

JOHN BANKS LIMITED

Financial Statements

For the Year Ended 31st December 2004

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 2004

Contents	Pages
Officers and Professional Advisers	1
The Directors' Report	2 to 3
Independent Auditors' Report to the Shareholders	4 to 5
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Cash Flow Statement	9 to 11
Notes to the Financial Statements	12 to 21
 The following pages do not form part of the statutory financial statements	
Detailed Profit and Loss Account	23
Notes to the Detailed Profit and Loss Account	24 to 25

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 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2004.

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 operating Honda and Suzuki franchises.

The results reported for the year have been adversely affected by a disappointing performance from the group's Suzuki franchise, however, the introduction of a new range of models for 2005 should ensure a return to profitable trading.

During the year the group successfully established a dedicated used vehicle centre and committed to the introduction of a new Mitsubishi franchise opening in 2005.

The year end position is considered to be satisfactory and the directors are confident of profitable trading 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 the 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 2004	At 1 January 2004
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 and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 12 to 13, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and

JOHN BANKS LIMITED

The Directors' Report *(continued)*

Year Ended 31st December 2004

Directors' Responsibilities *(continued)*

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

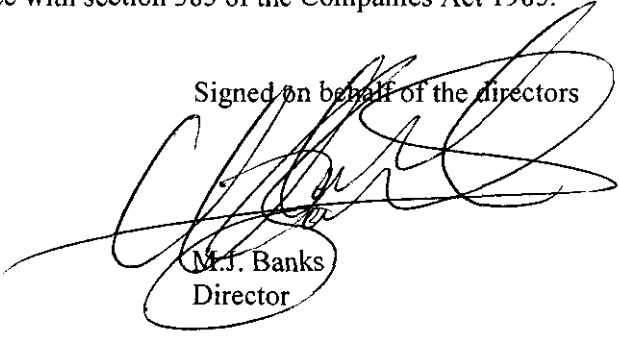
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding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

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 24th October 2005

JOHN BANKS LIMITED

Independent Auditors' Report to the Shareholders

Year Ended 31st December 2004

We have audited the financial statements of John Banks Limited for the year ended 31st December 2004 on pages 6 to 21 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 12 to 13.

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 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.

JOHN BANKS LIMITED

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

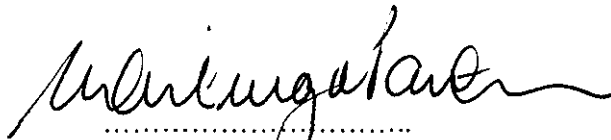
Year Ended 31st December 2004

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 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Dated:

24th October 2005



.....
WHITING & PARTNERS
Chartered Accountants
& Registered Auditors
Garland House
Garland Street
Bury St Edmunds
Suffolk
IP33 1EZ

JOHN BANKS LIMITED

Profit and Loss Account

Year Ended 31st December 2004

	Note	2004 £	2003 £
Turnover	2	12,780,713	12,941,265
Cost of sales		<u>12,054,614</u>	<u>12,120,123</u>
Gross Profit		726,099	821,142
Administrative expenses		632,242	667,855
Other operating income		<u>(35,545)</u>	<u>-</u>
Operating Profit	3	129,402	153,287
Interest payable and similar charges	6	<u>116,288</u>	<u>88,188</u>
Profit on Ordinary Activities Before Taxation		13,114	65,099
Tax on profit on ordinary activities	7	<u>2,506</u>	<u>12,874</u>
Retained Profit for the Financial Year		<u>10,608</u>	<u>52,225</u>

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

The notes on pages 12 to 21 form part of these financial statements.

JOHN BANKS LIMITED

Statement of Total Recognised Gains and Losses

Year Ended 31st December 2004

	2004 £	2003 £
Profit for the financial year attributable to the shareholders	10,608	52,225
Unrealised profit on revaluation of certain fixed assets	<u>297,905</u>	<u>—</u>
Total gains and losses recognised since the last annual report	<u>308,513</u>	<u>52,225</u>

The notes on pages 12 to 21 form part of these financial statements.

