



SLOUGH MOTOR COMPANY LIMITED

FINANCIAL STATEMENTS

30th November 2002



Slough Motor Company Limited

Directors' report and financial statements

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Slough Motor Company Limited

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 30th November 2002

Activities

The main activities of the company are the sale, export, hire and maintenance of motor vehicles and ancillary services.

Results

These are detailed in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

Significant changes in fixed assets

Movements in fixed assets are set out in note 8.

Directors

The directors who held office during the year were:

M J Warnes
L B Friedman
C Redfern
T F Bradbury

M J Warnes and L B Friedman are directors of the ultimate parent company, Bestodeck Limited, and their interests in the shares of the group companies are shown in that company's financial statements.

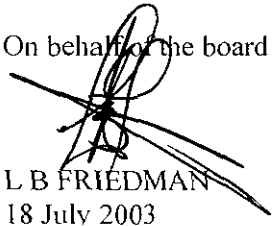
C Redfern and T F Bradbury hold no shares in group companies.

C Redfern and T F Bradbury retire from the board and, being eligible, offer themselves for re-election.

Auditors

Leamans are willing to continue in office and a resolution for their reappointment will be proposed at the annual general meeting.

On behalf of the board



L B FRIEDMAN
18 July 2003

Registered Office: 51 Queen Anne Street, London, W1G 9HS

Slough Motor Company Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Slough Motor Company Limited

Independent auditors' report to the shareholders of Slough Motor Company Limited

For the year ended 30 November 2002

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 as at 30th November 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



LEAMANS
Chartered Accountants
& Registered Auditors
51 Queen Anne Street
London W1G 9HS

18 July 2003

Slough Motor Company Limited

Profit And Loss Account

for the year ended 30th November 2002

	Note	2002 £	2001 £
Turnover	1	43,815,004	37,128,374
Cost of sales		35,844,842	30,163,321
		<hr/>	<hr/>
Gross profit		7,970,162	6,965,053
Distribution and administrative expenses	2	7,570,600	6,731,420
		<hr/>	<hr/>
		399,562	233,633
Other income	3	18,272	-
		<hr/>	<hr/>
Operating profit		417,834	233,633
Interest payable	4	315,386	208,811
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	102,448	24,822
Taxation	6	(36,876)	(11,720)
		<hr/>	<hr/>
Profit for the financial year	18	65,572	13,102
		<hr/> <hr/>	<hr/> <hr/>

Recognised gains and losses

There are no recognised gains or losses other than the profit attributable to shareholders of the company.

All the activities of the company are classed as continuing.

Slough Motor Company Limited

Balance Sheet

at 30th November 2002

	Note	£	2002 £	2001 £
Fixed assets				
Tangible assets	8		1,911,350	1,975,239
Current assets				
Stock	1	4,976,527		4,070,202
Debtors	9	1,154,449		1,215,652
Cash at bank and in hand		3,835		3,885
		<u>6,134,811</u>		<u>5,289,739</u>
Creditors				
Amounts falling due within one year	10	6,690,792		5,893,017
		<u></u>		<u></u>
Net current liabilities			(555,981)	(603,278)
Total assets less current liabilities			<u>1,355,369</u>	<u>1,371,961</u>
Creditors				
Amounts falling due after more than one year	11	-		82,164
Loan from parent company	12	150,000		150,000
		<u></u>		<u></u>
			(150,000)	(232,164)
			<u>1,205,369</u>	<u>1,139,797</u>
Capital and reserves				
Called up share capital	14		50,100	50,100
Revaluation reserve	15		216,524	216,524
Profit and loss account			938,745	873,173
			<u>1,205,369</u>	<u>1,139,797</u>
Total shareholders' funds	18		<u>1,205,369</u>	<u>1,139,797</u>
Shareholders' funds are attributable to:				
Non-equity shareholders' funds			100	100
Equity shareholders' funds			1,205,269	1,139,697
			<u>1,205,369</u>	<u>1,139,797</u>

These financial statements were approved by the board of directors on 18 July 2003 and were signed on its behalf by:


