet	194,490	205,940

8. Earnings per Share

The calculation of earnings per Ordinary Share is based on the profit for the year after taxation (excluding adjustment for previous years) and after Preference Dividends, and is calculated on 3,240,000 Ordinary Shares of 50p in issue at 31st March, 1980.

1980 Earnings £391,154 = 12.07p per share (cover 1.78 times)

1979 Earnings £698,547 = 21.56p per share (cover 3.17 times)

9. Fixed Assets

	TOTAL	LAND & BUILDINGS Freeholds	Long Leaseholds	Short Leaseholds	PLANT & EQUIP-MENT
	£	£	£	£	£
Cost or Valuation					
At 1st April, 1979					
At valuation	4,589,669	4,589,669	—	—	—
At cost	3,016,043	971,895	111,944	99,311	1,832,893
Additions in year	1,310,925	847,888	135,000	1,000	327,037
	8,916,637	6,409,452	246,944	100,311	2,159,930
Disposals in year	123,255	81,805	—	7,880	33,570
At 31st March, 1980	8,793,382	6,327,647	246,944	92,431	2,126,360
Depreciation					
At 1st April, 1979	949,538	35,616	16,795	22,877	874,250
Charge for year	184,965	36,736	2,404	6,338	139,487
	1,134,503	72,352	19,199	29,215	1,013,737
Disposals in year	36,888	676	—	6,304	29,908
At 31st March, 1980	1,097,615	71,676	19,199	22,911	983,829
Net Book Amount					
At 31st March, 1980	7,695,767	6,255,971	227,745	69,520	1,142,531
At 31st March, 1979	6,656,174	5,525,948	95,149	76,434	958,643

Note: The Freehold Properties are as revalued by Herring Son and Daw, Chartered Surveyors, at 30th September, 1975, plus subsequent additions at cost. Additions to Freeholds includes £61,405 written back following a reappraisal of profit on part disposals in previous years (Note 6).

10. Subsidiary Company

	1980 £	1979 £
Shares at cost	2	2
Less amount owing to subsidiary	16	16
	(14)	(14)

11. Stocks and Work in Progress

Vehicles (incl. service and contract hire £1,610,287 (£1,232,631))	5,519,430	4,115,054
Petrol, oil, spare parts & materials	4,730,056	2,977,017
Work in progress	283,940	227,237
	10,533,426	7,319,308

12. Share Capital

	Authorised £	1980 Issued and fully paid £	1979 £
4.55% (formerly 6.5%) Cumulative First Preference Shares of £1 each	500,000	389,000	389,000
4.2% (formerly 6%) Cumulative Second Preference Shares of 10p each	300,000	200,000	200,000
10% Cumulative Preference Shares of £1 each	1,250,000	648,000	648,000
Ordinary Shares of 50p each	2,000,000	1,620,000	1,620,000
	4,050,000	2,857,000	2,857,000

13. Reserves

	Total £	Capital £	Revenue £
At 1st April 1979	6,484,296	2,275,331	4,208,965
Transfer from Profit and Loss Account	414,382	184,336	230,046
At 31st March, 1980	6,898,678	2,459,667	4,439,011

14. Unsecured Loans

		1980 £	1979 £
(a)	Repayable over 20 years from the 30th September, 1966 or at the option of the company in whole or in part on three months notice with interest at 6% p.a.	168,750	193,750
(b)	Repayable over 20 years from the 31st December, 1970 or at the option of the company in whole or in part on three months notice with interest at 6% p.a.	55,000	60,000
(c)	Repayable over 7 years from the 15th November, 1977 at 1⅜% p.a. above bank base rate	613,779	654,940
(d)	Repayable over 10 years from the 1st August, 1979 at 1⅜% p.a. above bank base rate	480,145	—
(e)	Repayable over 8 years from the 4th January, 1980 at 1⅜% p.a. above bank base rate	450,000	—
(f)	Loans repayable within 5 years	—	3,750
		1,767,674	912,440

15. Deferred Taxation

Following the change in the accounting policy for Deferred Taxation adopted in 1979 no charge to Deferred Taxation has been made as the Board are of the opinion that such tax is unlikely to become payable in the foreseeable future.

The following shows the total potential liability for deferred taxation in respect of each of the timing differences and represents a contingent liability at the Balance Sheet date.

	Total potential liability 1980 £	1979 £
Accelerated Capital Allowances	528,494	432,821
Stock Relief	3,363,660	2,616,558
Realised Capital Gains	280,074	223,438
Unrealised Capital Gains	490,676	479,723
Losses carried forward	(1,573,407)	(412,532)
	3,089,497	3,340,008
Recoverable Advance Corporation Tax	(724,705)	(562,575)
	2,364,792	2,777,433

16. Contingent Liabilities

	1980	1979
(a) Deferred Taxation (see note 15)	2,364,792	2,777,433

(b) Under the terms of the sale or return agreements with BL Cars Limited and Wholesale Vehicle Finance Limited (WVF), the company is jointly and saverally liable with BL Cars for funds deposited by WVF with BL Cars in the event of the determination of the agreements. The contingent liability which existed at 31st March, 1980 was £1,512,712. In the event of the liability arising title to the vehicles held on sale or return would pass to the company.

