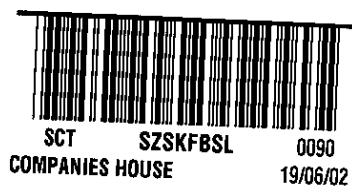


COMPANY REGISTRATION NUMBER 34750

MORRISONS GARAGE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR
31ST JANUARY 2002



MACFARLANE GRAY
Chartered Accountants & Registered Auditors
15 Gladstone Place
Stirling

MORRISONS GARAGE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST JANUARY 2002

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MORRISONS GARAGE LIMITED**OFFICERS AND PROFESSIONAL ADVISERS**

The board of directors

J A Morrison
W L Morrison
A I Morrison
Mrs S Moir

Company secretary

Mathie Macluckie

Registered office

Whins of Milton
Stirling
FK7 8HQ

Auditors

Macfarlane Gray
Chartered Accountants
& Registered Auditors
15 Gladstone Place
Stirling
FK8 2NX

Bankers

Clydesdale Bank plc
56 Murray Place
Stirling
FK8 2BX

Solicitors

Mathie Macluckie
Wellington House
Dumbarton Road
Stirling
FK8 2RW

MORRISONS GARAGE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST JANUARY 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st January 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of the motor trade.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 January 2002	At 1 February 2001
J A Morrison	5,000	5,000
W L Morrison	6,100	6,100
A I Morrison	5,000	5,000
Mrs S Moir	<u>3,000</u>	<u>3,000</u>

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MORRISONS GARAGE LIMITED

THE DIRECTORS' REPORT *(continued)*

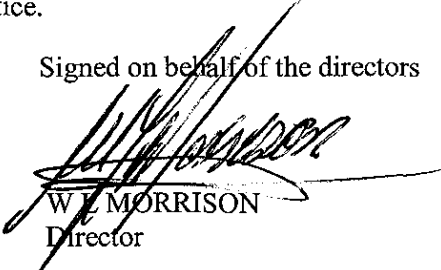
YEAR ENDED 31ST JANUARY 2002

AUDITORS


Macfarlane Gray, Chartered Accountants, 15 Gladstone Place, Stirling, being eligible for re-election have indicated their willingness to continue in office.

Registered office:
Whins of Milton
Stirling
FK7 8HQ

Signed on behalf of the directors



W L MORRISON
Director



A I MORRISON
Director

Approved by the directors on 14th June 2002

MORRISON'S GARAGE LIMITED**INDEPENDENT AUDITORS' REPORT TO THE COMPANY****PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 5 to 15, together with the financial statements of the company for the year ended 31st January 2002 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 15 are properly prepared in accordance with those provisions.

15 Gladstone Place
Stirling
FK8 2NX

14th June 2002


MACFARLANE GRAY
Chartered Accountants
& Registered Auditors

MORRISONS GARAGE LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST JANUARY 2002**

	Note	2002 £	2001 £
GROSS PROFIT		466,062	528,936
Administrative expenses		381,295	419,316
OPERATING PROFIT	2	84,767	109,620
Interest receivable		661	651
Interest payable and similar charges	5	(69,496)	(77,370)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,932	32,901
Tax on profit on ordinary activities	6	(789)	1,083
RETAINED PROFIT FOR THE FINANCIAL YEAR		15,143	33,984
Balance brought forward		273,331	239,347
Balance carried forward		288,474	273,331

The company has no recognised gains or losses other than the results for the year as set out above.


All of the activities of the company are classed as continuing.

MORRISONS GARAGE LIMITED**ABBREVIATED BALANCE SHEET****31ST JANUARY 2002**

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	<u>2,136,673</u>	<u>2,159,302</u>
CURRENT ASSETS			
Stocks	8	1,054,148	906,021
Debtors	9	298,177	376,076
Cash at bank and in hand		<u>1,263</u>	<u>117,428</u>
		1,353,588	1,399,525
CREDITORS: Amounts falling due within one year	10	<u>(1,592,632)</u>	<u>(1,577,130)</u>
NET CURRENT LIABILITIES		<u>(239,044)</u>	<u>(177,605)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,897,629</u>	<u>1,981,697</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(848,579)</u>	<u>(948,579)</u>
		<u>1,049,050</u>	<u>1,033,118</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>(15,068)</u>	<u>(14,279)</u>
		<u>1,033,982</u>	<u>1,018,839</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	19,100	19,100
Revaluation reserve	17	188,497	188,497
Other reserves	17	537,911	537,911
Profit and Loss Account		<u>288,474</u>	<u>273,331</u>
SHAREHOLDERS' FUNDS	19	<u>1,033,982</u>	<u>1,018,839</u>

These financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 14th June 2002, and are signed on their behalf by:



W L MORRISON



A I MORRISON

MORRISONS GARAGE LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31ST JANUARY 2002**

