

Williams Motor Co. (Holdings) Limited

REPORT AND ACCOUNTS

31 December 2003

Registered number: 597708



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Williams Motor Co. (Holdings) Limited

Company Information

Directors

Mrs M M Orton Williams, BA
N J Cook, BSc, FCCA
N J Dunning
D A Galloway
J A Fairbotham, FCA (appointed 27 January 2003)

Secretary

J Roberts

Registered office

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

Bankers

National Westminster Bank Plc
Liverpool City Office
PO Box 138
22 Castle Street
Liverpool
L69 2BE

Auditors

Baker Tilly
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

Williams Motor Co. (Holdings) Limited

Directors' Report

The directors have pleasure in presenting their report and audited accounts for the year ended 31 December 2003.

Principal activities

The principal activities of the company and its subsidiaries are the sale and service of new and used motor vehicles, and the sale of parts and accessories.

Business review, results and dividends

Group turnover amounted to £185,464,310 (2002: £142,754,867) and the profit before taxation was £5,039,026 (2002: £4,221,267). After providing for dividends and taxation, the retained profit of £2,793,319 (2002: £2,245,673) has been added to reserves.

During the year, the company paid an interim dividend of £261,395 (2002: £261,395). The directors recommend a final dividend for 2003 of £392,093 (2002: £261,395) for the year on the ordinary share capital. If approved by the shareholders, the final dividend will be paid on 1 July 2004.

On 28 February 2003 the group acquired the trade and certain assets and liabilities of the Rochdale BMW and MINI dealership of Howarth of Rochdale Limited.

Fixed assets

Movements in fixed assets during the year are set out in the notes to the accounts.

In the opinion of the directors the market value of freehold and leasehold property exceeds the amount at which they are stated in the accounts.

Charitable and political donations

Donations for charitable purposes in 2003 were £3,430 (2002: £2,400). There were no donations for political purposes in the year.

Directors and their interests

The directors of the company at 31 December 2003 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

		Shareholdings at 31 December 2003		Shareholdings at 31 December 2002	
		Ordinary		Ordinary	
		B	C	B	C
Mrs M M Orton Williams		2,480	62,560	2,480	62,560
N J Dunning		200	10,541	200	10,541
N J Cook		100	1,768	100	1,768
D A Galloway		-	-	-	-
J A Fairbotham		-	-	-	-
Mrs M M Orton Williams	) as	19	10,567	19	9,864
N J Cook	) trustees	19	10,567	19	9,864

No right to subscribe for shares in or debentures of the company was granted or exercised during the year.

Williams Motor Co. (Holdings) Limited

Directors' Report

Disabled persons

The group gives full consideration to applications for employment from disabled persons where the requirements for the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee information

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

Post balance sheet events

Subsequent to the year end, the company has agreed to acquire land in Bolton for £4.4 million subject to the agreement of abnormal costs. The company has also agreed to sell land and buildings in Liverpool totalling £800,000.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Baker Tilly as the company's auditors will be placed before the Annual General Meeting.

On behalf of the Board



J Roberts
Secretary

28 May 2004

Williams Motor Co. (Holdings) Limited

Directors' responsibilities in the preparation of financial statements

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group, and of the profit or loss of the group for that period.

In preparing these accounts we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgments and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the accounts on a going concern basis unless in our view the group and the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

We have audited the financial statements on pages 7 to 25.

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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is 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.

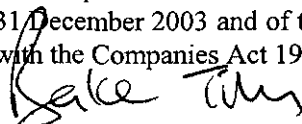
Basis of opinion

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 judgments 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 group's and company's affairs as at 31 December 2003 and of the group's profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY
Registered Auditors
Chartered Accountants
Brazenose House
Lincoln Square
Manchester
M2 5BL

28 May 2004

Williams Motor Co. (Holdings) Limited

Group Profit and Loss Account

for the year ended 31 December 2003

	Note	2003 £000 Acquisitions	2003 £000 Continuing On going	2003 £000 Total	2002 £000 Total
Turnover	1	19,669	165,795	185,464	142,756
Cost of sales		(16,956)	(143,131)	(160,087)	(122,376)
Gross profit		<u>2,713</u>	<u>22,664</u>	<u>25,377</u>	<u>20,380</u>
Administrative expenses		(2,260)	(17,674)	(19,934)	(15,496)
Other operating income		-	152	152	-
Operating profit	2	<u>453</u>	<u>5,142</u>	<u>5,595</u>	<u>4,884</u>
Interest payable (net)	4	(72)	(484)	(556)	(662)
Profit on ordinary activities before taxation		<u>381</u>	<u>4,658</u>	<u>5,039</u>	<u>4,222</u>
Taxation	5			(1,592)	(1,453)
Profit for the financial year				<u>3,447</u>	<u>2,769</u>
Dividends	6			(653)	(523)
Retained profit for the year	16			<u>2,794</u>	<u>2,246</u>

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

There are no recognised gains or losses other than the profit for the year.

