

JOHN BANKS LIMITED

Financial Statements

For the Year Ended

31st December 2001



Company Registration Number 1831725

WHITING & PARTNERS

Chartered Accountants & Registered Auditors

**Garland House
Garland Street
Bury St Edmunds
Suffolk
IP33 1EZ**

JOHN BANKS LIMITED

Financial Statements

Year Ended 31st December 2001

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JOHN BANKS LIMITED

Officers and Professional Advisers

The Board of Directors	Mr J.E. Banks Mrs M.C.L. Banks Mr M.J. Banks Mr J.C. Banks Mrs M.K.H. Banks-Browne
Company Secretary	Mrs M.C.L. Banks
Registered Office	Kempson Way Moreton Hall Bury St Edmunds Suffolk
Auditors	Whiting & Partners Chartered Accountants & Registered Auditors Garland House Garland Street Bury St Edmunds Suffolk IP33 1EZ
Bankers	National Westminster Bank Plc Cornhill Bury St Edmunds Suffolk
Solicitors	Ashton Graham 81 Guildhall Street Bury St Edmunds Suffolk IP33 1PZ

JOHN BANKS LIMITED

The Directors' Report

Year Ended 31st December 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2001.

Principal Activities and Business Review

The principal activity of the company and its trading subsidiary, John Banks (Ipswich) Limited, during the year was that of motor car dealers.

The directors are satisfied with the results reported by the parent and subsidiary companies during a further difficult year for the motor trade. The year end position is considered to be satisfactory.

The directors remain confident of the group's ability to maintain profitability in the forthcoming year.

Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The Directors and their Interests in Shares of the Company

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2001	At 1 January 2001
Mr J.E. Banks	227,440	227,440
Mrs M.C.L. Banks	96,662	96,662
Mr M.J. Banks	14,215	14,215
Mr J.C. Banks	14,215	14,215
Mrs M.K.H. Banks-Browne	14,215	14,215

The interests of J.E. Banks and Mrs M.C.L. Banks include joint interest in 82,447 shares.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

JOHN BANKS LIMITED

The Directors' Report *(Continued)*

Year Ended 31st December 2001

Directors' Responsibilities *(continued)*

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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations

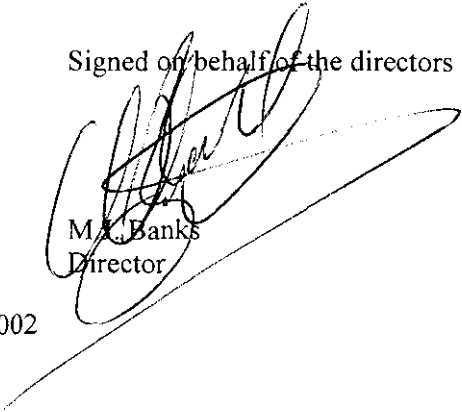
Payments of a charitable nature made during the year amounted to £732

Auditors

A resolution to re-appoint Whiting & Partners as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Kempson Way
Moreton Hall
Bury St Edmunds
Suffolk

Signed on behalf of the directors



M.J. Banks
Director

Approved by the directors on 23rd December 2002

JOHN BANKS LIMITED

Independent Auditors' Report to the Shareholders

Year Ended 31st December 2001

We have audited the financial statements of John Banks Limited for the year ended 31st December 2001 on pages 5 to 16 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

Respective Responsibilities of the Directors and the Auditors

As described on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

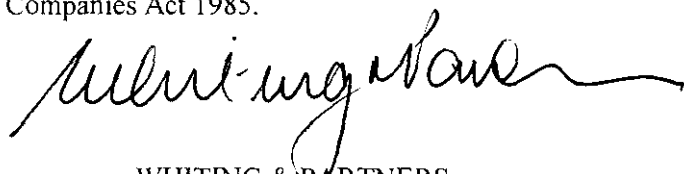
Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Dated: 23rd December 2002

WHITING & PARTNERS
Chartered Accountants
& Registered Auditors

JOHN BANKS LIMITED

Profit and Loss Account

Year Ended 31st December 2001

	Note	2001 £	2000 £
Turnover	2	11,355,755	10,166,223
Cost of sales		10,570,905	9,431,937
Gross Profit		784,850	734,286
Administrative expenses		657,656	611,971
Other operating income		(16,500)	(16,500)
Operating Profit	3	143,694	138,815
Interest payable	6	107,057	101,497
Profit on Ordinary Activities Before Taxation		36,637	37,318
Tax on profit on ordinary activities	7	13,657	19,502
Retained Profit for the Financial Year		22,980	17,816
Balance brought forward		582,956	565,140
Balance carried forward		605,936	582,956

The company has no recognised gains or losses other than the results for the year as set out above.

