

**Bristol Street First Investments Limited**

**Directors' report and financial  
statements**

**Registered number 251237**

**For the year ended 31 December 2002**



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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### **Principal activity**

The principal activity of the company is the sale and servicing of motor vehicles.

### **Review of business**

The directors consider the trading results for the year and the state of affairs at 31 December 2002 to be satisfactory.

The profit and loss account for the year is set out on page 5.

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend (2001: £2,200,000). The retained profit of £2,762,000 (2001: loss £332,000) will be transferred to reserves.

### **Employee participation**

It is the company's policy to meet at regular intervals with representatives of various groups of employees to discuss relevant information and developments.

### **Disabled persons**

The company gives equal consideration to all applicants for employment irrespective of any disability. If a person becomes disabled while employed by the company every endeavour is made to protect that person's position. Disabled persons have the same opportunities for training and career development as other employees with similar skills and abilities.

### **Charitable donations**

During the year the company made charitable donations of £475 (2001: £760).

### **Directors and directors' interests**

The directors who served during the year were as follows:

JB Tustain  
PR Williams  
PJ Smiley

None of the directors had a beneficial interest in the share capital of the company during the years ending 31 December 2002 and 2001.

Messrs JB Tustain, PR Williams and PJ Smiley are also directors of the ultimate parent undertaking, Bristol Street Group Limited and their interests in the share capital of group undertakings are disclosed in the financial statements of that company.

## Directors' report *(continued)*

### Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



**PJ Smiley**  
*Secretary*

Alpha House  
Hampton Park  
Hampton Lovett  
Droitwich  
Worcestershire  
WR9 0NX

18 September 2003

## **Statement of 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 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 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. 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.



**KPMG LLP**

2 Cornwall Street  
Birmingham  
B3 2DL  
United Kingdom

**Independent auditors' report to the members of Bristol Street First Investments Limited**

We have audited the financial statements on pages 5 to 18.

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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

**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 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

18 September 2003

**Profit and loss account**  
*for the year ended 31 December 2002*

|                                                                               | Notes | 2002<br>£000   | 2001<br>* re-stated<br>£000 |
|-------------------------------------------------------------------------------|-------|----------------|-----------------------------|
| <b>Turnover</b>                                                               | 2     | <b>468,899</b> | 458,359                     |
| Cost of sales                                                                 |       | (420,237)      | (410,638)                   |
| <b>Gross profit</b>                                                           |       | <b>48,662</b>  | 47,721                      |
| Distribution costs                                                            |       | (34,073)       | (33,215)                    |
| Administrative expenses (including exceptional cost of £692,000 (2001: £Nil)) |       | (10,431)       | (9,395)                     |
| <b>Operating profit</b>                                                       | 3     | <b>4,158</b>   | 5,111                       |
| Profit on disposal of property                                                |       | 2,224          | -                           |
| <b>Profit on ordinary activities before interest</b>                          |       | <b>6,382</b>   | 5,111                       |
| Interest payable                                                              | 4     | (2,324)        | (2,980)                     |
| <b>Profit on ordinary activities before taxation</b>                          |       | <b>4,058</b>   | 2,131                       |
| Tax on profit on ordinary activities                                          | 7     | (964)          | (703)                       |
| <b>Profit for the financial year</b>                                          |       | <b>3,094</b>   | 1,428                       |
| Dividends                                                                     | 8     | -              | (2,200)                     |
| <b>Retained profit/(loss) for the financial year</b>                          | 17,18 | <b>3,094</b>   | (772)                       |
| <b>Retained (loss)/profit brought forward</b>                                 |       | <b>(332)</b>   | 440                         |
| <b>Retained profit/(loss) carried forward</b>                                 |       | <b>2,762</b>   | (332)                       |

A statement of movement on reserves is shown at note 17. All turnover and operating profit arises from continuing operations.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