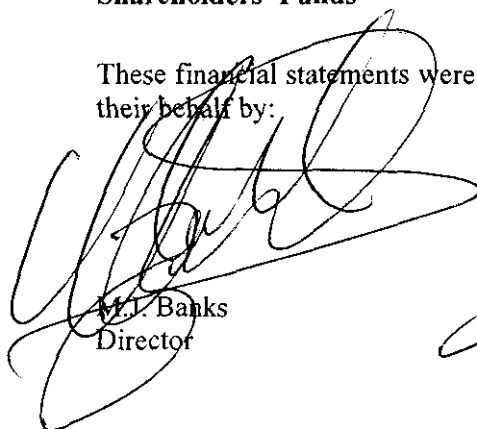
JOHN BANKS LIMITED

Balance Sheet

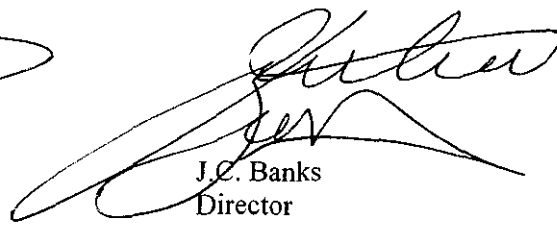
31st December 2004

	Note	2004 £	2003 £
Fixed Assets			
Tangible assets	8	1,895,284	1,601,894
Investments	9	200,000	200,000
		<u>2,095,284</u>	<u>1,801,894</u>
Current Assets			
Stocks	10	2,181,767	1,576,168
Debtors	11	805,982	670,727
Cash in hand		275	300
		<u>2,988,024</u>	<u>2,247,195</u>
Creditors: Amounts Falling due Within One Year	12	<u>2,976,197</u>	<u>2,103,224</u>
Net Current Assets		<u>11,827</u>	<u>143,971</u>
Total Assets Less Current Liabilities		<u>2,107,111</u>	<u>1,945,865</u>
Creditors: Amounts Falling due after More than One Year	13	<u>275,989</u>	<u>426,021</u>
		<u>1,831,122</u>	<u>1,519,844</u>
Provisions for Liabilities and Charges			
Deferred taxation	16	31,804	29,039
		<u>1,799,318</u>	<u>1,490,805</u>
Capital and Reserves			
Called-up equity share capital	20	284,300	284,300
Revaluation reserve	21	795,001	497,096
Profit and loss account	22	720,017	709,409
Shareholders' Funds	23	<u>1,799,318</u>	<u>1,490,805</u>

These financial statements were approved by the directors on the 24th October 2005 and are signed on their behalf by:



M.J. Banks
Director



J.C. Banks
Director

The notes on pages 12 to 21 form part of these financial statements.

JOHN BANKS LIMITED

Cash Flow Statement

Year Ended 31st December 2004

	2004		2003
	£	£	£
Net Cash (Outflow)/Inflow From Operating Activities		(274,753)	36,227
Returns on Investments and Servicing of Finance			
Interest paid	(112,974)		(82,080)
Interest element of hire purchase	<u>(3,314)</u>		<u>(6,108)</u>
Net Cash Outflow From Returns on Investments and Servicing of Finance		(116,288)	(88,188)
Taxation		(4,841)	(19,045)
Capital Expenditure and Financial Investment			
Payments to acquire tangible fixed assets	(44,214)		(149,258)
Receipts from sale of fixed assets	<u>-</u>		<u>61,249</u>
Net Cash Outflow for Capital Expenditure and Financial Investment		(44,214)	(88,009)
Cash Outflow Before Financing		<u>(440,096)</u>	<u>(159,015)</u>
Financing			
New bank loans	-		135,000
(Repayment) of bank loans	(83,871)		(62,190)
Increase(Decrease) in other loans	265,084		(95,961)
Capital element of hire purchase	<u>(33,034)</u>		<u>(50,165)</u>
Net Cash Inflow/(Outflow) From Financing		148,179	(73,316)
Decrease in Cash		<u>(291,917)</u>	<u>(232,331)</u>

The notes on pages 12 to 21 form part of these financial statements.