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

The notes on pages 9 to 16 form part of these financial statements.

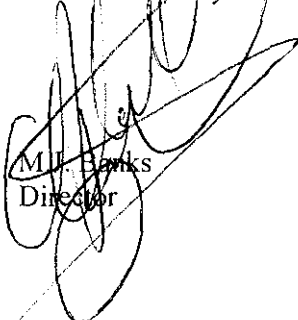
JOHN BANKS LIMITED

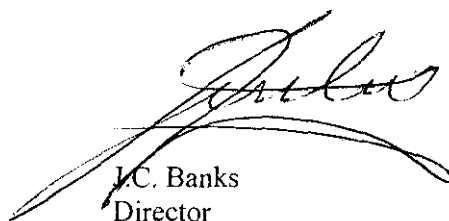
Balance Sheet

31st December 2001

	Note	2001 £	2000 £
Fixed Assets			
Tangible assets	8	1,520,813	1,480,934
Investments	9	200,000	200,000
		<u>1,720,813</u>	<u>1,680,934</u>
Current Assets			
Stocks	10	1,424,282	1,297,789
Debtors	11	383,086	378,089
Cash at bank and in hand		19,131	28,017
		<u>1,826,499</u>	<u>1,703,895</u>
Creditors: Amounts Falling due Within One Year	12	<u>1,740,905</u>	<u>1,591,049</u>
Net Current Assets		<u>85,594</u>	<u>112,846</u>
Total Assets Less Current Liabilities		<u>1,806,407</u>	<u>1,793,780</u>
Creditors: Amounts Falling due after More than One Year	13	<u>394,075</u>	<u>407,428</u>
		<u>1,412,332</u>	<u>1,386,352</u>
Provisions for Liabilities and Charges			
Deferred taxation	16	<u>25,000</u>	<u>22,000</u>
		<u>1,387,332</u>	<u>1,364,352</u>
Capital and Reserves			
Called-up equity share capital	19	284,300	284,300
Revaluation reserve		497,096	497,096
Profit and Loss Account		605,936	582,956
Shareholders' Funds	20	<u>1,387,332</u>	<u>1,364,352</u>

These financial statements were approved by the directors on the 23rd December 2002 and are signed on their behalf by:


M.J. Banks
Director


J.C. Banks
Director

The notes on pages 9 to 16 form part of these financial statements.

JOHN BANKS LIMITED

Cash Flow Statement

Year Ended 31st December 2001

	2001		2000
	£	£	£
Net Cash Inflow From Operating Activities		104,068	288,665
Returns on Investments and Servicing of Finance			
Interest paid	(102,049)		(98,438)
Interest element of hire purchase	(5,008)		(3,059)
Net Cash Outflow From Returns on Investments and Servicing of Finance		(107,057)	(101,497)
Taxation		(7,741)	(17)
Capital Expenditure			
Payments to acquire tangible fixed assets	(85,375)		(112,094)
Receipts from sale of fixed assets	5,500		-
Net Cash Outflow From Capital Expenditure		(79,875)	(112,094)
Cash (Outflow)/Inflow Before Financing		(90,605)	75,057
Financing			
New bank loans	218,000		-
Repayment of bank loans	(235,521)		(29,027)
Other loans	(63,084)		(106,171)
Capital element of hire purchase	24,131		42,627
Net Cash Outflow From Financing		(56,474)	(92,571)
Decrease in Cash		(147,079)	(17,514)

Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	2001	2000
	£	£
Operating profit	143,694	138,815
Depreciation	56,165	49,288
Profit on disposal of fixed assets	(1,169)	-
(Increase)/Decrease in stocks	(126,493)	196,964
Increase in debtors	(4,997)	(43,027)
Increase/(Decrease) in creditors	36,868	(53,375)
Net cash inflow from operating activities	104,068	288,665

The notes on pages 9 to 16 form part of these financial statements.

JOHN BANKS LIMITED

Cash Flow Statement *(continued)*

Year Ended 31st December 2001

Reconciliation of Net Cash Flow to Movement in Net Debt

	2001		2000
	£	£	£
Decrease in cash in the period	(147,079)		(17,514)
Net cash outflow from bank loans	17,521		29,027
Other loans	63,084		106,171
Cash inflow in respect of hire purchase	(24,131)		(42,627)
		(90,605)	75,057
Change in net debt resulting from cash flows		(90,605)	75,057
New finance leases		(15,000)	-
Movement in net debt in the year		(105,065)	75,057
Net debt at 1 January 2001		(911,197)	(986,254)
Net debt at 31 December 2001		(1,016,802)	(911,197)

