

Williams Motor Co. (Holdings) Limited

REPORT AND ACCOUNTS

31 December 2004

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

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting will be held at the Cottons Hotel, Knutsford on Friday 24th June 2005 at 11.30am to carry out the following business:

ORDINARY BUSINESS

Resolution 1

To receive and adopt the report of the directors and the audited group accounts for the year ended 31 December 2004.

Resolution 2

To declare a final dividend of 175% net of tax on the ordinary shares of the company.

Resolution 3

To re-appoint Baker Tilly as auditors of the company until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.

By Order of the Board



J Roberts
Secretary

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

27 May 2005

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the company.

Williams Motor Co. (Holdings) Limited

Directors' Report

The directors have pleasure in presenting their report and audited accounts for the year ended 31 December 2004.

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 £220,006,000 (2003: £185,464,000) and the profit before taxation was £5,705,000 (2003: £5,039,000). After providing for dividends and taxation, the retained profit of £3,293,000 (2003: £2,794,000) has been added to reserves.

Continued growth is expected in 2005, though the costs of funding new developments will put pressure on profits.

During the year, the company paid an interim dividend of £261,395 (2003: £261,395). The directors recommend a final dividend for 2004 of £457,441 (2003: £392,093) for the year on the ordinary share capital. If approved by the shareholders, the final dividend will be paid on the 1st July 2005.

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 2004 were £7,690 (2003: £3,430). Of these donations £3,640 were for educational purposes, £1,550 was towards health research and £2,500 was for social assistance. There were no donations for political purposes in the year.

Directors and their interests

The directors of the company at 31 December 2004 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

		Shareholdings at 31 December 2004		Shareholdings at 31 December 2003	
		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	)	19	14,201	19	10,567
N J Cook	)	19	14,201	19	10,567
		as trustees			

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 group has acquired a company for £2.1 million. The acquired company owns land in Rochdale as its sole asset.

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

27 May 2005

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.

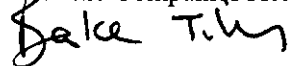
Basis of opinion

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 2004 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

27 May 2005

Williams Motor Co. (Holdings) Limited

Group Profit and Loss Account

for the year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	1	220,006	185,464
Cost of sales		(190,848)	(160,087)
Gross profit		<u>29,158</u>	<u>25,377</u>
Administrative expenses		(23,387)	(19,934)
Other operating income		322	152
Operating profit	2	<u>6,093</u>	<u>5,595</u>
Profit on disposal of fixed asset	2	349	-
Interest payable (net)	4	(737)	(556)
Profit on ordinary activities before taxation		<u>5,705</u>	<u>5,039</u>
Taxation	5	(1,693)	(1,592)
Profit for the financial year		<u>4,012</u>	<u>3,447</u>
Dividends	6	(719)	(653)
Retained profit for the year	16	<u>3,293</u>	<u>2,794</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 2004

		Group		Company	
	Note	2004 £000	2003 £000	2004 £000	2003 £000
Fixed Assets					
Goodwill	7	3,178	3,574	-	-
Tangible assets	8	21,752	14,638	17,313	10,060
Investments	9	-	-	6,636	6,636
		<u>24,930</u>	<u>18,212</u>	<u>23,949</u>	<u>16,696</u>
Current Assets					
Stocks	10	28,879	21,952	16,641	12,209
Debtors	11	8,993	8,391	6,740	7,151
Cash at bank and in hand		48	4	603	3
		<u>37,920</u>	<u>30,347</u>	<u>23,984</u>	<u>19,363</u>
Creditors: amounts falling due within one year	12a	(30,406)	(24,445)	(20,824)	(14,895)
Net current assets		<u>7,514</u>	<u>5,902</u>	<u>3,160</u>	<u>4,468</u>
Total assets less current liabilities		<u>32,444</u>	<u>24,114</u>	<u>27,109</u>	<u>21,164</u>
Creditors: amounts falling due after more than one year	12b	(13,170)	(8,188)	(13,170)	(8,178)
Provisions for liabilities and charges					
Deferred Taxation	13	(99)	(44)	(89)	(30)
		<u>19,175</u>	<u>15,882</u>	<u>13,850</u>	<u>12,956</u>
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	18,790	15,497	13,465	12,571
Equity shareholders' funds	14	<u>19,175</u>	<u>15,882</u>	<u>13,850</u>	<u>12,956</u>

