

JOHN BANKS LIMITED

**Consolidated
Financial Statements**

For the Year Ended 31st December 2003

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 2003

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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 7 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 2003

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31st December 2003.

Principal Activities and Review of the Business

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 for the year and the year end position is considered to be satisfactory.

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

Results and Dividends

The trading results for the year and the group'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

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 2003	At 1 January 2003
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	<u>14,215</u>	<u>14,215</u>

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

The directors do not hold any shares in the subsidiary company, John Banks (Ipswich) Limited, which is a wholly owned subsidiary.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's 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 13 to 14, and then apply them consistently;

JOHN BANKS LIMITED

The Directors' Report *(continued)*

Year Ended 31st December 2003

- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

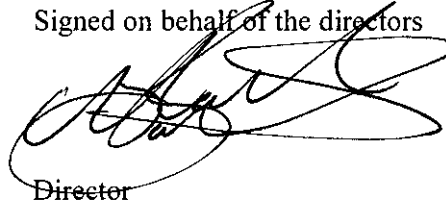
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Director
M.J. Banks

Approved by the directors on 25th October 2004

JOHN BANKS LIMITED

Independent Auditors' Report to the Shareholders

Year Ended 31st December 2003

We have audited the financial statements on pages 6 to 23 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 13 to 14.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

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

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 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 group'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.

JOHN BANKS LIMITED

Independent Auditors' Report to the Shareholders *(continued)*

Year Ended 31st December 2003

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs and of the group as at 31st December 2003 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Dated: 25th October 2004



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WHITING & PARTNERS
Chartered Accountants
& Registered Auditors
Garland House
Garland Street
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Suffolk
IP33 1EZ

JOHN BANKS LIMITED

Profit and Loss Account

Year Ended 31st December 2003

	Note	2003 £	2002 £
Group Turnover	2	24,158,395	21,531,903
Cost of sales		22,641,525	20,193,412
Gross Profit		1,516,870	1,338,491
Administrative expenses		1,197,111	1,017,319
Operating Profit	3	319,759	321,172
Interest payable	6	198,455	212,931
Profit on Ordinary Activities Before Taxation		121,304	108,241
Tax on profit on ordinary activities	7	29,653	27,654
Retained Profit for the Financial Year	8	91,651	80,587

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

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 13 to 23 form part of these financial statements.

JOHN BANKS LIMITED

Group Statement of Total Recognised Gains and Losses

Year Ended 31st December 2003

	2003 £	2002 £
Profit for the financial year attributable to the shareholders of the parent company	91,651	80,587
Unrealised profit on revaluation of certain fixed assets	<u>200,000</u>	<u>51,231</u>
Total gains and losses recognised since the last annual report	<u>291,651</u>	<u>131,818</u>

Note of Historical Cost Profits and Losses

	2003 £	2002 £
Reported profit on ordinary activities before taxation	121,304	108,241
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>7,773</u>	<u>3,261</u>
Historical cost profit on ordinary activities before taxation	<u>129,077</u>	<u>111,502</u>
Historical cost profit for the year retained after taxation and dividends	<u>99,424</u>	<u>83,848</u>

The notes on pages 13 to 23 form part of these financial statements.