\* re-stated on adoption of FRS 19, see note 15

**Balance sheet**  
 at 31 December 2002

|                                                                | <i>Note</i> | <b>2002</b>     | <b>2001</b>                 |
|----------------------------------------------------------------|-------------|-----------------|-----------------------------|
|                                                                |             | <b>£000</b>     | <b>* re-stated<br/>£000</b> |
| <b>Fixed assets</b>                                            |             |                 |                             |
| Intangible assets                                              | 9           | 110             | 127                         |
| Tangible assets                                                | 10          | 15,470          | 19,958                      |
|                                                                |             | <u>15,580</u>   | <u>20,085</u>               |
| <b>Current assets</b>                                          |             |                 |                             |
| Stocks                                                         | 11          | 71,022          | 53,838                      |
| Debtors                                                        | 12          | 27,086          | 18,890                      |
| Cash at bank and in hand                                       |             | 3               | 25                          |
|                                                                |             | <u>98,111</u>   | <u>72,753</u>               |
| <b>Creditors: amounts falling due within one year</b>          | 13          | <b>(81,981)</b> | <b>(63,492)</b>             |
| <b>Net current assets</b>                                      |             | <b>16,130</b>   | <b>9,261</b>                |
| <b>Total assets less current liabilities</b>                   |             | <b>31,710</b>   | <b>29,346</b>               |
| <b>Creditors: amounts falling due after more than one year</b> | 14          | <b>(7,778)</b>  | <b>(8,641)</b>              |
| <b>Provisions for liabilities and charges</b>                  | 15          | <b>(637)</b>    | <b>(504)</b>                |
| <b>Net assets</b>                                              |             | <b>23,295</b>   | <b>20,201</b>               |
| <b>Capital and reserves</b>                                    |             |                 |                             |
| Called up share capital                                        | 16          | 21,301          | 21,301                      |
| Revaluation reserve                                            | 17          | (456)           | (768)                       |
| Profit and loss account                                        | 17          | 2,450           | (332)                       |
| <b>Total equity shareholders' funds</b>                        | 18          | <b>23,295</b>   | <b>20,201</b>               |

These financial statements on pages 5 to 18 were approved by the board of directors on 18 September 2003 and were signed on its behalf by:

**PR Williams**  
 Director



\* re-stated on adoption of FRS 19, see note 15

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2002*

|                                                                                        | 2002  | 2001               |
|----------------------------------------------------------------------------------------|-------|--------------------|
|                                                                                        | £000  | *re-stated<br>£000 |
| Profit/(loss) for the financial year being total gains and losses relating to the year | 3,094 | (772)              |
| Prior year adjustment (as explained in note 15)                                        | (349) |                    |
| Total gains and losses recognised since last annual report                             | 2,745 |                    |

\* re-stated on adoption of FRS 19, see note 15

## Notes

*(forming part of the financial statements)*

### 1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. During the year, Financial Reporting Standard 19 'Deferred Tax' became effective for this years financial statements. For the effects of FRS 19, see note 15.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable Accounting Standards and under historic cost accounting rules, modified to include the revaluation of certain tangible fixed assets.

#### *Related parties*

The company is exempt from the requirement of Financial Reporting Standard No.8 to disclose transactions between group companies as all subsidiaries have 90% or more of their voting rights controlled by Bristol Street Group Limited who have produced consolidated accounts.

#### *Depreciation of tangible fixed assets*

Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their expected useful lives. The principal annual rates used are as follows:

|                                |                            |
|--------------------------------|----------------------------|
| Freehold buildings             | 2%                         |
| Leasehold property             | Over the term of the lease |
| Plant and office equipment     | 10%                        |
| Fixtures and fittings          | 10%                        |
| Vehicles                       | 25%                        |
| Computer hardware and software | 20% to 33 $\frac{1}{3}$ %  |

No depreciation is provided on freehold land.

#### *Goodwill*

The financial statements have been prepared in accordance with Financial Reporting Standard No.10, Goodwill and Intangible Assets. Accordingly, in respect of acquisitions of subsidiary undertakings and unincorporated businesses post 1 January 1998, the goodwill arising, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life.

Goodwill arising in respect of acquisitions prior to 1 January 1998 was previously written off against reserves. In accordance with the transitional rules of Financial Reporting Standard No.10, this treatment has continued to be applied. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

#### *Stocks*

The basis of valuation is the lower of cost and estimated realisable value. Stocks include vehicles on sale or return.

Consignment vehicles in respect of which finance charges are levied are regarded as being effectively under the control of the group and, in accordance with Financial Reporting Standard 5, are included within stocks on the balance sheet even though legal title has not yet passed to the group. The corresponding liability is included in creditors.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Finance and operating leases*

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

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred (or accelerated) because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods which the timing differences reverse and is provided in respect of all timing differences which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 "Deferred Tax". FRS 19 has been adopted for the first time in these financial statements and comparative figures have been re-stated accordingly (see note 15).