The accounts on pages 7 to 25 were approved by the board of directors on 27 May 2005 and are signed on its behalf by:

M M Orton Williams

)

)

) Directors

)

N J Cook

)

Margaret Orton Williams
NJ 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 2004

	Note	2004 £000	2003 £000
Net cash inflow from operating activities	17	3,169	3,705
Returns on investments and servicing of finance			
Interest received		341	20
Interest paid		(861)	(740)
Interest element of finance lease rental payments		(28)	(25)
		<u>(548)</u>	<u>(745)</u>
Taxation			
UK corporation tax paid		(1,805)	(1,311)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(8,070)	(2,180)
Receipts from sales of tangible fixed assets		662	307
		<u>(7,408)</u>	<u>(1,873)</u>
Acquisitions and disposals			
Payments to acquire businesses		33	(2,300)
Equity dividends paid		(653)	(522)
Financing			
New loans		6,411	3,194
(Repayment) of loans		(1,438)	(1,431)
New vehicle finance loans		2,886	1,109
Capital element of finance lease rental payments		(97)	(85)
		<u>7,762</u>	<u>2,787</u>
Increase/(Decrease) in cash	17	<u>550</u>	<u>(259)</u>

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. Cost of vehicles and parts stock represents the purchase price plus any additional costs incurred. Where necessary, provision is made for obsolete, slow moving and defective stock. Cars used for demonstration purposes are valued at cost less an appropriate charge for use.

Vehicles on consignment are included in stock when substantially all of the principal benefits and inherent risks rest with the Group. The corresponding liability is included under creditors.

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.

Williams Motor Co. (Holdings) Limited

Accounting Policies

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 2004

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

	2004 £000	2003 £000
Operating profit is stated after charging:		
Auditors' remuneration		
- audit	43	39
- other	66	29
Amortisation of goodwill	363	334
Depreciation		
- owned	750	710
- leased	70	86
Operating lease rentals		
- plant and machinery	42	84
- land and buildings	257	195
Loss on disposal of fixed assets	11	8

In addition, there was an exceptional profit on disposal of land and buildings of £349,000, which has been included below operating profit in the profit and loss account.

3 Directors and employees

Group staff costs (including directors' remuneration) during the year were as follows:	2004 £000	2003 £000
Wages and salaries	12,196	10,405
Social security costs	1,330	1,133
Pension costs	606	581
	14,132	12,119

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

	2004 Number	2003 Number
Production	116	119
Sales and distribution	267	243
Administration	85	77
	468	439

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

3 Directors and employees (*continued*)

The total amounts for parent company directors' remuneration (excluding pension contributions) were as follows:	2004 £000	2003 £000
Fees	66	66
Executive remuneration and benefits	472	429
	<u>538</u>	<u>495</u>

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

2	2
---	---

One director (2003: one) has benefits accruing under a money purchase scheme. Pension contributions of £10,302 (2003: £9,167) were made on behalf of this director.

Highest paid director

	2004 £000	2003 £000
Emoluments	348	312
Accrued pension at year end – defined benefit scheme –per annum	38	30

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. As the scheme is closed to new members the age profile will change and current service costs are likely to rise as the members approach retirement. 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 £606,000 (2003: £581,000).

