

REG VARDY (TMH) LIMITED

ACCOUNTS -- 30 APRIL 2003

TOGETHER WITH DIRECTORS' AND INDEPENDENT AUDITORS' REPORTS

Registered number 2825899



Directors' report

For the year ended 30 April 2003

The directors present their annual report on the affairs of the company, together with the accounts and independent auditors' report for the year ended 30 April 2003.

Principal activity and business review

The company's principal activity is that of an intermediate holding company. The company did not trade during the year ended 30 April 2003

Results and dividends

Results and dividends are as follows –

	£
Retained profit at 1 May 2002	531,733
Loss for the financial year	(44,668)
Retained profit at 30 April 2003	<u>487,065</u>

The directors do not recommend the payment of a dividend (2002 - £Nil).

Directors and their interests

The directors who served during the year are as shown below -

Sir Peter Vardy

G T Murray (resigned 25 October 2002)

R T Forrester

The directors do not have any interests in the company that are required to be disclosed under Schedule 7 of the Companies Act 1985. The interests of the directors in Reg Vardy plc, the ultimate parent company, are disclosed in that company's accounts.

Disabled employees

Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Colleague consultation

The company places considerable value on the involvement of its colleagues and has continued its previous practice of keeping them informed on matters affecting them as colleagues and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company handbook and magazine. Colleagues are consulted regularly on a wide range of matters affecting their current and future interests.

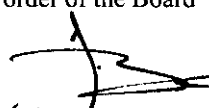
Directors' report (continued)

Auditors

The Board announced in July 2002 the appointment of Deloitte and Touche as auditors, following their agreement for the partners and personnel of Arthur Andersen to join Deloitte and Touche. The Directors announced at that time a review of the provision of audit and non-audit services and this took the form of a tender of these services involving the four major global firms. As a result of this review on 3 January 2003, PricewaterhouseCoopers LLP were appointed auditors to the Group. Tax services continue to be provided by Deloitte and Touche. The directors will place a resolution before the Annual General Meeting to re-appoint PricewaterhouseCoopers LLP for the ensuing year.

Houghton House
Emperor Way
Doxford International Business Park
Sunderland
SR3 3XR

By order of the Board


J A Grine
Secretary

5 December 2003

Directors' responsibilities

The directors are required by company law to prepare accounts which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period. The accounts must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition, the directors are required –

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

The directors confirm that the accounts comply with the above requirements. The directors are also responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company so as to enable them to ensure that the accounts comply with the requirements of the Companies Act 1985, and for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' report to the Members of Reg Vardy (TMH) Limited

We have audited the accounts which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the directors' report.

Basis of audit 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 accounts.

It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 April 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

5 December 2003

Profit and loss account

For the year ended 30 April 2003

	Notes	2003 £	2002 £
Turnover		-	250,000
Cost of sales		-	-
Gross profit		-	250,000
Other operating expenses		-	(85,760)
Profit on ordinary activities before interest		-	164,240
Interest income		-	470
Profit on ordinary activities before taxation	2	-	164,710
Tax on profit on ordinary activities	4	(44,668)	(4,585)
(Loss) profit on ordinary activities after taxation	9	(44,668)	160,125
Retained profit at 30 April 2002		531,733	371,608
Retained profit at 30 April 2003		487,065	531,733

A statement of total recognised gains and losses is not presented as there are no recognised gains or losses other than the results shown above.

There is no material difference between the results shown above and their historical cost equivalents.

The company's results are derived from continuing activities.

The accompanying notes are an integral part of this profit and loss account.

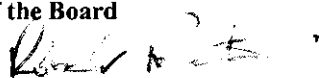
Balance sheet

At 30 April 2003

	Notes	2003 £	2002 £
Fixed assets			
Investments	5	609,993	609,993
Current assets			
Debtors	6	20,871	32
Cash at bank and in hand		112,349	112,349
		<u>133,220</u>	<u>112,381</u>
Creditors: Amounts falling due within one year	7	<u>(255,148)</u>	<u>(189,641)</u>
Net current liabilities		<u>(121,928)</u>	<u>(77,260)</u>
Net assets		<u>488,065</u>	<u>532,733</u>
Capital and reserves			
Called-up share capital	8	1,000	1,000
Profit and loss account		487,065	531,733
Equity shareholders' funds	9	<u>488,065</u>	<u>532,733</u>

Signed on behalf of the Board

Robert Forrester



Director

5 December 2003

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

At 30 April 2003

1. Accounting policies

The principal accounting policies, which have been consistently applied throughout the year and the preceding year.

a. Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The company has net current liabilities as at 30 April 2003 of £121,928 (2002 -£77,260). The directors have prepared the accounts on a going concern basis as the company's ultimate parent company is committed to providing continued financial support to ensure the company meets its debts as they fall due for the foreseeable future, being for a period not less than one year from the date the directors approve the accounts.

b. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services, earned in the normal course of business. All of the company's turnover is derived from its activities within the United Kingdom.

c. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

d. Investments

Investments in subsidiary undertakings are stated at cost less any provisions for impairment.

Notes to accounts (continued)

1. Accounting policies (continued)

e. Pensions

It is the general policy of the company to provide for and fund pension liabilities accruing in its defined benefit scheme under the projected unit method, on the advice of external actuaries, by payments to an insurance company. The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and anticipated future pensionable payroll. Any difference between amounts charged in the profit and loss account and paid to the pension fund is included in the balance sheet as a liability or an asset.

The contributions that the company pays to its defined contribution scheme are charged to the profit and loss account in the year that the payment is due to be made.