#### *Pensions*

The company participates in the Bristol Street Group Limited funded pension scheme providing benefits for employees. Employees joining the scheme prior to 1 January 1998 have benefits based on final pensionable pay. Pension liabilities in respect of this section of the scheme are paid for by contributions into the pension scheme on a systematic basis over the period of employment of members, at rates in accordance with the advice of a professionally qualified actuary. Differences between the values of the assets and liabilities of the scheme, disclosed by actuarial valuations, are spread over the average remaining service lives of current scheme members entitled to those defined benefits.

Employees joining the scheme from 1 January 1998 have benefits based on contributions paid and the investment returns earned on those contributions. Contributions relating to the defined contribution section of the scheme are charged to the profit and loss account when due. The group has adopted the disclosure requirements of Financial Reporting Standard 17.

#### *Cash flow statement*

A cash flow statement has not been prepared as the company is a wholly owned subsidiary of Bristol Street Group Limited within whose consolidated cash flow statement the cash flows of the company are included.

### 2 Turnover

Turnover represents the value excluding value added tax of goods and services provided to customers and relates wholly to continuing operations in the United Kingdom.

## Notes (continued)

### 3 Operating profit

|                                                               | 2002<br>£000 | 2001<br>£000 |
|---------------------------------------------------------------|--------------|--------------|
| <i>Operating profit is stated after charging/(crediting):</i> |              |              |
| Depreciation of tangible fixed assets:                        |              |              |
| Owned assets                                                  | 796          | 808          |
| Assets held under finance leases                              | 6            | 3            |
| Amortisation of intangible assets                             | 17           | 17           |
| Loss/(profit) on disposal of other fixed assets               | 335          | (14)         |
| Continuing exceptional operating losses                       | 692          | -            |
| Auditors' remuneration:                                       |              |              |
| Audit                                                         | 66           | 79           |
| Payments under operating leases:                              |              |              |
| Plant and machinery                                           | 257          | 218          |
| Other                                                         | 798          | 593          |

### 4 Interest payable

|                        | 2002<br>£000 | 2001<br>£000 |
|------------------------|--------------|--------------|
| Bank overdraft         | 1,771        | 2,275        |
| Other interest payable | 553          | 705          |
|                        | <u>2,324</u> | <u>2,980</u> |

### 5 Employee information

The average number of persons (including executive directors) employed by the company during the year was:

|                        | 2002<br>Number | 2001<br>Number |
|------------------------|----------------|----------------|
| Workshop               | 360            | 349            |
| Sales and distribution | 537            | 538            |
| Administration         | 197            | 184            |
|                        | <u>1,094</u>   | <u>1,071</u>   |

The aggregate payroll costs of these persons were as follows:

|                             | 2002<br>£000  | 2001<br>£000  |
|-----------------------------|---------------|---------------|
| Wages and salaries          | 22,113        | 20,701        |
| Social security costs       | 2,011         | 1,878         |
| Pension costs (see note 21) | 524           | 465           |
|                             | <u>24,648</u> | <u>23,044</u> |

## Notes (continued)

### 6 Directors' emoluments

No director received remuneration from the company in respect of the years ended 31 December 2002 and 2001.

### 7 Tax on profit on ordinary activities

|                                            | 2002 | 2001<br>* re-stated |
|--------------------------------------------|------|---------------------|
|                                            | £000 | £000                |
| Analysis of charge in year                 |      |                     |
| <i>UK Corporation tax</i>                  |      |                     |
| Current tax on income for the year         | 701  | 618                 |
| Adjustments in respect of prior periods    | 130  | 15                  |
| Total current tax                          | 831  | 633                 |
| <i>Deferred tax (see note 15)</i>          |      |                     |
| Origination/reversal of timing differences | 133  | 70                  |
| Tax on profit on ordinary activities       | 964  | 703                 |

Factors affecting the tax charge for the current year.

The current tax charge for the year is lower (2001: lower) than the standard rate of corporation tax in the UK 30% (2001: 30%). The differences are explained below.

|                                                                    | 2002  | 2001<br>* re-stated |
|--------------------------------------------------------------------|-------|---------------------|
|                                                                    | £000  | £000                |
| <i>Current tax reconciliation</i>                                  |       |                     |
| Profit on ordinary activities before tax                           | 4,058 | 2,131               |
| Current tax at 30% (2001: 30%)                                     | 1,217 | 639                 |
| <i>Effects of:</i>                                                 |       |                     |
| Expenses not deductible for tax purposes                           | 237   | 83                  |
| Depreciation in excess of/(less than) capital allowances           | 26    | (58)                |
| Other timing differences                                           | -     | 93                  |
| Utilisation of tax losses – deferred tax not previously recognised | (43)  | (139)               |
| Non taxable profit on disposal of property                         | (738) | -                   |
| Adjustments to tax charge in respect of previous periods           | 130   | 15                  |
| Total current tax charge (see above)                               | 831   | 633                 |