A full valuation was carried out as at 31 March 2003 and updated to 31 December 2004 by a qualified independent actuary. The assumptions used by the actuary were:

	31 December 2004	31 December 2003
Rate of increase in salaries	4.75%	4.75%
Discount rate	5.25%	5.36%
Inflation assumption	2.75%	2.75%
LPI pension increases	2.75%	2.75%

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

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 2004	Long term rate of return expected at 31 December 2003	Value at 31 December 2004 £000	Value at 31 December 2003 £000	Value at 31 December 2002 £000
Equities	7.5%	6.8%	1,403	879	844
Bonds	5.0%	4.8%	310	244	137
Property	N/A	N/A	-	-	-
Cash	N/A	N/A	-	-	-
Total market value of assets			1,713	1,123	981
Present value of scheme liabilities			(2,175)	(2,008)	(1,558)
Deficit in the scheme			(462)	(885)	(577)
Related deferred tax asset			139	266	173
			(323)	(619)	(404)
			2004	2003	2002
			£000	£000	£000
Analysis of amount which would be charged to operating profit:					
Current service cost			(40)	(37)	(36)
Past service costs			-	-	-
Total operating charge			(40)	(37)	(36)
Analysis of the amount which would be credited to other finance income:					
Expected return on pension scheme assets			81	62	75
Interest cost			(108)	(86)	(82)
Net return			(27)	(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			218	66	(235)
Experience gains and losses arising on the scheme liabilities			-	(3)	6
Changes in assumptions underlying the scheme liabilities			(37)	(353)	(56)
Actuarial gain / (loss) recognised in STRGL			181	(290)	(285)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

3 Directors and employees (*continued*)

Pension costs (*continued*)

	2004 £000	2003 £000
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(885)	(577)
Movement in year:		
Current service cost	(40)	(37)
Contributions	309	43
Net interest/return on assets	(27)	(24)
Actuarial gain / (loss)	181	(290)
Deficit in scheme at the end of the year	(462)	(885)

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)

	2004 £000	2003 £000
Interest receivable:		
Bank interest receivable	21	21
Interest on VAT refund	131	188
Interest receivable	152	209
Interest payable:		
Bank loans and overdrafts	(556)	(489)
Vehicle stocking finance	(305)	(251)
Finance lease and hire purchase contracts	(28)	(25)
Interest payable	(889)	(765)
Interest payable (net)	(737)	(556)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

5 (a) Taxation

	2004 £000	2003 £000
Corporation tax:		
UK corporation tax at 30 % (2003: 30%)	1,631	1,659
Corporation tax under provided in prior years	7	29
	<u>1,638</u>	<u>1,688</u>
Deferred tax:		
Current year	55	(96)
	<u>55</u>	<u>(96)</u>
	<u>1,693</u>	<u>1,592</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% (2003: 30%) is as follows:

	2004 £000	2003 £000
Profit on ordinary activities before tax	5,705	5,039
Profit on ordinary activities multiplied by rate of tax (30%)	1,711	1,512
Excess of depreciation over capital allowances	(52)	8
Income not taxable/expenses not deductible for tax purposes	(25)	22
Other short term timing differences	(3)	121
Marginal relief	-	(4)
Under provision in the prior year	7	29
Total current tax (note 5(a))	<u>1,638</u>	<u>1,688</u>

6 Dividends

	2004 £000	2003 £000
Interim ordinary:		
100.0% paid	261	261
Final ordinary:		
175.0% (2003 : 150.0%) proposed	458	392
Dividends to equity shareholders	<u>719</u>	<u>653</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

7 Goodwill

	£000
Cost or valuation	
At 1 January 2004	4,068
Adjustment	(33)
At 31 December 2004	4,035
Amortisation	
At 1 January 2004	494
Charge for year	363
At 31 December 2004	857
Net book value	
At 31 December 2004	3,178
At 31 December 2003	3,574

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 2004	6,514	6,859	4,713	342	18,428
Additions	3,867	2,787	1,422	181	8,257
Disposals	(153)	-	(240)	(212)	(605)
At 31 December 2004	10,228	9,646	5,895	311	26,080
Depreciation					
At 1 January 2004	187	176	3,269	158	3,790
Charge for year	65	107	590	58	820
Disposals	(3)	-	(220)	(59)	(282)
At 31 December 2004	249	283	3,639	157	4,328
Net book value					
At 31 December 2004	9,979	9,363	2,256	154	21,752
At 31 December 2003	6,327	6,683	1,444	184	14,638

The net book value of plant and machinery above includes £75,000 (2003: £136,000) 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 2004