Disclosures in relation to the transitional requirements of Financial Reporting Standard 17 "Retirement Benefits" are included in the consolidated accounts of Reg Vardy plc, which are publicly available.

2. Profit on ordinary activities before taxation

	2003	2002
	£	£
Profit on ordinary activities before taxation is stated after charging -		
Staff costs (Note 3)	-	75,733

Fees paid to the auditors for non-audit services were £Nil (2002 - £Nil). The cost of audit and non audit services is borne by another group company.

3. Staff Costs

Particulars of employee costs (including executive directors) are as shown below -

	2003	2002
	£	£
Employee costs during the year amounted to -		
Wages and salaries	-	64,337
Social security costs	-	5,846
Other pension costs	-	5,550

The company had no employees other than the directors during the year to 30 April 2003 (2002 - 4).

The directors of the company received no remuneration during the year (2002 - £Nil).

Notes to accounts (continued)

4. Tax on profit on ordinary activities

The tax charge comprises -

	2003 £	2002 £
Current tax		
UK corporation tax	-	4,617
Adjustments in respect of prior years	44,660	-
Total current tax	<u>44,660</u>	<u>4,617</u>
Deferred tax		
Origination and reversal of timing differences	8	(32)
Total tax on profit on ordinary activities	<u>44,668</u>	<u>4,585</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows -

	2003 £	2002 £
Profit on ordinary activities before tax	-	164,710
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002 - 30%)	-	49,413
Effects of:		
Expenses not deductible for tax purposes	-	(41)
Deferred tax movement	(8)	32
Utilisation of tax losses	8	(44,787)
Adjustments to tax charge in respect of previous periods	44,660	-
Current tax charge for period	<u>44,660</u>	<u>4,617</u>

Deferred tax assets relating to other timing differences are included within debtors, there is no unprovided deferred tax.

The movement on deferred tax was as follows:

	£
Beginning of year	32
Charged to profit and loss account	(8)
End of year	<u>24</u>

Notes to accounts (continued)

5. Investments

	2003	2002
	£	£
Subsidiary undertakings	690,993	609,993

The investments comprise 100% equity share holding in subsidiary undertakings comprising -

Company	Country of registration and operation	Activity
Reg Vardy (DWSB) Limited	England	Non-trading
Reg Vardy (MML) Limited	England	Vehicle repair
Reg Vardy (TMC) Limited	England	Vehicle retail

6. Debtors

	2003	2002
	£	£
Corporation tax	20,847	-
Deferred tax	24	32
	20,871	32

The deferred tax asset relates to other timing differences.

7. Creditors - amounts falling due within one year

	2003	2002
	£	£
Amounts owed to other group undertakings	255,148	149,935
UK corporation tax	-	39,706
	255,148	189,641

8. Called-up share capital

	2003	2002
	£	£
Authorised, allotted, called-up and fully paid		
1,000 Ordinary £1 shares	1,000	1,000

Notes to accounts (continued)

9. Reconciliation of movements in equity shareholders' funds

	2003	2002
	£	£
(Loss) profit for the financial year and (decrease) increase in shareholders' funds	(44,668)	160,125
Opening equity shareholders' funds	532,733	372,608
Closing equity shareholders' funds	<u>488,065</u>	<u>532,733</u>

10. Guarantees and other financial commitments

a. Pension commitments

In May 1996 the Group introduced the Reg Vardy plc Group Personal Pension Plan, a defined contribution scheme. The pension cost charged to the profit and loss account in respect of this scheme was £Nil (2002 - £Nil). The Group's maximum funding rate under this scheme is 10% per annum.

The Group operates the Reg Vardy plc Retirement Scheme, a group-wide defined benefit scheme, which is closed to new members. The assets of the scheme are held separately from those of the Group, being invested with an insurance company and various investment houses. The scheme was formed on the merger of the Reg Vardy plc Staff Retirement Scheme and the Reg Vardy TMG (Senior Executive) pension Scheme on 1 May 2002.

The pension cost charged in the profit and loss account for the year was £Nil (2002 - £5,550). The contribution rate for the year ended 30 April 2002 was in respect of the defined benefit scheme 14.8% of pensionable earnings and the agreed contribution rate for the next year is 14.8% of pensionable earnings.

Details of the pension schemes above are given in the accounts of the ultimate parent undertaking, Reg Vardy plc.

Under the transitional provisions of Financial Reporting Standard Number 17 "Retirement Benefits" (FRS 17), additional disclosures regarding the group's defined benefit pension scheme are required. The latest actuarial valuation of the scheme, prepared for the purpose of making the transitional disclosures in accordance with FRS17 showed a deficit of £10,813,000 at 30 April 2003 (2002 - £2,141,000). The assets and liabilities of the defined benefit pension scheme are not separately identifiable between the subsidiary companies within the group. Further details of this valuation can be found in the consolidated accounts of Reg Vardy plc.

11. Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary of Reg Vardy plc, which prepares consolidated accounts including the company which are available to the public.

12. Ultimate parent company

The company is a subsidiary undertaking of Reg Vardy plc, a company registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Reg Vardy plc whose principal place of business is at Houghton House, Emperor Way, Doxford International Business Park, Sunderland, Tyne and Wear. The consolidated accounts of the group are available to the public and may be obtained from the above address.

13. Related party disclosures

As a wholly owned subsidiary undertaking of Reg Vardy plc, the company has taken advantage of the exemption in FRS8 "Related party disclosures" not to disclose transactions with other members of the group headed by Reg Vardy plc.