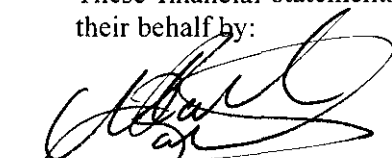
JOHN BANKS LIMITED

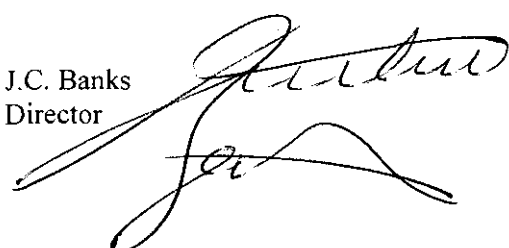
Group Balance Sheet

31st December 2003

	Note	2003 £	2002 £
Fixed Assets			
Intangible assets	9	175,805	187,937
Tangible assets	10	3,211,347	2,886,903
		<u>3,387,152</u>	<u>3,074,840</u>
Current Assets			
Stocks	12	3,244,832	3,053,166
Debtors	13	879,932	875,621
Cash at bank and in hand		1,844	37,882
		<u>4,126,608</u>	<u>3,966,669</u>
Creditors: Amounts Falling due Within One Year	14	<u>4,253,066</u>	<u>4,111,096</u>
Net Current Liabilities		<u>(126,458)</u>	<u>(144,427)</u>
Total Assets Less Current Liabilities		<u>3,260,694</u>	<u>2,930,413</u>
Creditors: Amounts Falling due after More than One Year	15	<u>1,177,531</u>	<u>1,154,471</u>
		<u>2,083,163</u>	<u>1,775,942</u>
Provisions for Liabilities and Charges			
Deferred taxation	18	52,567	36,997
		<u>2,030,596</u>	<u>1,738,945</u>
Capital and Reserves			
Called-up equity share capital	21	284,300	284,300
Revaluation reserve	22	984,654	784,654
Profit and loss account	22	761,642	669,991
Shareholders' Funds	23	<u>2,030,596</u>	<u>1,738,945</u>

These financial statements were approved by the directors on 25th October 2004 and are signed on their behalf by:


M.J. Banks
Director


J.C. Banks
Director

The notes on pages 13 to 23 form part of these financial statements.

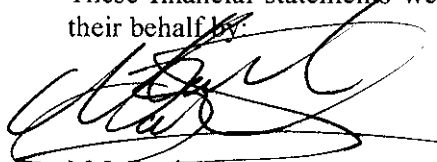
JOHN BANKS LIMITED

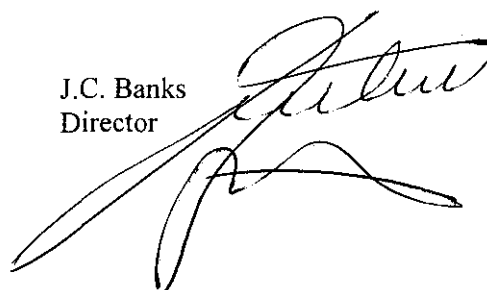
Balance Sheet

31st December 2003

	Note	2003 £	2002 £
Fixed Assets			
Tangible assets	10	1,601,893	1,499,542
Investments	11	200,000	200,000
		<u>1,801,893</u>	<u>1,699,542</u>
Current Assets			
Stocks	12	1,576,168	1,369,252
Debtors	13	670,727	744,419
Cash in hand		300	1,900
		<u>2,247,195</u>	<u>2,115,571</u>
Creditors: Amounts Falling due Within One Year	14	<u>2,103,224</u>	<u>2,005,208</u>
Net Current Assets		<u>143,971</u>	<u>110,363</u>
Total Assets Less Current Liabilities		<u>1,945,864</u>	<u>1,809,905</u>
Creditors: Amounts Falling due after More than One Year	15	<u>426,021</u>	<u>348,607</u>
		<u>1,519,843</u>	<u>1,461,298</u>
Provisions for Liabilities and Charges			
Deferred taxation	18	29,039	22,719
		<u>1,490,804</u>	<u>1,438,579</u>
Capital and Reserves			
Called-up equity share capital	21	284,300	284,300
Revaluation reserve	22	497,096	497,096
Profit and loss account	22	709,408	657,183
Shareholders' Funds	23	<u>1,490,804</u>	<u>1,438,579</u>

These financial statements were approved by the directors on 25th October 2004 and are signed on their behalf by


M.J. Banks
Director

J.C. Banks
Director


The notes on pages 13 to 23 form part of these financial statements.

JOHN BANKS LIMITED

Group Cash Flow Statement

Year Ended 31st December 2003

	2003		2002	
	£	£	£	£
Net Cash (Outflow)/Inflow From Operating Activities		(141,911)		485,358
Returns on Investments and Servicing of Finance				
Interest paid	(191,852)		(205,285)	
Interest element of hire purchase	<u>(6,603)</u>		<u>(7,646)</u>	
Net Cash Outflow From Returns on Investments and Servicing of Finance		(198,455)		(212,931)
Taxation		(23,817)		(34,000)
Capital Expenditure				
Payments to acquire tangible fixed assets	(242,284)		(548,894)	
Receipts from sale of fixed assets	<u>68,449</u>		<u>8,500</u>	
Net Cash Outflow From Capital Expenditure		(173,835)		(540,394)
Cash Outflow Before Financing		(538,018)		(301,967)
Financing				
New bank loans	135,000		350,000	
(Repayment) of bank loans	(113,705)		(95,875)	
Other loans	(95,270)		146,498	
Capital element of hire purchase	<u>(51,580)</u>		<u>(38,418)</u>	
Net Cash (Outflow)/Inflow From Financing		(125,555)		362,205
(Decrease)/Increase in Cash		<u>(663,573)</u>		<u>60,238</u>

The notes on pages 13 to 23 form part of these financial statements.