\* re-stated on adoption of FRS 19, see note 15

**Notes (continued)**

**8 Dividends and other appropriations**

|                         | <b>2002</b> | <b>2001</b> |
|-------------------------|-------------|-------------|
|                         | <b>£000</b> | <b>£000</b> |
| Equity shares           |             |             |
| Final dividend proposed | -           | 2,200       |

**9 Intangible fixed assets**

|                                           | <b>Goodwill</b> |
|-------------------------------------------|-----------------|
|                                           | <b>£000</b>     |
| <b>Group</b>                              |                 |
| <i>Cost</i>                               |                 |
| At 1 January 2002 and at 31 December 2002 | 171             |
| <i>Amortisation</i>                       |                 |
| At 1 January 2002                         | 44              |
| Charge in the year                        | 17              |
| <b>At 31 December 2002</b>                | <b>61</b>       |
| <i>Net book value</i>                     |                 |
| <b>At 31 December 2002</b>                | <b>110</b>      |
| At 31 December 2001                       | 127             |

The goodwill arising on the acquisition of unincorporated businesses is being amortised over 10 years.

## Notes (continued)

### 10 Tangible fixed assets

|                            | Freehold<br>property<br>£000 | Long leasehold<br>property<br>£000 | Plant and<br>vehicles<br>£000 | Total<br>£000 |
|----------------------------|------------------------------|------------------------------------|-------------------------------|---------------|
| <b>Cost or valuation</b>   |                              |                                    |                               |               |
| At 1 January 2002          | 16,736                       | 1,270                              | 6,594                         | 24,600        |
| Additions                  | -                            | -                                  | 965                           | 965           |
| Disposals                  | (3,405)                      | (1,090)                            | (643)                         | (5,138)       |
| <b>At 31 December 2002</b> | <b>13,331</b>                | <b>180</b>                         | <b>6,916</b>                  | <b>20,427</b> |
| <b>Depreciation</b>        |                              |                                    |                               |               |
| At 1 January 2002          | 191                          | 93                                 | 4,358                         | 4,642         |
| Charge for the year        | 90                           | 13                                 | 699                           | 802           |
| Disposals                  | (38)                         | (94)                               | (355)                         | (487)         |
| <b>At 31 December 2002</b> | <b>243</b>                   | <b>12</b>                          | <b>4,702</b>                  | <b>4,957</b>  |
| <b>Net book value</b>      |                              |                                    |                               |               |
| <b>At 31 December 2002</b> | <b>13,088</b>                | <b>168</b>                         | <b>2,214</b>                  | <b>15,470</b> |
| At 31 December 2001        | 16,545                       | 1,177                              | 2,236                         | 19,958        |

The net book value of plant and vehicles includes an amount of £22,000 (2001: £28,000) in respect of assets held under finance leases.

Of the freehold and leasehold property above:

|                                 | 2002<br>£000  | 2001<br>£000  |
|---------------------------------|---------------|---------------|
| Amounts held at 1997 valuation, | 8,515         | 11,375        |
| Amounts held at cost            | 4,996         | 6,631         |
|                                 | <b>13,511</b> | <b>18,006</b> |

Valuations were made on an open market for existing use basis by independent professional valuers.

All other assets are held at cost.

Under the historical cost convention the net book value of fixed assets would be higher by £669,000 (2001: £706,000).

## Notes (continued)

### 11 Stocks

|                                           | 2002<br>£000 | 2001<br>£000 |
|-------------------------------------------|--------------|--------------|
| Vehicle stocks                            | 23,924       | 22,355       |
| Parts, accessories and other stocks       | 4,698        | 5,298        |
| Vehicle consignment stocks                | 29,487       | 13,408       |
| Vehicles subject to repurchase agreements | 12,913       | 12,777       |
|                                           | <hr/> 71,022 | <hr/> 53,838 |

Vehicle consignment stocks have been recognised on the balance sheet where, in substance, they are deemed to be assets of the company. The principal criterion applied is whether the vehicles are interest-bearing. The corresponding liabilities have been included in creditors. The company also has vehicle consignment stocks of £24,569,000 (2001: £61,069,000) which are not, in substance, assets of the company. These stocks, and their related liabilities, are not recognised on the balance sheet.