Analysis of Changes in Net Debt

	At 1 Jan 2001 £	Cash flows £	Other changes £	At 31 Dec 2001 £
Net cash:				
Cash in hand and at bank	28,017	(8,886)	-	19,131
Overdrafts	(87,786)	(138,193)	-	(225,979)
	(59,769)	(147,079)	-	(206,848)
Debt:				
Debt due within 1 year	(431,309)	45,084	-	(386,225)
Debt due after 1 year	(373,818)	35,521	-	(338,297)
Hire purchase agreements	(46,301)	(24,131)	(15,000)	(85,432)
	(851,428)	56,474	(15,000)	(809,954)
Net debt	(911,197)	(90,605)	(15,000)	(1,016,802)

The notes on pages 9 to 16 form part of these financial statements.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the carrying amount and the net sale proceeds.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% on cost
Plant & Machinery	- 10% on cost
Fixtures & Fittings	- 20% on cost
Motor Vehicles	- 25% on cost

No depreciation is charged on freehold land.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on selling price less the estimated cost of disposal.

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account at a constant rate of charge on the balance of capital repayments outstanding.

Pension Costs

The company operates defined contribution schemes. The assets of the schemes are held separately from those of the company in independently managed funds. The pension charge represents the amounts payable by the company to the funds in respect of the year.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

1. Accounting Policies *(continued)*

Deferred Taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. Turnover

The turnover for the year is derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

3. Operating Profit

Operating profit is stated after charging/(crediting):

	2001	2000
	£	£
Depreciation	56,165	49,288
Profit on disposal of fixed assets	(1,169)	—
Auditors' remuneration		
- as auditors	9,875	9,678
Operating lease costs:		
Plant and equipment	<u>1,831</u>	<u>1,528</u>

4. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

	2001	2000
	No.	No.
Number of administrative staff	32	26
Number of management staff	8	8
	<u>40</u>	<u>34</u>

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	793,609	713,594
Social security costs	71,404	70,900
Other pension costs	12,935	14,088
	<u>877,948</u>	<u>798,582</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

5. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2001 £	2000 £
Emoluments receivable	288,927	269,419
Value of company pension contributions to money purchase schemes	5,442	5,891
	<u>294,369</u>	<u>275,310</u>

Emoluments of highest paid director:

	2001 £	2000 £
Total emoluments (excluding pension contributions):	111,831	80,222
Value of company pension contributions to money purchase schemes	1,125	2,035
	<u>112,956</u>	<u>82,257</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2001 No.	2000 No.
Money purchase schemes	<u>5</u>	<u>5</u>

6. Interest Payable

	2001 £	2000 £
Interest payable on bank borrowing	53,563	49,168
Finance charges	5,008	3,059
Other similar charges payable	48,486	49,270
	<u>107,057</u>	<u>101,497</u>

7. Tax on Profit on Ordinary Activities

	2001 £	2000 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2000 - 20%)	9,000	6,000
(Over)/under provision in prior year	1,657	6,502
Total current tax	<u>10,657</u>	<u>12,502</u>
Deferred tax:		
Increase in deferred tax provision (note 16)		
Capital allowances	3,000	7,000
Tax on profit on ordinary activities	<u>13,657</u>	<u>19,502</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

8. Tangible Fixed Assets

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or Valuation					
At 1 January 2001	1,348,570	134,229	109,973	97,062	1,689,834
Additions	42,542	10,073	30,160	17,600	100,375
Disposals	—	—	—	(11,900)	(11,900)
At 31 December 2001	1,391,112	144,302	140,133	102,762	1,778,309
Depreciation					
At 1 January 2001	51,590	82,181	56,279	18,850	208,900
Charge for the year	11,691	15,806	14,398	14,270	56,165
On disposals	—	—	—	(7,569)	(7,569)
At 31 December 2001	63,281	97,987	70,677	25,551	257,496
Net Book Value					
At 31 December 2001	1,327,831	46,315	69,456	77,211	1,520,813
At 31 December 2000	1,296,980	52,048	53,694	78,212	1,480,934

Revaluation of fixed assets

The freehold land and buildings were valued at £900,000 on 31st December 1995 on the basis of current asset value by Messrs Barker Storey Hart, Chartered Surveyors, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The directors revalued the land and buildings at £1,300,000 on 31st December 1998 based on their estimate of current asset value and this valuation was incorporated in the financial statements. The directors are satisfied that the value of the land and buildings at 31st December 2001 was not materially different to its net book amount at that date.

If stated under historical cost principles, the comparable amounts for the total cost of land and buildings included above would be £894,015, (2000 - £851,473) and accumulated depreciation would be £63,281 (2000 - £51,590).

If the land and buildings were sold at their net book amount a corporation tax liability of £150,000 would arise which is not provided for within these financial statements.

Hire purchase agreements

Included within the net book value of £1,520,813 is £69,300 (2000 - £71,386) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £13,467 (2000 - £11,024).