JOHN BANKS LIMITED

Group Cash Flow Statement *(continued)*

Year Ended 31st December 2003

Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow From Operating Activities

	2003	2002
	£	£
Operating profit	319,759	321,172
Amortisation	12,132	12,125
Depreciation	110,838	91,281
(Profit)/Loss on disposal of fixed assets	(1,448)	668
Increase in stocks	(191,666)	(682,559)
Decrease/(increase) in debtors	4,650	(206,097)
(Decrease)/increase in creditors	(396,176)	948,768
Net cash (outflow)/inflow from operating activities	(141,911)	485,358

Reconciliation of Net Cash Flow to Movement in Net Debt

	2003	2002
	£	£
(Decrease)/increase in cash in the period	(663,573)	60,238
Net cash (inflow) from bank loans	(21,295)	(254,125)
Other loans	95,270	(146,498)
Cash outflow in respect of hire purchase	51,580	38,418
Change in net debt resulting from cash flows	(538,018)	(301,967)
New finance leases	(60,000)	(7,000)
Movement in net debt in the period	(598,018)	(308,967)
Net debt at 1 January 2003	(2,512,620)	(2,203,654)
Net debt at 31 December 2003	(3,110,637)	(2,512,620)

The notes on pages 13 to 23 form part of these financial statements.

JOHN BANKS LIMITED

Group Cash Flow Statement *(continued)*

Year Ended 31st December 2003

Analysis of Changes in Net Debt

	At 1 Jan 2003 £	Cash flows £	Other changes £	At 31 Dec 2003 £
Net cash:				
Cash in hand and at bank	37,882	(36,038)	—	1,844
Overdrafts	(460,227)	(627,534)	—	(1,087,761)
	<u>(422,345)</u>	<u>(663,572)</u>	<u>—</u>	<u>(1,085,917)</u>
Debt:				
Debt due within 1 year	(900,636)	86,752	—	(813,884)
Debt due after 1 year	(1,125,175)	(12,777)	—	(1,137,952)
Hire purchase agreements	(64,464)	51,580	(60,000)	(72,884)
	<u>(2,090,275)</u>	<u>125,555</u>	<u>(60,000)</u>	<u>(2,024,720)</u>
Net debt	<u>(2,512,620)</u>	<u>(538,017)</u>	<u>(60,000)</u>	<u>(3,110,637)</u>

The notes on pages 13 to 23 form part of these financial statements.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

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, and in accordance with applicable accounting standards.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

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

Amortisation

Amortisation 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:

Goodwill - 5% on cost

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	- 20% reducing balance
Fixtures & Fittings	- 20% reducing balance (computers on cost)
Motor Vehicles	- 25% reducing balance

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.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

1. Accounting Policies *(continued)*

Pension Costs

The company operates defined contribution schemes, a group personal pension plan for employees and directors and a small self administered scheme for certain directors. 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.

Deferred Taxation

Deferred taxation is provided in full on timing differences which represent a liability or asset at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

2. Turnover

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

3. Operating Profit

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Amortisation	12,132	12,125
Depreciation of owned fixed assets	98,558	86,346
Depreciation of assets held under hire purchase agreements	12,279	4,934
(Profit)/Loss on disposal of fixed assets	(1,448)	668
Auditors' remuneration		
- as auditors	13,565	13,196
- for other services	13,735	11,919
Operating lease costs:		
Plant and equipment	805	7,917

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

4. Particulars of Employees

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

	2003	2002
	No	No
Number of management staff	18	18
Number of sales and service staff	56	48
	<u>74</u>	<u>66</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	1,566,710	1,307,658
Social security costs	158,921	118,654
Other pension costs	18,323	18,642
	<u>1,743,954</u>	<u>1,444,954</u>

5. Directors' Emoluments

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

	2003	2002
	£	£
Emoluments receivable	401,109	296,891
Value of company pension contributions to money purchase schemes	5,717	5,561
	<u>406,826</u>	<u>302,452</u>