JOHN BANKS LIMITED

Cash Flow Statement *(continued)*

Year Ended 31st December 2004

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

	2004	2003
	£	£
Operating profit	129,402	153,287
Depreciation	48,729	49,525
Profit on disposal of fixed assets	—	(3,868)
Increase in stocks	(605,599)	(206,916)
(Increase)/decrease in debtors	(139,996)	82,653
Increase/(decrease) in creditors	292,711	(38,454)
Net cash (outflow)/inflow from operating activities	(274,753)	36,227

Reconciliation of Net Cash Flow to Movement in Net Debt

	2004	2003
	£	£
Decrease in cash in the period	(291,917)	(232,331)
Net cash outflow from/(inflow) from bank loans	83,871	(72,810)
Net cash (inflow)/outflow from other loans	(265,084)	95,961
Cash outflow in respect of hire purchase	33,034	50,165
Change in net debt resulting from cash flows	(440,096)	(159,015)
New finance leases	—	(60,000)
Movement in net debt in the period	(440,096)	(219,015)
Net debt at 1 January 2004	(1,423,174)	(1,204,160)
Net debt at 31 December 2004	(1,863,270)	(1,423,174)

The notes on pages 12 to 21 form part of these financial statements.

JOHN BANKS LIMITED

Cash Flow Statement *(continued)*

Year Ended 31st December 2004

Analysis of Changes in Net Debt

	At 1 Jan 2004 £	Cash flows £	At 31 Dec 2004 £
Net cash:			
Cash in hand and at bank	300	(25)	275
Overdrafts	(603,519)	(291,892)	(895,411)
	<u>(603,219)</u>	<u>(291,917)</u>	<u>(895,136)</u>
Debt:			
Debt due within 1 year	(360,900)	(312,442)	(673,342)
Debt due after 1 year	(386,442)	131,229	(255,213)
Hire purchase agreements	(72,613)	33,034	(39,579)
	<u>(819,955)</u>	<u>(148,179)</u>	<u>(968,134)</u>
Net debt	<u>(1,423,174)</u>	<u>(440,096)</u>	<u>(1,863,270)</u>

The notes on pages 12 to 21 form part of these financial statements.

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

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.

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 Improvements	- 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 or freehold properties where the directors consider that the residual value of freehold property is at least equal to its net book value and that its useful life is in excess of 50 years. As a result the depreciation would not be material and is therefore not charged in the profit and loss account. The directors perform annual impairment reviews to ensure that the recoverable amount is not lower than the carrying value.

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 2004

1. Accounting Policies *(continued)*

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension Costs

The company operates a group personal pension plan for employees and directors and a defined contribution 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 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):

	2004	2003
	£	£
Depreciation of owned fixed assets	36,105	37,757
Depreciation of assets held under hire purchase agreements	12,624	11,768
Profit on disposal of fixed assets	-	(3,868)
Auditors' remuneration		
- as auditors	8,028	8,565
Operating lease costs:		
Land and buildings	10,000	-
Plant and equipment	(5,125)	556

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

4. Particulars of Employees

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

	2004	2003
	No	No
Number of management staff	12	12
Number of sales and service staff	33	32
	<u>45</u>	<u>44</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	980,612	938,235
Social security costs	106,015	106,849
Other pension costs	12,907	13,845
	<u>1,099,534</u>	<u>1,058,929</u>

5. Directors' Emoluments

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

	2004	2003
	£	£
Emoluments receivable	345,509	397,350
Value of company pension contributions to money purchase schemes	3,586	5,717
	<u>349,095</u>	<u>403,067</u>

Emoluments of highest paid director:

	2004	2003
	£	£
Total emoluments (excluding pension contributions)	106,497	152,454
Value of company pension contributions to money purchase schemes	1,125	1,585
	<u>107,622</u>	<u>154,039</u>

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

	2004	2003
	No	No
Money purchase schemes	<u>5</u>	<u>5</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

