

REGISTRAR COPY

CANEI INTERNATIONAL LIMITED

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 OCTOBER 1996



CANEI INTERNATIONAL LIMITED  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 OCTOBER 1996  
COMPANY NUMBER : 02576310

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**REPORT OF THE AUDITORS****TO THE DIRECTORS OF CANEI INTERNATIONAL LIMITED****FOR THE YEAR ENDED 31 OCTOBER 1996****PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 2 to 5 together with the full Financial Statements of Canei International Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 October 1996.

**Respective Responsibilities of Directors and Auditors**

The Directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 Part III of the Companies Act 1985. It is our responsibility to form an independent opinion as to the Company's entitlement to the exemptions claimed in the Directors' Statement on page 2 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

**Basis of Opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited Financial Statements. The scope of our work for the purpose of this report does not include examining or dealing with the events after the date of our report on the full Financial Statements.

**Opinion**

In our opinion the company is entitled under Section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to the Act in respect of the year ended 31 October 1996 and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with that Schedule.

**Other Information**

On 25 March 1997 we reported, as auditors of Canei International Limited to the members on the full Financial Statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 October 1996, and our report was as follows;

'We have audited the Financial Statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out in those Financial Statements.

**Respective Responsibilities of Directors and Auditors**

As described on page 1 the Company's Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Continued.....**

**REPORT OF THE AUDITORS****TO THE DIRECTORS OF CANEI INTERNATIONAL LIMITED****FOR THE YEAR ENDED 31 OCTOBER 1996****PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 OF THE COMPANIES ACT 1985****Basis of Opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and 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. However, in common with other cash businesses the evidence available to us was limited in respect of cash sales, over which there was no system of control on which we could rely for the purposes of our audit. There were no other satisfactory audit procedures that we could adopt to confirm that cash sales were properly recorded. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

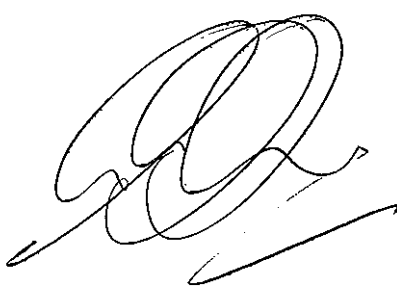
**Qualified Opinion Arising From Limitation In Audit Scope**

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning cash sales, in our opinion the Financial Statements give a true and fair view of the state of the Company's affairs at 31 October 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

In respect alone of the limitation on our work relating to cash sales:

- \* we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- \* we were unable to determine whether proper accounting records had been maintained.

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**CHURCH & CO**  
**CHARTERED ACCOUNTANTS**  
**REGISTERED AUDITORS**

25 March 1997

## CANEI INTERNATIONAL LIMITED

## BALANCE SHEET AS AT 31 OCTOBER 1996

|                                              | <u>Notes</u> | <u>1996</u>     | <u>1995</u>     |
|----------------------------------------------|--------------|-----------------|-----------------|
|                                              |              | £               | £               |
| <b>FIXED ASSETS</b>                          |              |                 |                 |
| Tangible Assets                              | 2            | 1086024         | 670403          |
| <b>CURRENT ASSETS</b>                        |              |                 |                 |
| Stocks                                       |              | 243789          | 84360           |
| Debtors Due Within One Year                  |              | 14639           | 64588           |
| Cash at Bank and in Hand                     |              | 18513           | 44340           |
|                                              |              | <u>276941</u>   | <u>193288</u>   |
| <b>CREDITORS</b>                             |              |                 |                 |
| Amounts Falling Due Within One Year          | 4            | <u>710891</u>   | <u>289473</u>   |
| <b>NET CURRENT LIABILITIES</b>               |              | (433950)        | (96185)         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |              | <u>652074</u>   | <u>574218</u>   |
| <b>CREDITORS</b>                             |              |                 |                 |
| Amounts Falling Due After One Year           | 4            | <u>332347</u>   | <u>421496</u>   |
| <b>NET ASSETS</b>                            |              | <u>£ 319727</u> | <u>£ 152722</u> |
| <b>CAPITAL AND RESERVES</b>                  |              |                 |                 |
| Share Capital                                | 3            | 1000            | 1000            |
| Reserves                                     |              | 318727          | 151722          |
|                                              |              | <u>£ 319727</u> | <u>£ 152722</u> |

The Directors have taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion the Company is entitled to these exemptions as a small company.

The Directors have taken advantage of the exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion the Company is entitled to these exemptions as a small company.

ON BEHALF OF THE BOARD

*R. L. Bhardwaj*  
R L Bhardwaj - Director  
25 March 1997

The annexed notes form part of these Financial Statements

## CANEI INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 1996

**1. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the Financial Statements are set out below and have remained unchanged from the previous year and have also been consistently applied within the same Financial Statements.