L B FRIEDMAN
Director

Slough Motor Company Limited

Cash Flow Statement

for the year ended 30th November 2002

	Note	£	2002 £	£	2001 £
Net cash inflow from operating activities	16		940,310		790,843
Returns on investment and servicing of finance					
Interest received	3	272		-	
Interest paid	4	(315,386)		(208,811)	
Net cash outflow from returns on investment and servicing of finance			(315,114)		(208,811)
Taxation					
Corporation tax paid			(20,870)		(16,955)
Capital expenditure					
Payments to acquire fixed assets			(285,840)		(145,475)
Net cash inflow before financing	17		318,486		419,602
Financing					
Decrease in loans	17		(202,456)		(213,770)
Increase in cash	17		116,030		205,832
Reconciliation of net cash flow to movement in net debt					
Increase in cash in the year			116,030		205,832
Cash inflow from decrease in debt			202,456		213,770
Movement in net debt in the year			318,486		419,602
Net debt at start of year			(1,144,549)		(1,564,151)
Net debt at end of year	17		(826,063)		(1,144,549)

Slough Motor Company Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

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

Turnover

This represents the value of goods sold, services provided and commissions receivable by the company, excluding value added tax.

Fixed assets and depreciation

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings, plant and equipment	-	10% to 33 $\frac{1}{3}$ % per annum
Freehold property	-	2% to 10% per annum

Stock

Stock is valued at the lower of cost and net realisable value. Stock held on consignment is accounted for in the balance sheet only when title has passed to the company or when the commercial risk of obsolescence rests with the company.

Leased assets

Rental payments are written off in the period in which they are incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Slough Motor Company Limited

Notes (continued)

	2002 £	2001 £
2. Distribution and administrative expenses		
Distribution costs	5,227,959	4,378,020
Administrative expenses	2,342,641	2,353,400
	<u>7,570,600</u>	<u>6,731,420</u>
3. Other income		
Interest	272	-
Rent	18,000	-
	<u>18,272</u>	<u>-</u>
4. Interest payable		
Bank overdraft	37,963	41,301
Loans repayable within five years	277,423	167,510
Loans repayable wholly or partly in more than five years	-	-
	<u>315,386</u>	<u>208,811</u>
5. Profit on ordinary activities		
This is stated after charging:		
Auditors' remuneration	16,400	16,400
Operating lease charges:		
Other	408,885	374,243
Depreciation and amounts written off tangible fixed assets	349,729	295,853
	<u>774,914</u>	<u>686,496</u>
6. Tax on profit on ordinary activities		
(a) Taxation		
Current tax:		
UK corporation tax based on the results for the year at 25.6% (2001 – 24.2%)	40,000	24,000
Over provision in prior years	(3,124)	(12,280)
Total current tax	<u>36,876</u>	<u>11,720</u>

Slough Motor Company Limited

Notes (continued)

	2002 £	2001 £
6. Tax on profit on ordinary activities (continued)		
(b) Factors affecting current tax charge		
Profit on ordinary activities before taxation	102,448	24,822
Tax at 25.6% (2001 – 24.2%)	26,237	6,007
Permanent timing differences	1,715	3,037
Other timing differences	11,092	12,850
Other adjustments	(2,168)	(10,174)
Total current tax (note 6(a))	36,876	11,720

	No.	No.
7. Staff numbers and costs		
The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:		
Production	34	36
Distribution	100	116
Administrative	34	33
	168	185

The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	3,762,678	3,384,358
Social security costs	378,655	335,230
Other pension costs	78,874	77,086
	4,220,207	3,796,674

Slough Motor Company Limited

Notes (continued)

8. Tangible assets

	Freehold properties £	Fixtures, fittings, plant and equipment £	Total £
Cost or valuation			
At beginning of year	1,323,962	2,327,526	3,651,488
Additions	-	285,840	285,840
Disposals	-	(520,901)	(520,901)
At end of year	<u>1,323,962</u>	<u>2,092,465</u>	<u>3,416,427</u>
Depreciation			
At beginning of year	107,003	1,569,246	1,676,249
Provided this year	14,976	334,753	349,729
Disposals	-	(520,901)	(520,901)
At end of year	<u>121,979</u>	<u>1,383,098</u>	<u>1,505,077</u>
Net book values			
30 th November 2002	<u>1,201,983</u>	<u>709,367</u>	<u>1,911,350</u>
30 th November 2001	<u>1,216,959</u>	<u>758,280</u>	<u>1,975,239</u>
Freehold properties comprise		2002 £	2001 £
Cost		923,962	923,962
Valuation - 1988		400,000	400,000
		<u>1,323,962</u>	<u>1,323,962</u>
The historical cost of these properties was		<u>1,107,438</u>	<u>1,107,438</u>

All other tangible assets are stated at historical cost.