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

9. Investments

	Shares in Group Undertakings £
Cost:	
At 1st January 2001 and 31st December 2001	<u>200,000</u>
Net Book Value:	
At 31st December 2001	<u>200,000</u>
At 31st December 2000	<u>200,000</u>

The company owns 100% of the issued share capital of John Banks (Ipswich) Limited, a company incorporated in England.

At the balance sheet date the capital and reserves and result of the subsidiary company were as follows:-

Aggregate capital and reserves	£419,795
Profit for the year	£24,684

10. Stocks

	2001 £	2000 £
Finished goods	<u>1,424,282</u>	<u>1,297,789</u>

Included in stocks at the balance sheet date is £304,805 (2000 - £313,059) which represents vehicles held as consignment stock. The corresponding liability is included in trade creditors.

11. Debtors

	2001 £	2000 £
Trade debtors	248,855	299,689
Amounts owed by group undertakings	-	25,457
Amounts due from directors	59,799	15,729
Other debtors	23,336	1,401
Prepayments and accrued income	51,096	35,813
	<u>383,086</u>	<u>378,089</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

12. Creditors: Amounts Falling due Within One Year

	2001	2000
	£	£
Other loans	337,225	400,309
Bank loans and overdrafts	274,979	118,786
Trade creditors	957,410	911,850
Amount owed to group undertaking	19,789	-
Corporation tax	9,000	6,084
Other taxes and social security	19,066	32,924
Hire purchase agreements	29,654	12,691
Other creditors	-	4,339
Accruals and deferred income	93,782	104,066
	<u>1,740,905</u>	<u>1,591,049</u>

Included in trade creditors is an amount of £821,525 (2000 - £765,272) in connection with vehicle funding which is secured. The bank loans and overdraft are secured by a legal mortgage over the company's freehold property. The other loan relates to stocking plan finance provided by Honda Finance Limited which is secured by a fixed and floating charge over the assets and undertakings of the company. Hire purchase contracts are secured on the assets concerned.

13. Creditors: Amounts Falling due after More than One Year

	2001	2000
	£	£
Bank loans and overdrafts	338,297	373,818
Hire purchase agreements	55,778	33,610
	<u>394,075</u>	<u>407,428</u>

14. Creditors: Bank Loans

Creditors include finance capital which is due for repayment as follows:

	2001	2000
	£	£
In one year or less, or on demand	49,000	31,000
Between one and two years	53,143	34,093
Between two and five years	175,460	122,145
In five years or more	109,694	217,580
	<u>387,297</u>	<u>404,818</u>

Bank loans consist of two variable rate business loans repayable by instalments with interest rates of 5.5% at the year end. The loans are repayable over 9 years and 15 years both expiring in 2010.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

15. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	2001 £	2000 £
Amounts payable within 1 year	29,654	12,691
Amounts payable between 2 to 5 years	55,778	33,610
	<u>85,432</u>	<u>46,301</u>
Hire purchase agreements are analysed as follows:		
Current obligations	29,654	12,691
Non-current obligations	55,778	33,610
	<u>85,432</u>	<u>46,301</u>

16. Deferred Taxation

	2001 £	2000 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	22,000	15,000
Profit and Loss Account movement arising during the year	3,000	7,000
Provision carried forward	<u>25,000</u>	<u>22,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2001		2000	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	25,000	—	22,000	—
Other timing differences	—	147,639	—	149,329
	<u>25,000</u>	<u>147,639</u>	<u>22,000</u>	<u>149,329</u>

Other timing differences include £44,510 (2000 - £44,510) in respect of capital gains rolled over, with the balance arising on revaluation of freehold property (note 8).

Deferred taxation provided for is based on a corporation tax rate of 20%. Potential deferred tax is based on a corporation tax rate of 30% (2000 - 30%)

17. Contingencies

A contingent liability exists under a guarantee given in support of the subsidiary company's overdraft and loans which amounted to £831,292 at the balance sheet date.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2001

18. Related Party Transactions

The company is under the control of the directors who are the principal shareholders. During the year there were overdrawn directors' account balances as follows:-

	M.C. Banks £	J.E. Banks £	M.J. Banks £	J.C. Banks £
Balance at the beginning of the year	—	—	14,729	1,000
Balance at the end of the year	1,000	12,281	45,607	911
Maximum balance outstanding during the year	1,000	25,363	45,607	1,000

19. Share Capital

Authorised share capital:

	2001 £	2000 £
500,000 Ordinary shares of £1 each	500,000	500,000

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	284,300	284,300

20. Reconciliation of Movements in Shareholders' Funds

	2001 £	2000 £
Profit for the financial year	22,980	17,816
Opening shareholders' equity funds	1,364,352	1,346,536
Closing shareholders' equity funds	1,387,332	1,364,352