	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	82,388	332,649
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	661	651
Interest paid	(69,496)	(77,370)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(68,835)	(76,719)
TAXATION	-	4
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(33,647)	(23,917)
Receipts from sale of fixed assets	500	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(33,147)	(23,917)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(19,594)	232,017
FINANCING		
Repayment of bank loans	(100,000)	(100,000)
Capital element of hire purchase and finance lease	-	(12,692)
NET CASH OUTFLOW FROM FINANCING	(100,000)	(112,692)
(DECREASE)/INCREASE IN CASH	(119,594)	119,325

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	84,767	109,620
Depreciation	54,288	53,690
Loss on disposal of fixed assets	1,488	-
(Increase)/Decrease in stocks	(148,127)	206,891
Decrease/(Increase) in debtors	77,899	(23,132)
Increase/(Decrease) in creditors	12,073	(14,420)
Net cash inflow from operating activities	82,388	332,649

MORRISON'S GARAGE LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31ST JANUARY 2002****RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2002 £	2001 £
(Decrease)/Increase in cash in the period	(119,594)	119,325
Net cash outflow from bank loans	100,000	100,000
Cash outflow in respect of hire purchase and finance lease	-	12,692
	<u>(19,594)</u>	<u>232,017</u>
Change in net debt	(19,594)	232,017
Net debt at 1st February 2001	(1,431,058)	(1,663,075)
Net debt at 31st January 2002	<u>(1,450,652)</u>	<u>(1,431,058)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Feb 2001 £	Cash flows £	At 31 Jan 2002 £
Net cash:			
Cash in hand and at bank	117,428	(116,165)	1,263
Overdrafts	(499,907)	(3,429)	(503,336)
	<u>(382,479)</u>	<u>(119,594)</u>	<u>(502,073)</u>
Debt:			
Debt due within 1 year	(100,000)	-	(100,000)
Debt due after 1 year	(948,579)	100,000	(848,579)
Net debt	<u>(1,431,058)</u>	<u>(19,594)</u>	<u>(1,450,652)</u>

MORRISONS GARAGE LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	1% Reducing Balance
Plant & Machinery	-	20% Reducing Balance
Fixtures & Fittings	-	20% Reducing Balance
Petrol Complex	-	20% Reducing Balance

Stocks

Stocks, as valued by the directors, are stated at the lower of cost and net realisable value. Cost is determined as follows:

Vehicles	-	At unit cost price.
Other stocks	-	At purchase cost on a first in, first out basis.

Pension costs

The company operates a defined benefit pension scheme. The regular pension cost is charged to the profit and loss account and is based on the expected pension costs over the service lives of the employees. Contributions to the pension plan are paid according to the advice of actuaries.

The company also operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

MORRISONS GARAGE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST JANUARY 2002****2. OPERATING PROFIT**

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation	54,288	53,690
Loss on disposal of fixed assets	1,488	-
Auditors' remuneration		
- as auditors	7,173	6,900

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Management and administration	15	18
Vehicle sales	11	10
Service department	21	22
Parts department	4	4
Petrol	7	5
	58	59

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	688,030	725,210
Social security costs	58,570	59,998
	746,600	785,208

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	86,776	87,693

Part of the directors' emoluments have been recharged to Morrisons (Land Rover) Limited to cover the substantial input of the directors into the administration of that company.

5. INTEREST PAYABLE

	2002	2001
	£	£
Interest payable on bank borrowing	919	920
Other similar charges payable	68,577	76,450
	69,496	77,370

MORRISONS GARAGE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST JANUARY 2002****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2002 £	2001 £
Corporation Tax	-	-
Increase/(Decrease) in deferred tax provision (Note 13):		
Capital allowances	789	(1,083)
	<u>789</u>	<u>(1,083)</u>

7. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Petrol Complex £	Total £
COST OR VALUATION					
At 1 February 2001	2,064,020	118,230	159,837	54,186	2,396,273
Additions	-	13,169	20,478	-	33,647
Disposals	-	(10,880)	-	-	(10,880)
At 31 January 2002	<u>2,064,020</u>	<u>120,519</u>	<u>180,315</u>	<u>54,186</u>	<u>2,419,040</u>
DEPRECIATION					
At 1 February 2001	50,080	69,908	96,027	20,956	236,971
Charge for the year	20,400	11,636	15,608	6,644	54,288
On disposals	-	(8,892)	-	-	(8,892)
At 31 January 2002	<u>70,480</u>	<u>72,652</u>	<u>111,635</u>	<u>27,600</u>	<u>282,367</u>
NET BOOK VALUE					
At 31 January 2002	<u>1,993,540</u>	<u>47,867</u>	<u>68,680</u>	<u>26,586</u>	<u>2,136,673</u>
At 31 January 2001	<u>2,013,940</u>	<u>48,322</u>	<u>63,810</u>	<u>33,230</u>	<u>2,159,302</u>