The notes on pages 10 to 25 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Balance Sheet

31 December 2003

		Group		Company	
	Note	2003 £000	2002 £000	2003 £000	2002 £000
Fixed Assets					
Goodwill	7	3,574	2,787	-	-
Tangible assets	8	14,638	13,462	10,060	8,700
Investments	9	-	-	6,636	6,636
		18,212	16,249	16,696	15,336
Current Assets					
Stocks	10	21,952	13,828	12,209	7,754
Debtors	11	8,391	4,681	7,151	6,481
Cash at bank and in hand		4	4	3	3
		30,347	18,513	19,363	14,238
Creditors: amounts falling due within one year	12a	(24,445)	(14,792)	(14,895)	(9,227)
Net current assets		5,902	3,721	4,468	5,011
Total assets less current liabilities		24,114	19,970	21,164	20,347
Creditors: amounts falling due after more than one year	12b	(8,188)	(6,742)	(8,178)	(6,665)
Provisions for liabilities and charges					
Deferred Taxation	13	(44)	(140)	(30)	(100)
		15,882	13,088	12,956	13,582
Capital and reserves					
Called up share capital	15	261	261	261	261
Share premium account	16	124	124	124	124
Profit and loss account	16	15,497	12,703	12,571	13,197
Equity shareholders' funds	14	15,882	13,088	12,956	13,582

The accounts on pages 7 to 25 were approved by the board of directors on 28 May 2004 and are signed on its behalf by:

M M Orton Williams

) Margaret Orton Williams
)
) Directors

N J Cook

)
)
) N J Cook

The notes on pages 10 to 25 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Group Cash Flow Statement

for the year ended 31 December 2003

	Note	2003 £000	2002 £000
Net cash inflow from operating activities	17	3,705	1,970
Returns on investments and servicing of finance			
Interest received		20	104
Interest paid		(740)	(549)
Interest element of finance lease rental payments		(25)	(217)
		(745)	(662)
Taxation			
UK corporation tax paid		(1,311)	(1,164)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(2,180)	(1,284)
Receipts from sales of tangible fixed assets		307	746
		(1,873)	(538)
Acquisitions and disposals			
Payments to acquire businesses		(2,300)	-
Equity dividends paid		(522)	(497)
Financing			
New/(repayment of) loans		1,763	(625)
New/(repayment of) vehicle finance loans		1,109	(1,588)
Capital element of finance lease rental payments		(85)	(92)
Repayment of loan notes		-	(4,241)
		2,787	(6,546)
(Decrease) in cash	17	(259)	(7,437)

Further details are given in note 17.

The notes on pages 10 to 25 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention. No separate profit and loss account is presented for the company as provided by section 230 of the Companies Act 1985.

Basis of consolidation

The group accounts consolidate the accounts of Williams Motor Co. (Holdings) Limited and its subsidiaries. Intra group profits are eliminated on consolidation.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation, less any residual value, over the expected useful lives which are as follows:

Land and buildings	Up to a maximum of fifty years
Plant and machinery	Up to a maximum of twenty-five years
Motor vehicles	Up to a maximum of four years

Amortisation

Goodwill arising on acquisitions is capitalised as an intangible fixed asset and amortised on a straight line basis over its useful economic life of between 5 and 20 years.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at their estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks, including work in progress, are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation 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 company's taxable profits and its results as stated in the financial statements.

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

Defined benefit pension scheme

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The regular cost is attributed to the individual years using cash equivalent and market valuation methods. (See note 3 for further details.)

Money purchase pension scheme

Contributions are charged to the profit and loss account as they fall due. (See note 3 for further details.)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

1 Turnover

Turnover represents the value of goods and services, excluding value added tax, invoiced to third parties. Turnover is attributable to one continuing activity in the United Kingdom.

The directors do not wish to disclose the turnover by business segment as they believe it would be seriously prejudicial to the business.