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 2004	4,389	5,005	3,054	256	12,704
Additions	3,867	2,787	1,295	147	8,096
Disposals	(153)	-	(240)	(179)	(572)
At 31 December 2004	8,103	7,792	4,109	224	20,228
Depreciation					
At 1 January 2004	145	139	2,278	82	2,644
Charge for year	45	91	347	48	531
Disposals	(3)	-	(220)	(37)	(260)
At 31 December 2004	187	230	2,405	93	2,915
Net book value					
At 31 December 2004	7,916	7,562	1,704	131	17,313
At 31 December 2003	4,244	4,886	776	174	10,060

The net book value of plant and machinery above includes £19,000 (2003: £39,000) in respect of assets held under finance leases and hire purchase agreements.

9 Fixed asset investments

	2004 £000	2003 £000
Cost		
At 1 January 2004	6,643	6,643
Additions	-	-
	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 2004

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

10 Stocks

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Vehicles	27,715	20,802	15,923	11,516
Parts and other stocks	1,164	1,150	718	693
	<u>28,879</u>	<u>21,952</u>	<u>16,641</u>	<u>12,209</u>

The group's stock of new vehicles are held on consignment from the manufacturer and are included within the balance sheet until either the vehicles are registered or the manufacturer's free stocking policy has expired. Stocks of vehicles for the group shown above include £7,900,000 (2003: 5,859,000) in respect of vehicles held on consignment. Stocks of vehicles held under short term leases were £496,000 (2003: £215,000). The corresponding liabilities are shown under creditors.

11 Debtors

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Due within one year:				
Trade debtors	4,928	5,111	3,507	3,615
Amounts owed by group undertakings	-	-	658	1,501
Other debtors	1,178	946	888	735
Prepayments and accrued income	2,887	2,334	1,687	1,300
	<u>8,993</u>	<u>8,391</u>	<u>6,740</u>	<u>7,151</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

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

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Bank loan and overdraft	700	1,206	700	918
Payments on account	1,270	1,249	826	809
New car stocking finance loans	7,843	5,793	3,737	2,780
Used/demonstrator vehicle finance loans	5,986	3,100	3,054	1,669
Trade creditors	9,326	7,546	7,093	4,653
Amounts owed to group undertakings	-	-	1,975	-
Other creditors	1,005	734	656	591
Other loans	206	244	206	244
Corporation tax	797	966	124	511
Other taxation and social security costs	393	699	252	492
Accruals and deferred income	2,385	2,410	1,719	1,806
Proposed dividend	457	392	457	392
Finance leases and hire purchase contracts	38	106	25	30
	<u>30,406</u>	<u>24,445</u>	<u>20,824</u>	<u>14,895</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	
	2004	2003	2004	2003
	£000	£000	£000	£000
Bank loan	12,561	7,350	12,561	7,350
Other loans	600	800	600	800
Finance leases and hire purchase contracts	9	38	9	28
	<u>13,170</u>	<u>8,188</u>	<u>13,170</u>	<u>8,178</u>

Williams Motor Co. (Holdings) Limited

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for the year ended 31 December 2004

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	
	2004	2003	2004	2003
	£000	£000	£000	£000
In one year or less	38	106	25	30
Between one and two years	9	34	9	22
Between two and five years	-	4	-	6
	<u>47</u>	<u>144</u>	<u>34</u>	<u>58</u>

Bank loans

The maturity of this amount is as follows:

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
In one year or less	700	700	700	700
Between one and two years	700	700	700	700
Between two and five years	8,011	2,100	8,011	2,100
After five years	3,850	4,550	3,850	4,550
	<u>13,261</u>	<u>8,050</u>	<u>13,261</u>	<u>8,050</u>

The group has three bank loan arrangements in place. £7,350,000 is repayable by annual instalments of £700,000 and a final payment of £3,150,000 in 2011. Loans of £3,310,000 and £2,601,000 are repayable in full in 2007. Interest is payable on all three loans at a rate of 1.25% over the bank base rate.