6. Interest Payable and Similar Charges

	2004	2003
	£	£
Interest payable on bank borrowing	61,083	38,854
Finance charges	3,314	6,108
Other similar charges payable	51,891	43,226
	<u>116,288</u>	<u>88,188</u>

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2004	2003
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2003 - 19%)	-	7,500
(Over)/under provision in prior years	(259)	(946)
Total current tax	<u>(259)</u>	<u>6,554</u>
Deferred tax:		
Origination and reversal of timing differences	2,765	6,961
Effect of changed tax rate on opening balance	-	(641)
Total deferred tax (note 16)	<u>2,765</u>	<u>6,320</u>
Tax on profit on ordinary activities	<u>2,506</u>	<u>12,874</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is charged at a rate of corporation tax in the UK of 19% (2003 - 19%).

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>13,114</u>	<u>65,099</u>
Profit on ordinary activities by rate of tax	2,492	12,369
Expenses not deductible for tax purposes	1,661	1,841
Capital allowances in excess of depreciation	(2,765)	(6,027)
Other timing differences	-	(912)
Group relief	(1,388)	-
Adjustments in respect of previous periods	(259)	(946)
Sundry tax adjusting items	-	229
Total current tax (note 7(a))	<u>(259)</u>	<u>6,554</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

8. Tangible Fixed Assets

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or Valuation					
At 1 January 2004	1,434,105	185,751	182,849	130,020	1,932,725
Additions	4,653	6,325	29,566	3,670	44,214
Revaluation	211,242	—	—	—	211,242
At 31 December 2004	1,650,000	192,076	212,415	133,690	2,188,181
Depreciation					
At 1 January 2004	86,663	118,076	107,493	18,599	330,831
Charge for the year	2,924	11,500	21,849	12,456	48,729
Revaluation adjustment	(86,663)	—	—	—	(86,663)
At 31 December 2004	2,924	129,576	129,342	31,055	292,897
Net Book Value					
At 31 December 2004	1,647,076	62,500	83,073	102,635	1,895,284
At 31 December 2003	1,347,442	67,675	75,356	111,421	1,601,894

Freehold land and buildings are included at a valuation of £1,650,000 based on an external valuation carried out by Messrs Barker Storey Matthews, Chartered Surveyors, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, on 1st December 2004.

The useful life and residual value of the company's freehold property were reassessed during the year resulting in a reduction in depreciation charge for the year of £9,720.

If stated under historical cost principles, the comparable amounts for the total cost of land and buildings included above would be £941,662, (2003 - £937,011) and accumulated depreciation would be £2,924 (2003 - £86,663). Land and buildings include non-depreciable assets amounting to £1,512,848.

If the land and buildings were sold at their net book amount a corporation tax liability of £195,307 would arise which is not provided for within these financial statements.

Hire purchase agreements

Included within the net book value of £1,895,284 is £96,068 (2003 - £108,692) 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 £12,624 (2003 - £11,768).

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

9. Investments

	Shares in Group Undertakings £
Cost	
At 1st January 2004 and 31st December 2004	<u>200,000</u>
Net Book Value	
At 31st December 2004	<u>200,000</u>
At 31st December 2003	<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:-

	2004 £	2003 £
Aggregate capital and reserves	<u>985,663</u>	<u>739,792</u>
(Loss)/Profit for the year	<u>(55,423)</u>	<u>39,426</u>

10. Stocks

	2004 £	2003 £
Finished goods	<u>2,181,767</u>	<u>1,576,168</u>

Included in stocks at the balance sheet date is £636,561 (2003 - £311,134) which represents vehicles held as consignment stock. The corresponding liability is included in trade creditors.