2 Operating profit

	2003 £000	2002 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration		
- audit	39	26
- other	29	52
Depreciation		
- owned	710	670
- leased	86	108
Directors' remuneration (note 3)	403	311
Operating lease rentals		
- plant and machinery	84	77
- land and buildings	195	105
Loss/(Profit) on disposal of fixed assets	8	(59)

3 Directors and employees

Group staff costs (including directors' remuneration) during the year were as follows:	2003 £000	2002 £000
Wages and salaries	10,405	8,905
Social security costs	1,133	910
Pension costs	581	249
	12,119	10,064

The monthly average number of persons, including directors, employed by the group during the year was:

	2003 Number	2002 Number
Productive	119	108
Sales and distribution	243	189
Administrative	77	71
	439	368

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

3 Directors and employees (*continued*)

The total amounts for parent company directors' remuneration (excluding pension contributions) were as follows:	2003	2002
	£000	£000
Fees	66	48
Executive remuneration and benefits	337	263
	<u>403</u>	<u>311</u>

Number of directors to whom retirement benefits are accruing under defined benefit pension schemes in respect of qualifying services	2	2
--	---	---

One director (2002: nil) has benefits accruing under a money purchase scheme. Pension contributions of £9,167 (2002: £nil) were made on behalf of this director.

Highest paid director

	2003	2002
	£000	£000
Emoluments	220	203
Accrued pension at year end – defined benefit scheme –per annum	30	28

Pension costs

The group operates pension schemes providing benefits based on final pensionable pay, to which membership is now closed, or on contributions paid. The assets of the schemes are held separately from those of the group, being invested with insurance companies. Contributions funding the defined benefit part of the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using cash equivalent and market valuation methods. The most recent triennial valuation was at 31 March 2003. The total pension charge to the group for the period was £ 581,000 (2002: £249,000).

A full valuation was carried out as at 31 March 2003 and updated to 31 December 2003 by a qualified independent actuary. The assumptions used by the actuary were:

	31 December 2003	31 December 2002
Rate of increase in salaries	4.75%	4.25%
Discount rate	5.36%	5.47%
Inflation assumption	2.75%	2.25%
LPI pension increases	2.75%	2.25%

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

3 Directors and employees (*continued*)

Pension costs (*continued*)

The assets in the defined benefit part of the schemes and the expected rate of return were:

	Long term rate of return expected at 31 December 2003	Long term rate of return expected at 31 December 2002	Value at 31 December 2003 £000	Value at 31 December 2002 £000
Equities	6.8%	6.5%	879	844
Bonds	4.8%	4.5%	244	137
Property	N/A	N/A	-	-
Cash	N/A	N/A	-	-
Total market value of assets			1,123	981
Present value of scheme liabilities			(2,008)	(1,558)
Deficit in the scheme			(885)	(577)
Related deferred tax asset			266	173
			(619)	(404)
			2003	2002
			£000	£000
Analysis of amount which would be charged to operating profit:				
Current service cost			(37)	(36)
Past service costs			-	-
Total operating charge			(37)	(36)
Analysis of the amount which would be credited to other finance income:				
Expected return on pension scheme assets			62	75
Interest cost			(86)	(82)
Net return			(24)	(7)
Analysis of amount which would be recognised in statement of total recognised gains and losses (STRGL):				
Actual return less expected return on pension scheme assets			66	(235)
Experience gains and losses arising on the scheme liabilities			(3)	6
Changes in assumptions underlying the scheme liabilities			(353)	(56)
Actuarial loss recognised in STRGL			(290)	(285)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

3 Directors and employees (*continued*)

Pension costs (*continued*)

	2003 £000	2002 £000
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(577)	(293)
Movement in year:		
Current service cost	(37)	(36)
Contributions	43	44
Net interest/return on assets	(24)	(7)
Actuarial (loss)	(290)	(285)
Deficit in scheme at the end of the year	(885)	(577)

Pension contribution rates

Under the final salary section of the plan, members' contributions were 7% of pensionable pay. Employer's contributions were 12.5% of pensionable pay.

Under the money purchase section of the plan, members' contributions were 5% of pensionable pay. Employer's contributions were 8% of pensionable pay less 3% of earnings between the lower and upper earnings limit.