The principal terms of the consignment agreements, which can generally be terminated by either side, are such that the group can return any or all of the stock to the relevant suppliers without financial or commercial penalties and the supplier can vary prices.

As part of its normal trading activities, the company enters into vehicle sale and repurchase agreements. The residual interest in these vehicles, at values at which the company is contracted to repurchase, is included above where the group expects to repurchase the vehicles. The amount above includes £7,776,000 (2001: £8,632,000) relating to vehicles which are due to be repurchased after more than one year. The related liabilities are included in creditors and analysed into current and deferred as appropriate.

### 12 Debtors

|                                            | 2002<br>£000 | 2001<br>£000 |
|--------------------------------------------|--------------|--------------|
| <b>Amounts falling due within one year</b> |              |              |
| Trade debtors                              | 16,533       | 16,375       |
| Amounts owed by group undertakings         | 7,284        | 85           |
| Other debtors                              | 1,089        | 809          |
| Corporation tax recoverable                | 450          | -            |
| Prepayments and accrued income             | 1,730        | 1,621        |
|                                            | <hr/> 27,086 | <hr/> 18,890 |

## Notes (continued)

### 13 Creditors: amounts falling due within one year

|                                        | 2002<br>£000  | 2001<br>£000  |
|----------------------------------------|---------------|---------------|
| Bank overdraft                         | 15,219        | 22,234        |
| Payments received in advance           | 5,139         | 3,203         |
| Trade creditors                        | 17,248        | 3,444         |
| Amounts owed to group undertakings     | 3,206         | 4,087         |
| Corporation tax                        | -             | 219           |
| Other taxation and social security     | -             | 236           |
| Other creditors                        | 257           | 716           |
| Accruals and deferred income           | 6,177         | 4,426         |
| Finance leases obligations             | 111           | 128           |
| Consignment stock creditors            | 29,487        | 13,408        |
| Vehicle repurchase agreement creditors | 5,137         | 4,145         |
| Discounted convertible bond            | -             | 7,246         |
|                                        | <u>81,981</u> | <u>63,492</u> |

The bank overdraft is secured by a joint and several guarantee by all group companies and by a floating charge over book debts.

### 14 Creditors: amounts falling due after more than one year

|                                        | 2002<br>£000 | 2001<br>£000 |
|----------------------------------------|--------------|--------------|
| Finance lease obligations              | 2            | 9            |
| Vehicle repurchase agreement creditors | 7,776        | 8,632        |
|                                        | <u>7,778</u> | <u>8,641</u> |

The finance lease obligations are repayable as follows:

|                            | 2002<br>£000 | 2001<br>£000 |
|----------------------------|--------------|--------------|
| In one year or less        | 111          | 128          |
| Between one and two years  | 2            | 7            |
| Between two and five years | -            | 2            |
|                            | <u>113</u>   | <u>137</u>   |

## Notes (continued)

### 15 Provisions for liabilities and charges

|                                        | Deferred<br>Taxation<br>£000 |
|----------------------------------------|------------------------------|
| At 1 January 2002 as previously stated | 155                          |
| Prior year adjustment                  | 349                          |
| At 1 January 2002 as re-stated         | 504                          |
| Charge to profit and loss account      | 133                          |
| At 31 December 2002                    | 637                          |

The amounts provided for deferred taxation (assets)/liabilities, calculated under the liability method at 30%, are set out below:

|                                                                    | 2002<br>£000 | 2001<br>£000 |
|--------------------------------------------------------------------|--------------|--------------|
| Difference between accumulated depreciation and capital allowances | 667          | 534          |
| Other timing differences                                           | (30)         | (30)         |
|                                                                    | 637          | 504          |

#### Prior period adjustment

During the year, the group has adopted FRS19 "Deferred Tax" in relation to providing for deferred tax on the full provision basis.

The corresponding amounts in the profit and loss account and balance sheet have been restated to reflect the revised accounting policy.

The effect of adopting FRS 19 "Deferred Tax" on the group and company was to decrease profit after tax by £133,000 (2001: £Nil) and to decrease net assets by £478,000 (2001: £345,000)

## Notes (continued)

### 16 Called up share capital

|                                                     | 2002<br>£000 | 2001<br>£000 |
|-----------------------------------------------------|--------------|--------------|
| <b>Authorised:</b>                                  |              |              |
| 21,301,333 'A' ordinary shares of £1 each (equity)  | 21,301       | 21,301       |
| 10 non participating shares of £1 each (non equity) | -            | -            |
|                                                     | <hr/> 21,301 | <hr/> 21,301 |
| <b>Allotted, called up and fully paid:</b>          |              |              |
| 21,301,333 'A' ordinary shares of £1 each (equity)  | 21,301       | 21,301       |
| 10 non participating shares of £1 each (non equity) | -            | -            |
|                                                     | <hr/> 21,301 | <hr/> 21,301 |

The non participating shares carry no dividend rights, rank equally with the 'A' ordinary shares in the event of a winding up and carry voting rights to one vote per share. The non participating shareholders have no rights in the event of a winding up beyond the repayment of capital.