11. Debtors

	2004 £	2003 £
Trade debtors	279,571	361,441
Amounts owed by group undertakings	299,746	198,133
Corporation tax repayable	722	-
Directors current accounts	127,704	55,209
Other taxation recoverable	13,802	19,265
Prepayments and accrued income	84,437	36,679
	<u>805,982</u>	<u>670,727</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

12. Creditors: Amounts Falling due Within One Year

	2004	2003
	£	£
Other loans	586,342	311,900
Bank loans and overdrafts	982,411	652,519
Trade creditors	1,248,349	965,294
Corporation tax	—	9,841
Other taxation and social security	48,926	38,917
Hire purchase agreements	18,803	33,034
Accruals and deferred income	91,366	91,719
	<u>2,976,197</u>	<u>2,103,224</u>

Bank loans and overdraft are secured by a legal mortgage and debenture over the company's freehold property. Trade creditors include vehicle creditors amounting to £738,245 (2003 - £545,269) secured by a general charge over the assets and undertakings of the company and £408,483 (2003 - £275,619) secured on the vehicles concerned. Other loans include stocking plan finance amounting to £446,775 (2003 - £299,900) secured by a general charge over the assets and undertakings of the company and £127,567 (2003 - £Nil) secured on the vehicles concerned. Hire purchase contracts are secured on the assets concerned.

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

	2004	2003
	£	£
Bank loans and overdrafts	240,338	362,209
Hire purchase agreements	20,776	39,579
Other loans	14,875	24,233
	<u>275,989</u>	<u>426,021</u>

14. Maturity of Debt

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

	2004	2003
	£	£
Amounts repayable:		
In one year or less or on demand	1,568,753	964,419
In more than one year but not more than two years	104,000	100,000
In more than two years but not more than five years	151,213	286,441
	<u>1,823,966</u>	<u>1,350,860</u>

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

15. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	18,803	33,034
Amounts payable between 2 to 5 years	20,776	39,579
	<u>39,579</u>	<u>72,613</u>

16. Deferred Taxation

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

	2004	2003
	£	£
Provision brought forward	29,039	22,719
Profit and loss account movement arising during the year	2,765	6,320
Provision carried forward	<u>31,804</u>	<u>29,039</u>

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

	2004		2003	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	31,804	–	29,039	–
Other timing differences	–	195,307	–	101,501
	<u>31,804</u>	<u>195,307</u>	<u>29,039</u>	<u>101,501</u>

Unprovided other timing differences include £44,510 (2003 - £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 19%. Potential deferred tax is based on a corporation tax rate of 30% (2003 - 30%)

JOHN BANKS LIMITED

Notes to the Financial Statements

Year Ended 31st December 2004

17. Commitments under Operating Leases

At 31st December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 2 to 5 years	—	9,518	—	—
After more than 5 years	20,000	—	—	—
	<u>20,000</u>	<u>9,518</u>	<u>—</u>	<u>—</u>

18. Contingencies

A contingent liability exists under a guarantee given in support of the subsidiary company's overdraft and loans which amounted to £959,855 at the balance sheet date.

19. Related Party Transactions

Control

The company 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 £
Mr J.E.Banks	3,103	15,033	15,033
Mr M.J.Banks	37,351	66,607	66,607
Mr J.C.Banks	5,355	26,710	26,710
Mrs M.K.H.Banks-Browne	9,400	19,354	19,355

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 £141,693 to the subsidiary company during the year.

At the year end an amount of £26,875 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 2004

20. Share Capital

Authorised share capital:

	2004	2003
	£	£
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>284,300</u>	<u>284,300</u>	<u>284,300</u>	<u>284,300</u>

21. Revaluation Reserve

	2004	2003
	£	£
Balance brought forward	497,096	497,096
Revaluation of fixed assets	297,905	—
Balance carried forward	<u>795,001</u>	<u>497,096</u>

22. Profit and Loss Account

	2004	2003
	£	£
Balance brought forward	709,409	657,184
Retained profit for the financial year	10,608	52,225
Balance carried forward	<u>720,017</u>	<u>709,409</u>

23. Reconciliation of Movements in Shareholders' Funds

	2004	2003
	£	£
Profit for the financial year	10,608	52,225
Other net recognised gains and losses	297,905	—
Net addition to shareholders' equity funds	<u>308,513</u>	<u>52,225</u>
Opening shareholders' equity funds	<u>1,490,805</u>	<u>1,438,580</u>
Closing shareholders' equity funds	<u>1,799,318</u>	<u>1,490,805</u>