4 Interest payable (net)

	2003 £000	2002 £000
Interest receivable:		
Bank interest receivable	21	104
Interest on VAT refund	188	-
Interest receivable	209	104
Interest payable:		
Bank loans and overdrafts	(609)	(549)
Vehicle stocking finance	(131)	(193)
Finance lease and hire purchase contracts	(25)	(24)
Interest payable	(765)	(766)
Interest payable (net)	(556)	(662)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

5 (a) Taxation

	2003 £000	2002 £000
Corporation tax:		
UK corporation tax at 30 % (2002: 30%)	1,659	1,305
Corporation tax under provided in prior years	29	48
	<u>1,688</u>	<u>1,353</u>
Deferred tax:		
Current year	(96)	25
Prior years	-	75
	<u>(96)</u>	<u>100</u>
	<u>1,592</u>	<u>1,453</u>

(b) Factors affecting current tax charge

The reconciliation of the tax assessed on the profit on ordinary activities for the year compared to the standard rate of corporation tax in the UK of 30% (2002: 30%) is as follows:

	2003 £000	2002 £000
Profit on ordinary activities before tax	5,039	4,222
Profit on ordinary activities multiplied by rate of tax (30%)	1,512	1,267
Excess of depreciation over capital allowances	8	8
Expenses not deductible for tax purposes	75	30
Other short term timing differences	121	-
Income not taxable	(53)	-
Marginal relief	(4)	-
Under provision in the prior year	29	48
Total current tax (note 5(a))	<u>1,688</u>	<u>1,353</u>

6 Dividends

	2003 £000	2002 £000
Interim ordinary:		
100.0% paid	261	261
Final ordinary:		
150.0% (2002 : 100.0%) proposed	392	262
Dividends to equity shareholders	<u>653</u>	<u>523</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

7 Goodwill

	£000
Cost or valuation	
At 1 January 2003	2,947
Additions	1,121
At 31 December 2003	4,068
Amortisation	
At 1 January 2003	160
Charge for year	334
At 31 December 2003	494
Net book value	
At 31 December 2003	3,574
At 31 December 2002	2,787

8 Tangible fixed assets

Group	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2003	6,267	5,348	4,539	641	16,795
On acquisition	-	-	100	7	107
Additions	1,699	59	344	284	2,386
Disposals	-	-	(270)	(590)	(860)
At 31 December 2003	7,966	5,407	4,713	342	18,428
Depreciation					
At 1 January 2003	127	117	2,932	157	3,333
Charge for year	65	54	592	85	796
Disposals	-	-	(255)	(84)	(339)
At 31 December 2003	192	171	3,269	158	3,790
Net book value					
At 31 December 2003	7,774	5,236	1,444	184	14,638
At 31 December 2002	6,140	5,231	1,607	484	13,462

The net book value of plant and machinery above includes £136,000 (2002: £204,000) in respect of assets held under finance leases and hire purchase agreements.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

8 Tangible fixed assets (*continued*)

Company	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2003	4,142	3,494	3,021	508	11,165
Additions	1,699	59	221	283	2,262
Disposals	-	-	(188)	(535)	(723)
At 31 December 2003	5,841	3,553	3,054	256	12,704
Depreciation					
At 1 January 2003	104	96	2,192	73	2,465
Charge for year	46	38	261	70	415
Disposals	-	-	(175)	(61)	(236)
At 31 December 2003	150	134	2,278	82	2,644
Net book value					
At 31 December 2003	5,691	3,419	776	174	10,060
At 31 December 2002	4,038	3,398	829	435	8,700

The net book value of plant and machinery above includes £39,000 (2002: £54,000) in respect of assets held under finance leases and hire purchase agreements.

9 Fixed asset investments

	2003 £000	2002 £000
Cost		
At 1 January 2003	6,643	6,600
Additions	-	43
	6,643	6,643
Less: intra group current accounts	(7)	(7)
Net book value	6,636	6,636

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

9 Fixed asset investments (*continued*)

The undermentioned are subsidiary companies. All of the companies are incorporated in Great Britain and are registered in England. The parent company owns 100% of the share capital and voting rights of the companies.

Name of subsidiary	Country of incorporation	Type of share capital	Percentage of shares held by parent and group	Nature of business
Williams Motor Company Ltd	UK	Ordinary	100%	Motor dealership
Williams (Bolton) Ltd	UK	Ordinary	100%	Motor dealership
Williams Motor Company (Manchester) Limited	UK	Ordinary	100%	Holding Company
Williams Rochdale Limited	UK	Ordinary	100%	Motor dealership
Orlando Street Bridge (Bolton) Ltd	UK	Ordinary	100%	Dormant

On 28 February 2003 Williams Rochdale Limited purchased the trade and certain assets and liabilities of the Rochdale BMW and MINI dealership of Howarth of Rochdale Limited.