The group has entered into an interest rate swap agreement of £6,100,000 at a base rate of 4.58% until October 2008. The bank has an option to call in October 2005.

Other loans

The maturity of these amounts is as follows:

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
In one year or less	206	244	206	244
Between one and two years	200	200	200	200
Between two and five years	400	600	400	600
	<u>806</u>	<u>1,044</u>	<u>806</u>	<u>1,044</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

13 Deferred taxation

	Group £000	Company £000
At 1 January 2004	44	30
Charged in the year	55	59
At 31 December 2004	<u>99</u>	<u>89</u>

Provision for deferred tax has been made up as follows:

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Excess of depreciation over capital allowances	193	141	165	30
Short term timing differences	(94)	(97)	(76)	-
	<u>99</u>	<u>44</u>	<u>89</u>	<u>30</u>

14 Reconciliation of shareholders' funds

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Profit for the financial year	4,012	3,447	1,613	27
Dividends paid and proposed	(719)	(653)	(719)	(653)
Net addition to shareholders' funds	<u>3,293</u>	<u>2,794</u>	<u>894</u>	<u>(626)</u>
Opening shareholders' funds	15,882	13,088	12,956	13,582
Closing shareholders' funds	<u>19,175</u>	<u>15,882</u>	<u>13,850</u>	<u>12,956</u>

All shareholders' funds are classed as equity.

15 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2004 Number	2003 Number	2004 Number	2003 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
	<u>300,000</u>	<u>300,000</u>	<u>261,395</u>	<u>261,395</u>

'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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for the year ended 31 December 2004

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 2004	124	15,497	124	12,571
Retained profit for the year	-	3,293	-	894
At 31 December 2004	124	18,790	124	13,465

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 £1,613,000 (2003: £27,000), 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

	2004 £000	2003 £000
Operating profit	6,093	5,595
Depreciation	820	796
Amortisation	363	334
Loss on sale of fixed assets	11	8
(Increase) in stocks	(6,927)	(4,262)
(Increase) in debtors	(791)	(3,515)
Increase in creditors	3,600	4,749
Net cash inflow from operating activities	3,169	3,705

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

	2004 £000	2003 £000
Increase/(Decrease) in cash	550	(259)
Repayment of capital element of finance lease and hire purchase rentals	97	85
Change in net funds resulting from cash flows	647	(174)
New loans	(9,297)	(4,303)
Repayment of loans/loan notes	1,438	1,431
Movement in net funds	(7,212)	(3,046)
Net funds at 1 January 2004	(12,840)	(9,794)
Net funds at 31 December 2004	(20,052)	(12,840)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

17 Cash flow statement (*continued*)

c) Analysis of changes in net funds

	At 1 January 2004 £000	Cash flow £000	At 31 December 2004 £000
Cash at bank and in hand	4	44	48
Bank overdraft	(506)	506	-
	<u>(502)</u>	<u>550</u>	<u>48</u>
Finance leases and hire purchase agreements	(144)	97	(47)
Bank loan	(8,050)	(5,211)	(13,261)
Used/demonstrator vehicle finance	(3,100)	(2,886)	(5,986)
Other loans	(1,044)	238	(806)
	<u>(12,338)</u>	<u>(7,762)</u>	<u>(20,100)</u>
Total	<u>(12,840)</u>	<u>(7,212)</u>	<u>(20,052)</u>

18 Operating lease commitments

At 31 December 2004 the group had annual commitments under non-cancellable operating leases as set out below:

	31 December 2004		31 December 2003	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	58	3	8	5
- within two to five years	177	44	112	35
- after more than five years	15	-	12	-
	<u>250</u>	<u>47</u>	<u>132</u>	<u>40</u>

19 Capital commitments

Amounts contracted for but not provided in the group accounts amount to £134,000 (2003: £743,000).

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 2004 were £13,218,000 (2003 £8,556,000)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2004

21 Ultimate controlling party

There is no ultimate controlling party of the company.

22 Post balance sheet events

Subsequent to the year end, the group has acquired a company for £2.1 million. The acquired company owns land in Rochdale as its sole asset.