8. STOCKS

	2002 £	2001 £
Stock	<u>1,054,148</u>	<u>906,021</u>

9. DEBTORS

	2002 £	2001 £
Trade debtors	217,108	279,473
Other debtors	37,808	58,255
Prepayments and accrued income	43,261	38,348
	<u>298,177</u>	<u>376,076</u>

MORRISONS GARAGE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST JANUARY 2002****10. CREDITORS: Amounts falling due within one year**

	2002	2001
	£	£
Bank loans and overdrafts	603,336	599,907
Trade creditors	741,450	812,454
Other creditors including taxation and social security:		
PAYE and social security	21,471	20,573
VAT	51,486	77,079
Amounts owed to related companies	112,013	24,039
	<u>1,529,756</u>	<u>1,534,052</u>
Accruals and deferred income	62,876	43,078
	<u>1,592,632</u>	<u>1,577,130</u>

11. CREDITORS: Amounts falling due after more than one year

	2002	2001
	£	£
Bank loans and overdrafts	606,250	706,250
Other creditors including:		
Directors' loan accounts	242,329	242,329
	<u>848,579</u>	<u>948,579</u>

MORRISON'S GARAGE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST JANUARY 2002**

12. PENSIONS

During the year the company operated a funded defined benefit scheme, which provides benefits based on final pensionable pay, and a money purchase scheme. The assets of the schemes are held separately from those of the company, being invested with an insurance company.

Contributions to the final salary scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company, in accordance with SSAP 24. The contributions are determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was at 31st December 1999 which was completed by an actuary employed by Scottish Amicable Life Assurance Society. That valuation followed the Projected Unit Method of funding with principal assumptions being an average annual investment return of 8%, average pensionable increase of 6% and bonus additions of 3%.

The valuation revealed a surplus of £899,000 which required a continuation of the employer contribution holiday until the next valuation on 31st December 2002.

During the year the company adopted FRS 17, Retirement Benefits. In accordance with the transitional arrangements of this standard, the accounts for the year ended 31 January 2002 are required to show supplementary disclosures. Under these transitional arrangements the company continues to account for pension costs under SSAP 24, as described above.

The company is now required to conduct an annual valuation of the defined benefit pension scheme based on market conditions at the company year end. To satisfy this, an actuarial valuation was carried out using membership data as at 31 December 2001, updated for any materially significant changes that occurred up to 31 January 2002.

The market assumptions used by the actuary in the valuations were:

Rate of increase in salaries	3.0%
Rate of increase in pensions in payment	1.9% to 2.1%
Discount rate	5.5%
Inflation assumption	2.4%

The expected rate of return and the assets in the scheme as at 31st January 2002 were:

		£000's
With profits policy	7.5%	3,387
Secured pensions in payment	5.5%	<u>2,735</u>
Total market value of assets		6,122
Actuarial valuation of liability		<u>(4,531)</u>
Surplus in the scheme		1,591
Related deferred tax		<u>(318)</u>
Net assets		<u><u>1,273</u></u>

MORRISONS GARAGE LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST JANUARY 2002

13. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	14,279	15,362
Increase/(decrease) in provision	789	(1,083)
Provision carried forward	<u>15,068</u>	<u>14,279</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	<u>15,068</u>	<u>14,279</u>

14. RELATED PARTY TRANSACTIONS

The company was under the control of the directors throughout the current and previous year.

Morrisons Garage Limited is related to Morrisons (Land Rover) Limited. The company incurs expenditure on behalf of Morrisons (Land Rover) Limited which is recharged at cost.

16. SHARE CAPITAL

Authorised share capital:

	2002 £	2001 £
20,000 Ordinary shares of £1.00 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2002 £	2001 £
Ordinary share capital	<u>19,100</u>	<u>19,100</u>

17. RESERVES

	Revaluation reserve £	Capital reserve £
Opening balance	<u>188,497</u>	<u>537,911</u>
Balance carried forward	<u>188,497</u>	<u>537,911</u>

MORRISON'S GARAGE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****YEAR ENDED 31ST JANUARY 2002**

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	15,143	33,984
Opening shareholders' equity funds	1,018,839	984,855
Closing shareholders' equity funds	<u>1,033,982</u>	<u>1,018,839</u>

20. SECURITIES**Standard Securities**

The following companies hold standard securities over the property at Whins of Milton, Stirling:

1. First National Motor Finance. (Garage premises excluding petrol station)
2. BP Oil UK Limited. (Petrol station only)
3. Clydesdale plc. (Land Rover premises)

Floating Charges

The following companies hold floating charges over the assets and undertakings of Morrisons Garage Limited, in order of priority:

1. First National Motor Finance.
2. Clydesdale Bank plc.

The Clydesdale Bank plc and First National Motor Finance also hold cross guarantees between Morrisons Garage Limited and Morrisons (Land Rover) Limited.