The results for this dealership during the period to 28 February 2003 and the financial year to 31 December 2002 were as follows:

	Period 1 January 2003 to 28 February 2003 £000	Year to 31 December 2002 £000
(Loss)/profit on ordinary activities after taxation	(141)	309

There were no other recognised gains or losses other than the profit on ordinary activities for the period.

Detailed below is a summary of the net assets acquired:

Analysis of net assets at acquisition	Book and Fair Value to the group £000
Tangible fixed assets	107
Stocks	3,862
Debtors	6
Cash	-
Creditors	(2,796)
	1,179
Goodwill	1,121
	2,300

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

9 Fixed asset investments (*continued*)

	£000
Consideration	
Cash	2,149
Costs of acquisition	151
	<u>2,300</u>

Williams Rochdale Limited contributed £165,000 to the group's net cash inflow from operating activities, paid £72,000 in respect of returns on investment and servicing of finance and paid £7,000 in respect of capital expenditure.

10 Stocks

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Vehicles	20,802	12,768	11,516	7,097
Parts and other stocks	1,150	1,060	693	657
	<u>21,952</u>	<u>13,828</u>	<u>12,209</u>	<u>7,754</u>

11 Debtors

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Due within one year:				
Trade debtors	5,111	3,009	3,615	2,027
Amounts owed by group undertakings	-	-	1,501	3,415
Other debtors	946	514	735	267
Prepayments and accrued income	2,334	1,158	1,300	772
	<u>8,391</u>	<u>4,681</u>	<u>7,151</u>	<u>6,481</u>

Included within amounts owed by group undertakings is £nil (2002: £3,415,000) falling due after more than one year.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

12 (a) Creditors: amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Bank loan and overdraft	1,206	747	918	1,484
Payments on account	1,249	554	809	419
New car stocking finance	5,793	4,840	2,780	2,527
Used/demonstrator vehicle finance	3,100	1,991	1,669	863
Trade creditors	7,546	2,485	4,653	820
Other creditors	734	684	591	427
Other loans	244	206	244	206
Corporation tax	966	589	511	415
Other taxation and social security costs	699	826	492	612
Accruals and deferred income	2,410	1,497	1,806	1,155
Proposed dividend	392	261	392	261
Finance leases and hire purchase contracts	106	112	30	38
	<u>24,445</u>	<u>14,792</u>	<u>14,895</u>	<u>9,227</u>

The bank loan and overdraft facility is secured by a fixed and floating charge over the group's assets.

Finance lease and hire purchase liabilities are secured upon the underlying assets.

Vehicle stocking finance is secured by a charge on the vehicles concerned, which are included in vehicle stocks.

A commercial rate of interest is charged on all loans and overdrafts.

12 (b) Creditors: Amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Bank loan	7,350	6,100	7,350	6,100
Other loans	800	525	800	525
Finance leases and hire purchase contracts	38	117	28	40
	<u>8,188</u>	<u>6,742</u>	<u>8,178</u>	<u>6,665</u>

Williams Motor Co. (Holdings) Limited

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12 (b) Creditors: amounts falling due after more than one year (*continued*)

Finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
In one year or less	106	112	30	38
Between one and two years	34	88	22	23
Between two and five years	4	29	6	17
	<u>144</u>	<u>229</u>	<u>58</u>	<u>78</u>

Bank loan

The maturity of this amount is as follows:

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
In one year or less	700	500	700	500
Between one and two years	700	500	700	500
Between two and five years	2,100	1,500	2,100	1,500
After five years	4,550	4,100	4,550	4,100
	<u>8,050</u>	<u>6,600</u>	<u>8,050</u>	<u>6,600</u>

The loan is repayable by annual instalments of £700,000. Interest of 1.25% over base is payable on the loan.