Emoluments of highest paid director:

	2003	2002
	£	£
Total emoluments (excluding pension contributions)	156,213	85,992
Value of company pension contributions to money purchase schemes	1,585	1,585
	<u>157,798</u>	<u>87,577</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2003	2002
	No	No
Money purchase schemes	<u>5</u>	<u>5</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

6. Interest Payable and Similar Charges

	2003	2002
	£	£
Interest payable on bank borrowing	109,415	110,059
Finance charges	6,603	7,646
Other similar charges payable	82,437	95,226
	<u>198,455</u>	<u>212,931</u>

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2002 - 19.25%)	17,500	26,000
Over provision in prior years	(3,417)	(843)
Total current tax	<u>14,083</u>	<u>25,157</u>
Deferred tax:		
Origination and reversal of timing differences	16,430	3,755
Effect of changed tax rate on opening balance	<u>(860)</u>	<u>(1,258)</u>
Total deferred tax (note 18)	<u>15,570</u>	<u>2,497</u>
Tax on profit on ordinary activities	<u>29,653</u>	<u>27,654</u>

(b) Factors affecting current tax charge

UK corporation tax assessed on the profit on ordinary activities for the year is charged at a rate of 19% (2002 - 19.25%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>121,304</u>	<u>108,241</u>
Profit on ordinary activities by rate of tax	23,048	20,837
Expenses not deductible for tax purposes	7,597	9,457
Capital allowances in excess of depreciation	(11,978)	(6,541)
Other timing differences	(1,824)	1,848
Adjustments in respect of previous periods	(3,417)	(843)
Sundry tax adjusting items	657	399
Total current tax (note 7(a))	<u>14,083</u>	<u>25,157</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

8. Profit Attributable to Members of the Parent Company

The profit dealt with in the accounts of the parent company was £52,225 (2002 - £51,247).

9. Intangible Fixed Assets

Group	Goodwill £
Cost	
At 1st January 2003 and 31st December 2003	<u>242,500</u>
Amortisation	
At 1st January 2003	54,563
Charge for the year	12,132
At 31st December 2003	<u>66,695</u>
Net Book Value	
At 31st December 2003	<u>175,805</u>
At 31st December 2002	<u>187,937</u>

10. Tangible Fixed Assets

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or Valuation					
At 1 January 2003	2,591,112	343,782	252,366	122,762	3,310,022
Additions	76,803	73,834	43,012	108,635	302,284
Disposals	—	(10,500)	(1,263)	(77,477)	(89,240)
Revaluation	200,000	—	—	—	200,000
At 31 December 2003	<u>2,867,915</u>	<u>407,116</u>	<u>294,115</u>	<u>153,920</u>	<u>3,723,066</u>
Depreciation					
At 1 January 2003	90,047	171,950	119,117	42,006	423,120
Charge for the year	34,848	27,721	34,717	13,552	110,838
On disposals	—	(880)	(253)	(21,106)	(22,239)
At 31 December 2003	<u>124,895</u>	<u>198,791</u>	<u>153,581</u>	<u>34,452</u>	<u>511,719</u>
Net Book Value					
At 31 December 2003	<u>2,743,020</u>	<u>208,325</u>	<u>140,534</u>	<u>119,468</u>	<u>3,211,347</u>
At 31 December 2002	<u>2,501,065</u>	<u>171,832</u>	<u>133,249</u>	<u>80,756</u>	<u>2,886,902</u>

Hire purchase agreements

Included within the net book value of £3,211,347 is £110,738 (2002 - £74,775) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,279 (2002 - £4,934).

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

10. Tangible Fixed Assets (*continued*)

Company	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or Valuation					
At 1 January 2003	1,391,112	148,913	159,420	102,762	1,802,207
Additions	42,995	36,837	24,690	104,735	209,257
Disposals	—	—	(1,263)	(77,477)	(78,740)
At 31 December 2003	1,434,107	185,750	182,847	130,020	1,932,724
Depreciation					
At 1 January 2003	74,972	109,631	89,227	28,835	302,665
Charge for the year	11,691	8,447	18,517	10,870	49,525
On disposals	—	—	(253)	(21,106)	(21,359)
At 31 December 2003	86,663	118,078	107,491	18,599	330,831
Net Book Value					
At 31 December 2003	1,347,444	67,672	75,356	111,421	1,601,893
At 31 December 2002	1,316,140	39,282	70,193	73,927	1,499,542

Hire purchase agreements

Included within the net book value of £1,601,893 is £108,692 (2002 - £72,218) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £11,768 (2002 - £4,081).