9. Debtors

Trade debtors	321,917	627,676
Other debtors	506	1,696
Amounts owed by group undertakings	439,015	321,061
Prepayments and accrued income	393,011	265,219
	<u>1,154,449</u>	<u>1,215,652</u>

Slough Motor Company Limited

Notes (continued)

	2002 £	2001 £
10. Creditors falling due within one year		
Trade creditors	4,807,460	4,039,171
Other creditors	403	63
Social security and other taxes	177,714	280,214
Amounts owed to group undertakings	224,661	-
Accruals	611,683	484,332
Bank overdraft (secured - see note 13)	829,898	945,978
Term loans (secured - see note 13)	-	120,292
Corporation tax	38,973	22,967
	<u>6,690,792</u>	<u>5,893,017</u>

11. Creditors falling due after more than one year

Term loans (secured - see note 13)	-	82,164
	<u>-</u>	<u>82,164</u>

12. Related party transactions

The company's ultimate parent company and controlling party is Bestodeck Limited, a company registered in England. The group has no ultimate controlling party.

The company has taken advantage of the exemptions provided by FRS 8 and has not reported transactions with other group companies.

The loan of £150,000 from Bestodeck Limited is, at present, free of interest.

	2002 £	2001 £
13. Bank overdraft and loans		
The aggregate amount of secured borrowings is as follows:		
Falling due within five years:		
Bank overdraft	829,898	945,978
Term loans	-	202,456
	<u>829,898</u>	<u>1,148,434</u>

The bank overdraft and loans are secured by fixed and floating charges over the company's assets.

The long term loans are repayable by monthly instalments as follows:

	£	£
Interest variable with Finance House base rate	-	1,958
Inclusive of interest	-	5,062
	<u>-</u>	<u>5,062</u>

Slough Motor Company Limited

Notes (continued)

	2002 £	2001 £	
14. Share capital			
<i>Authorised</i>			
`A` ordinary shares of £1 each	50,000	50,000	
`B` ordinary shares of £1 each	100	100	
	<u>50,100</u>	<u>50,100</u>	
<i>Allotted, issued and fully paid</i>			
`A` ordinary shares of £1 each	50,000	50,000	
`B` ordinary shares of £1 each	100	100	
	<u>50,100</u>	<u>50,100</u>	
15. Revaluation reserve			
At beginning and end of year	216,524	216,524	
	<u>216,524</u>	<u>216,524</u>	
There is no present intention of disposing of the revalued properties; accordingly no provision has been made in these financial statements for taxation of £65,000 which would arise in the event of such a disposal.			
16. Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	417,834	233,633	
Rent and other operating income	(272)	-	
Depreciation charges	349,729	295,853	
(Increase)/decrease in stock	(906,325)	183,848	
Decrease/(increase) in debtors	61,203	(330,368)	
Increase in creditors	1,018,141	407,877	
	<u>940,310</u>	<u>790,843</u>	
17. Analysis of net debt			
	1-December 2001	Cashflow 30-November 2002	
Cash at bank	3,885	(50)	3,835
Overdrafts	(945,978)	116,080	(829,898)
	<u>(942,093)</u>	<u>116,030</u>	<u>(826,063)</u>
Loans	(202,456)	202,456	-
	<u>(1,144,549)</u>	<u>318,486</u>	<u>(826,063)</u>
Net Debt			

Slough Motor Company Limited

Notes (continued)

18. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	65,572	13,102
Opening shareholders' funds	1,139,797	1,126,695
Closing shareholders' funds	<u>1,205,369</u>	<u>1,139,797</u>

19. Contingent liability

The company is the representative member of a group registration for value added tax purposes and, accordingly, is jointly and severally liable for any such tax due by other group members.

20. Financial commitments

Pensions

The parent company operates a group personal pension plan under which contributions are paid into individual policies. Contributions paid by the company are written off to the profit and loss account in the accounting period in which they are incurred.

Operating leases

The company has annual commitments expiring as follows:

	2002 £ Land and Buildings	2001 £ Land and Buildings
Within one year	2,926	-
In two to five years	64,000	61,200
After five years	351,385	319,685
	<u>418,311</u>	<u>380,885</u>

Other commitments

	2002 £	2001 £
The company has commitments to repurchase Motability vehicles as follows:		
Within one year	-	35,510
	<u>-</u>	<u>35,510</u>

21. Deferred taxation

The total potential liability, none of which has been provided in these financial statements, is as follows:

	2002 £	2001 £
Revaluation of properties	<u>65,000</u>	<u>65,000</u>