Other loans

The maturity of these amounts is as follows:

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
In one year or less	244	206	244	206
Between one and two years	200	175	200	175
Between two and five years	600	350	600	350
	<u>1,044</u>	<u>731</u>	<u>1,044</u>	<u>731</u>

Williams Motor Co. (Holdings) Limited

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13 Deferred taxation

	Group £000	Company £000
At 1 January 2003	140	100
(Released) in the year	(96)	(70)
At 31 December 2003	44	30

Provision for deferred tax has been made up as follows:

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Excess of depreciation over capital allowances	141	140	30	100
Short term timing differences	(97)	-	-	-
	44	140	30	100

14 Reconciliation of shareholders' funds

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Profit for the financial year	3,447	2,769	27	1,873
Dividends paid and proposed	(653)	(523)	(653)	(523)
Net addition to shareholders' funds	2,794	2,246	(626)	1,350
Opening shareholders' funds	13,088	10,842	13,582	12,232
Closing shareholders' funds	15,882	13,088	12,956	13,582

All shareholders' funds are classed as equity.

15 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2003 Number	2002 Number	2003 Number	2002 Number
'B' Ordinary shares of £1 each	5,000	5,000	5,000	5,000
'C' Ordinary shares of £1 each	295,000	295,000	256,395	256,395
	300,000	300,000	261,395	261,395

'C' Ordinary shares rank pari passu in all respects to 'B' Ordinary shares save that they have no voting rights except on the winding up of the company.

Williams Motor Co. (Holdings) Limited

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16 Reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 1 January 2003	124	12,703	124	13,197
Retained profit/(loss) for the year	-	2,794	-	(626)
At 31 December 2003	124	15,497	124	12,571

The company has taken advantage of Section 230 of the Companies Act 1985 and not published its own profit and loss account. Included in the consolidated profit and loss account attributable to shareholders is a profit of £27,000 (2002: £1,873,000), which has been dealt with in the accounts of the parent undertaking.

17 Cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities

	2003 £000	2002 £000
Operating profit	5,595	4,884
Depreciation	796	778
Amortisation	334	135
Loss/(Profit) on sale of fixed assets	8	(59)
(Increase) in stocks	(4,262)	(2,518)
(Increase) in debtors	(3,515)	(166)
Increase/(decrease) in creditors	4,749	(1,084)
Net cash inflow from operating activities	3,705	1,970

b) Reconciliation of net cash flow to movement in net funds

	2003 £000	2002 £000
(Decrease) in cash	(259)	(7,437)
Repayment of capital element of finance lease and hire purchase rentals	85	92
Change in net funds resulting from cash flows	(174)	(7,345)
New loans	(4,303)	-
Repayment of loans/loan notes	1431	6,454
Movement in net funds	(3,046)	(891)
Net funds at 1 January 2003	(9,794)	(8,903)
Net funds at 31 December 2003	(12,840)	(9,794)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

17 Cash flow statement (*continued*)

c) Analysis of changes in net funds

	At 1 January 2003 £000	Cash flow £000	At 31 December 2003 £000
Cash at bank and in hand	4	-	4
Bank overdraft	(247)	(259)	(506)
	<u>(243)</u>	<u>(259)</u>	<u>(502)</u>
Finance leases and hire purchase agreements	(229)	85	(144)
Bank loan	(6,600)	(1,450)	(8,050)
Used/demonstrator vehicle finance	(1,991)	(1,109)	(3,100)
Other loans	(731)	(313)	(1,044)
	<u>(9,551)</u>	<u>(2,787)</u>	<u>(12,338)</u>
Total	<u>(9,794)</u>	<u>(3,046)</u>	<u>(12,840)</u>

Details of the acquisition are given in note 9.

18 Operating lease commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as set out below:

	31 December 2003		31 December 2002	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	8	221	25	36
- within two to five years	112	35	65	33
- after more than five years	12	-	12	-
	<u>132</u>	<u>256</u>	<u>102</u>	<u>69</u>

19 Capital commitments

Amounts contracted for but not provided in the group accounts amount to £743,000 (2002: £12,000).

20 Contingent liabilities

The company has entered into cross guarantees in respect of the bank borrowings of its subsidiary companies, Williams Motor Company Limited, Williams (Bolton) Limited, Williams Motor Company (Manchester) Limited and Williams Rochdale Limited. These guarantees are unlimited. The total group bank borrowings as at 31 December 2003 were £8,556,272.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2003

21 Ultimate controlling party

There is no ultimate controlling party of the company.

22 Post balance sheet events

Subsequent to the year end, the company has agreed to acquire land in Bolton for £4.4 million subject to the agreement of abnormal costs. The company has also agreed to sell land and buildings in Liverpool totalling £800,000.