17. Capital Commitments

	1980 £	1979 £
Contracted for but not provided in these accounts	264,500	18,900
Authorised by the Directors but not contracted for	267,000	1,900
	531,500	20,800

REPORT OF THE AUDITORS

To the Members of Caffyns Limited

We report on the accounts set out on pages 8 and 9 and 12 to 17. These have been prepared under the historical cost convention except for the revaluation of Freehold Properties. In our opinion the accounts give, under the accounting convention stated above, a true and fair view of the state of the company's affairs at the 31st March, 1980, and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

2 Hyde Gardens, Eastbourne,
9th June, 1980.

Thornton Baker

THORNTON BAKER
Chartered Accountants.

Caffyns Limited

Current Cost Statement
For the Year ended 31st March, 1980

The Current Cost statement has been prepared on the basis of the Interim Recommendation on Inflation Accounting published by the Accounting Standards Committee of the U.K. Accountancy Bodies on 4th November, 1977, but including adjustment for monetary working capital.

	Note	1980 £	1980 £	1979 £	1979 £
Profit for the year before taxation and interest in historical cost accounts	1		1,613,932		1,353,804
Less Adjustments					
Cost of Sales	2	1,122,263		512,074	
Depreciation	3	88,763		67,663	
Monetary Working Capital	4	(845,428)		(294,066)	
			365,598		285,671
Adjusted Profit			1,248,334		1,068,133
Interest Payable		1,010,100		442,338	
Gearing Adjustment	5	(70,670)		(49,193)	
			939,430		393,145
Adjusted Profit before Taxation			308,904		674,988

Notes

1. Profit Reconciliation

	1980 £	1979 £
Profit after interest but before tax per historical accounts	603,832	911,466
Add Interest payable	1,010,100	442,338
Profit as above	1,613,932	1,353,804

2. Cost of Sales

The cost of sales adjustment in relation to stock consumed, has been computed by revising the historical cost of opening and closing stocks (excluding service and contract hire vehicles) to the average current cost for the year by application of the movement in appropriate indices published by the Central Statistical Office.

3. Depreciation

The Depreciation adjustment is calculated by analysing the cost of the Fixed Assets (including property at valuation) over the years of purchase and inflating each year's cost by applying suitable indices published by the Central Statistical Office, to arrive at an estimated replacement cost. The adjustment represents the difference between the historical cost depreciation and the depreciation based on the estimated replacement cost.

4. Monetary Working Capital

The Monetary Working Capital adjustment is calculated using the averaging method on trade creditors and bank overdraft less trade debtors and cash. The same indices are used as for the cost of sales adjustment.

5. Gearing Adjustment

The gearing adjustment is the proportion of the total of the cost of sales, depreciation, and monetary working capital adjustments as calculated on the ratio that net monetary liabilities bears to the total of the net monetary liabilities and equity capital and reserves.

Caffyns Limited

Branches in Sussex and Kent

ASHFORD
BEXHILL-ON-SEA
"
"
BRIGHTON
"
BURGESS HILL
"
CANTERBURY
"
"
COOLHAM
CROWBOROUGH
CUCKFIELD
DEAL
DOVER
EASTBOURNE
"
"
"
EAST GRINSTEAD
FOLKESTONE
"
GORING
HAILSHAM
HASTINGS
HAYWARDS HEATH
"
HEATHFIELD
"

New Street
Brunswick Road
Sackville Road
Beeching Road
Station Road
200 Dyke Road
227-233 Preston Road
Station Road
Milk Road
New Dover Road
Chantry Lane
Broad Oak Road
The Garage
Beacon Road
Broad Street
Queen Street
6-12 Folkestone Road
Upperton Road
Meads Road
507 Seaside
520 Seaside
King Street
141-143 Sandgate Road
Pleydell Gardens
The Crescent
London Road
221-9 London Road, St. Leonards
The Broadway
Market Place
High Street

HORSHAM
HOVE
"
"
HYTHE
LEWES
"
"
MAIDSTONE
MARGATE
"
RAMSGATE
SEAFORD
"
SEVENOAKS
"
SHOREHAM
TENTERDEN
TONBRIDGE
"
TUNBRIDGE WELLS
"
"
UCKFIELD
"
WESTERHAM
WILLINGDON
WORTHING
"
"

North Street
Springfield Road
Holland Road
Kingsway
Davigdor Road
East Street
Brooks Road
85-97 Western Road
Malling Street
Ashford Road
8-12 Harold Road
All Saints Avenue
Grange Road
Sutton Park Road
Stafford Road
166 High Street
Tubs Hill
Dolphin Road
19-23 High Street
Shipbourne Road
Sovereign Way
41-43 St. Johns Road
37 St. Johns Road
North Farm Road, High Brooms
41 & 84-90 High Street
The Old Forge Filling Station
High Street
Crossways
57 Chapel Road
North Street
24-28 Goring Road

Branch Trading as Clark & Lambert

EASTBOURNE Trinity Place

Branch Trading as Brittains

TONBRIDGE High Street

Branches Trading as Caffyns Wessex

BOURNEMOUTH	674/680 Wimborne Road	SALISBURY	194 Castle Street
CORSLEY	Frome Road	SOUTHAMPTON	115 Lodge Road
DORCHESTER	Trinity Street	WARMINSTER	Park Street, Heytesbury

Head Office, Meads Road, Eastbourne

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