### 17 Reserves

|                                          | Revaluation<br>reserve<br>£000 | Profit and loss<br>account<br>* re-stated<br>£000 |
|------------------------------------------|--------------------------------|---------------------------------------------------|
| At 1 January 2002 as previously reported | (768)                          | 17                                                |
| Prior year adjustment                    | -                              | (349)                                             |
|                                          | <hr/> (768)                    | <hr/> (332)                                       |
| At 1 January 2002 as re-stated           | (768)                          | (332)                                             |
| Retained profit for the financial year   | -                              | 3,094                                             |
| Property sold in the year                | 312                            | (312)                                             |
|                                          | <hr/> (456)                    | <hr/> 2,450                                       |
| <b>At 31 December 2002</b>               | <b>(456)</b>                   | <b>2,450</b>                                      |

\* re-stated on adoption of FRS 19, see note 15

### 18 Reconciliation of movements in shareholders' funds

|                                                   | 2002<br>£000 | 2001<br>* re-stated<br>£000 |
|---------------------------------------------------|--------------|-----------------------------|
| Profit/(loss) for the financial year              | 3,094        | (1,119)                     |
| Prior year adjustment                             | -            | (541)                       |
|                                                   | <hr/> 3,094  | <hr/> (1,660)               |
| Profit/(loss) for the financial year as re-stated | 3,094        | (1,660)                     |
| Opening shareholders' funds                       | 20,201       | 21,861                      |
|                                                   | <hr/> 23,295 | <hr/> 20,201                |
| Closing shareholders' funds                       | 23,295       | 20,201                      |

\* re-stated on adoption of FRS 19, see note 15

## Notes (continued)

### 19 Commitments under operating leases

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

|                                               | Land and Buildings |              | Other        |              |
|-----------------------------------------------|--------------------|--------------|--------------|--------------|
|                                               | 2002<br>£000       | 2001<br>£000 | 2002<br>£000 | 2001<br>£000 |
| Expiring within one year                      | 7                  | 20           | 64           | 124          |
| Expiring between two and five years inclusive | -                  | -            | 57           | 96           |
| Expiring after five years                     | 541                | 465          | 1            | 5            |
|                                               | <u>548</u>         | <u>485</u>   | <u>122</u>   | <u>225</u>   |

### 20 Capital commitments

The company had no capital commitments at 31 December 2002 (2001: £Nil).

### 21 Contingent liabilities

The company has granted to the group's bankers cross-guarantees in favour of Bristol Street Group Limited and subsidiary undertakings. The potential liability at 31 December 2002 was £Nil (2001: £Nil).

### 22 Pensions

As explained within note 1, the group operates a funded pension scheme. The assets of the scheme are held in a separate trustee administered fund.

The most recent valuation was as at 30 November 2000. It disclosed that the market value of the assets in respect of the defined benefit sections at the valuation date was £17.9m, which represented 98% of the value of the scheme's liabilities on the basis outlined below.

The principal assumptions used in the valuation for SSAP 24 purposes were: pensionable salary growth of 4.1% per annum; return on investments of 6.0% per annum; price inflation of 2.5% per annum; future LPI pension increase of 2.5% per annum; and the future pension increases of LPI (subject to a minimum 3% per annum) of 3.6% per annum. The future service cost was determined using the projected unit method as defined by the Faculty and Institute of Actuaries. The future cost includes an amount intended to make up the valuation deficiency over the average remaining working lifetime of members receiving final salary benefits.

These figures make no allowance for any deferred taxation.

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been disclosed in the parent company financial statements and will be accounted for when the standard is fully adopted, as if the scheme was a defined contribution scheme.

### 23 Ultimate holding company

The company's parent company and ultimate controlling party is Bristol Street Group Limited, a company incorporated in Great Britain.

Copies of the financial statements for Bristol Street Group Limited are available from the Secretary, Alpha House, Hampton Park, Hampton Lovett, Droitwich, Worcestershire, WR9 0NX.