**Basis of Preparation of Financial Statements**

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of Land and Buildings.

The effect of events relating to the year ended 31 October 1996 which occurred before the date of approval of the Financial Statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at the year end and of the results for the year ended on that date.

**Tangible Fixed Assets**

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates;

|                     |                                                                     |
|---------------------|---------------------------------------------------------------------|
| Motor Vehicles      | 25% per annum of net book value                                     |
| Plant & Equipment   | 15% per annum of net book value                                     |
| Fixtures & Fittings | 10% per annum of net book value                                     |
| Computer Equipment  | 25% per annum of net book value and included in Plant and Equipment |

The Land and Buildings are not depreciated as in the opinion of the Directors, the market value in the future will continue to be in excess of the balance sheet value.

**Stocks**

Stocks have been valued at the lower of cost and net realisable value.

**Deferred Taxation**

Deferred taxation is provided on 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 crystallise.

**Leasing**

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease as incurred.

## CANEI INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 1996

## 2. TANGIBLE FIXED ASSETS

|                                       | Motor<br>Vehicles<br>£ | Plant &<br>Equipment<br>£ | Fixtures &<br>Fittings<br>£ | Land &<br>Buildings<br>£ | Total<br>£     |
|---------------------------------------|------------------------|---------------------------|-----------------------------|--------------------------|----------------|
| <b>COST OR VALUATION</b>              |                        |                           |                             |                          |                |
| At 1 November 1995                    | 51088                  | -                         | 102566                      | 586927                   | 740581         |
| Additions                             | 917                    | 17886                     | 14669                       | 330000                   | 363472         |
| Revaluation                           | -                      | -                         | -                           | 46549                    | 46549          |
| At 31 October 1996                    | <u>52005</u>           | <u>17886</u>              | <u>117235</u>               | <u>963476</u>            | <u>1150602</u> |
| <b>DEPRECIATION</b>                   |                        |                           |                             |                          |                |
| At 1 November 1995                    | 21323                  | -                         | 25379                       | 23476                    | 70178          |
| Transferred to<br>Revaluation Reserve | -                      | -                         | -                           | (23476)                  | (23476)        |
| Charge for Year                       | 7556                   | 1864                      | 8456                        | -                        | 17876          |
| At 31 October 1996                    | <u>28879</u>           | <u>1864</u>               | <u>33835</u>                | <u>-</u>                 | <u>64578</u>   |
| <b>NET BOOK VALUE</b>                 |                        |                           |                             |                          |                |
| At 31 October 1996                    | <u>23126</u>           | <u>16022</u>              | <u>83400</u>                | <u>963476</u>            | <u>1086024</u> |
| At 31 October 1995                    | <u>29765</u>           | <u>-</u>                  | <u>77187</u>                | <u>563451</u>            | <u>670403</u>  |

Included in the total net book value of tangible fixed assets held at 31 October 1996 was £18049 in respect of assets held under finance leases and hire purchase contracts.

The Land and Buildings were revalued during the year by Musson Liggins Butcher. The basis of the valuation was at open market value.

## 3. SHARE CAPITAL

|                                          | <u>1996</u><br>£ | <u>1995</u><br>£ |
|------------------------------------------|------------------|------------------|
| <b>Authorised</b>                        |                  |                  |
| 1000000 £1 Ordinary Shares               | <u>1000000</u>   | <u>1000</u>      |
| <b>Allotted Called Up and Fully Paid</b> |                  |                  |
| 1000 £1 Ordinary Shares                  | <u>1000</u>      | <u>1000</u>      |

The authorised share capital was increased during the year to increase the potential capital base of the company.

## CANEI INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 1996

## 4. CREDITORS

The aggregate amount of creditors for which security has been given is as follows:

|                                     | <u>1996</u><br><u>£</u> | <u>1995</u><br><u>£</u> |
|-------------------------------------|-------------------------|-------------------------|
| Amounts Falling Due Within One Year | 475580                  | 129574                  |
| Amounts Falling Due After One Year  | 13539                   | 256298                  |
|                                     | <u>489119</u>           | <u>385872</u>           |

## 5. TRANSACTIONS WITH DIRECTORS

The Directors, R L Bhardwaj, B Bhardwaj and K k Bhardwaj are also the Directors of Lion Motors Ltd. The trade, assets and liabilities of Lion Motors Ltd were transferred to Canei International on 1 May 1996. This is represented by the balance due to Lion Motors Ltd included in creditors at the year end.

Also Central Stores, a partnership and Sawley Garage were incorporated in Canei International Ltd on 1 May 1996. the directors connected with these businesses are as follows:

Central Stores - R L Bhardwaj  
B Bhardwaj

Sawley Garage - B Bhardwaj