Group and Company

Freehold land and buildings are included at a valuation of £2,700,000 (company - £1,300,000) based on external valuations carried out by Messrs Barker Storey Matthews, Chartered Surveyors, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, on 18th December 2001 and 22nd January 2002 and directors valuation at 31st December 2003

If stated under historical cost principles, the comparable amounts for the total cost of land and buildings included above would be £1,885,178 (2002 - £1,806,464) for the group and £937,011 (2002 - £894,016) for the company. Accumulated depreciation would be £113,860 (2002 - £86,786) for the group and £86,663 (2002 - £74,972) for the company.

If the land and buildings were sold at their net book amount a corporation tax liability of £202,149 for the group and £101,501 for the company would arise which is not provided for within these financial statements.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

11. Investments

Company	Group companies
	£
Cost	
At 1st January 2003 and 31st December 2003	<u>200,000</u>
Net Book Value	
At 31st December 2003	<u>200,000</u>
At 31st December 2002	<u>200,000</u>

Subsidiary undertakings

The above investment represents a 100% holding of the issued share capital of John Banks (Ipswich) Limited, a company incorporated in England, the principal activity of which is motor car dealers. The results and assets of the subsidiary have been consolidated in these financial statements.

12. Stocks

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Finished goods	<u>3,244,832</u>	<u>3,053,166</u>	<u>1,576,168</u>	<u>1,369,252</u>

Included in stocks at the balance sheet date is £611,767 (2002 - £758,978) for the group and £311,134 (2002 - £256,986) for the company which represents vehicles held as consignment stock. The corresponding liability is included in trade creditors.

13. Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	663,722	686,919	361,441	419,120
Amounts owed by group undertakings	—	—	198,133	192,004
VAT recoverable	53,912	—	—	1,661
Other debtors	471	—	—	—
Directors current accounts	61,927	97,741	55,209	80,341
Other taxation recoverable	19,265	10,304	19,265	10,304
Prepayments and accrued income	80,635	80,657	36,679	40,989
	<u>879,932</u>	<u>875,621</u>	<u>670,727</u>	<u>744,419</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

14. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	1,190,761	563,659	652,519	424,789
Other loans	710,884	797,204	311,900	398,911
Trade creditors	2,100,232	2,470,559	965,294	1,010,439
Hire purchase agreements	33,305	35,168	33,034	33,753
Corporation tax	19,841	20,614	9,841	13,371
Other taxation and social security	43,014	79,010	38,917	20,822
Accruals and deferred income	155,029	144,882	91,719	103,123
	<u>4,253,066</u>	<u>4,111,096</u>	<u>2,103,224</u>	<u>2,005,208</u>

Included in trade creditors is an amount of £1,888,056 (2002 - £2,237,407) for the group and £820,887 (2002 - £873,101) for the company in connection with vehicle funding which is secured. The bank loans and overdrafts are secured by a legal mortgage over the group's freehold property. Other loans amounting to £698,884 (2002 - £785,204) for the group and £299,900 (2002 - £386,911) for the company relate to stocking plan finance provided by Honda Finance Limited which are secured by a fixed and floating charge over the assets and undertakings of the group. Hire purchase contracts are secured on the assets concerned.

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	1,113,719	1,091,992	362,209	286,399
Hire purchase agreements	39,579	29,296	39,579	29,025
Other loans	24,233	33,183	24,233	33,183
	<u>1,177,531</u>	<u>1,154,471</u>	<u>426,021</u>	<u>348,607</u>

16. Creditors - Capital Instruments: Bank Loans

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Amounts repayable:				
In one year or less or on demand	103,000	103,432	49,000	52,000
In more than one year but not more than two years	110,000	108,627	51,000	54,911
In more than two years but not more than five years	327,144	358,393	125,144	174,185
In more than five years	676,574	624,972	186,064	57,303
	<u>1,216,718</u>	<u>1,195,424</u>	<u>411,208</u>	<u>338,399</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

16. Creditors - Capital Instruments: Bank Loans *(continued)*

Bank loans consist of a fixed rate business loan with interest charged at 8.25% repayable by instalments over a 15 year period expiring July 2013 and three variable rate business loans with interest charged at 1.5% above base rate. The variable rate loans are repayable by instalments, one over 15 years expiring April 2017 and the remaining two over 10 years expiring in 2008 and 2009.

17. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Amounts payable within 1 year	33,304	35,168	33,034	33,753
Amounts payable between 2 to 5 years	39,579	29,296	39,579	29,025
	<u>72,883</u>	<u>64,464</u>	<u>72,613</u>	<u>62,778</u>

18. Deferred Taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Provision brought forward	36,997	34,500	22,719	25,000
Increase/(Decrease) in provision	15,570	2,497	6,320	(2,281)
Provision carried forward	<u>52,567</u>	<u>36,997</u>	<u>29,039</u>	<u>22,719</u>

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

Group	2003		2002	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	52,567	–	38,845	–
Other timing differences	–	202,149	(1,848)	200,021
	<u>52,567</u>	<u>202,149</u>	<u>36,997</u>	<u>200,021</u>

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

Company	2003		2002	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	29,039	–	23,643	–
Other timing differences	–	101,501	(924)	140,797
	<u>29,039</u>	<u>101,501</u>	<u>22,719</u>	<u>140,797</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

18. Deferred Taxation *(continued)*

Unprovided other timing differences include £44,510 (2002 - £44,510) in respect of capital gains rolled over, with the balance arising on revaluation of freehold property (note 7).

Deferred taxation provided for is based on a corporation tax rate of 19%. Potential deferred tax is based on a corporation tax rate of 30% (2002 - 30%)

19. Contingencies

A contingent liability exists under a guarantee given by the parent company in support of the subsidiary company's overdraft and loans which amounted to £1,289,752 at the balance sheet date.

A contingent liability exists under a guarantee given by the subsidiary company in support of the parent company's overdraft and loans which amounted to £1,014,727 at the balance sheet date.

20. Related Party Transactions

Control

The group is under the control of the directors who are the principal shareholders.

Directors Loans

During the year there were overdrawn directors' account balances as follows:-

	Balance at beginning of the year	Balance at end of the year	Maximum outstanding during the year £
Group			
Mr J.E.Banks	2,917	3,350	4,346
Mrs M.C.L.Banks	1,100	—	1,100
Mr M.J.Banks	92,369	43,822	118,638
Mr J.C.Banks	1,355	5,355	5,355
Mrs M.K.H.Banks-Browne	—	9,400	9,400
Company			
Mr J.E.Banks	2,917	3,103	4,346
Mrs M.C.L.Banks	1,100	—	1,100
Mr M.J.Banks	74,969	37,351	101,238
Mr J.C.Banks	1,355	5,355	5,355
Mrs M.K.H.Banks-Browne	—	9,400	9,400

Other related party transactions

During the year, the company transferred stock to and from its subsidiary company, John Banks (Ipswich) Limited at normal trade price. The company made a management charge of £130,110 to the subsidiary company during the year.

At the year end an amount of £36,233 was owed by the company to the John Banks Limited Retirement Benefit Scheme in the form of a loan from the pension scheme of which certain directors are beneficiaries. The loan is repayable by instalments over a 4 year term. Interest is charge at 3% above base rate.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2003

21. Share Capital

Authorised share capital:

	2003	2002
	£	£
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>284,300</u>	<u>284,300</u>	<u>284,300</u>	<u>284,300</u>

22. Reserves

Group

	Revaluation reserve	Profit and loss account
	£	£
Balance brought forward	784,654	669,991
Retained profit for the year	—	91,651
Other gains and losses		
Revaluation of fixed assets	<u>200,000</u>	<u>—</u>
Balance carried forward	<u>984,654</u>	<u>761,642</u>

Company

	Revaluation reserve	Profit and loss account
	£	£
Balance brought forward	497,096	657,183
Retained profit for the year	—	52,225
Balance carried forward	<u>497,096</u>	<u>709,408</u>

23. Reconciliation of Movements in Shareholders' Funds

	2003	2002
	£	£
Profit for the financial year	91,651	80,587
Other net recognised gains and losses	<u>200,000</u>	<u>51,231</u>
Net addition to funds	291,651	131,818
Opening shareholders' equity funds	<u>1,738,945</u>	<u>1,607,127</u>
Closing shareholders' equity funds	<u>2,030,596</u>	<u>1,738,945</u>