

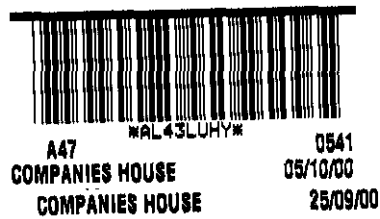
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Canei International Limited

Abbreviated Financial Statements

Year Ended

31 October 1999



BDO

BDO Stoy Hayward
Chartered Accountants

CANEI INTERNATIONAL LIMITED

Abbreviated financial statements for the year ended 31 October 1999

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Directors

RL Bhardwaj
B Bhardwaj

Secretary and registered office

B Bhardwaj, BDO Stoy Hayward, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

Company number

02576310

Auditors

BDO Stoy Hayward, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH

Bankers

National Westminster Bank PLC, 3 Thurland Street, Nottingham, NG1 3DT

**AUDITORS' REPORT TO CANEI INTERNATIONAL LIMITED UNDER SECTION 247B
OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements set out on pages 2 to 6, together with the financial statements of the company for the year ended 31 October 1999 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 6 are properly prepared in accordance with those provisions.



BDO STOY HAYWARD
*Chartered Accountants and
Registered Auditor*
Nottingham

3 July 2000

CANEI INTERNATIONAL LIMITED

Balance sheet at 31 October 1999

	Note	1999	1998
		£	£
Fixed assets			
Tangible assets	2	1,142,593	1,184,797
Current assets			
Stocks		490,837	324,137
Debtors		48,068	85,742
Cash at bank and in hand		1,017	4,998
		<u>539,922</u>	<u>414,877</u>
Creditors: amounts falling due within one year	3	(704,370)	(604,844)
Net current liabilities		<u>(164,448)</u>	<u>(189,967)</u>
Total assets less current liabilities		<u>978,145</u>	<u>994,830</u>
Creditors: amounts falling due after more than one year	4	(601,701)	(690,164)
Provision for liabilities and charges			
Deferred taxation		(14,237)	(13,752)
		<u>(615,938)</u>	<u>(703,916)</u>
Net assets		<u>362,207</u>	<u>290,914</u>
Capital and reserves - equity			
Called up share capital	5	1,000	1,000
Profit and loss account		361,207	289,914
Shareholders' funds		<u>362,207</u>	<u>290,914</u>

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 25 June 2000.

R. L. Bhardwaj

RL Bhardwaj
Director

The notes on pages 3 to 6 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

Notes forming part of the financial statements for the year ended 31 October 1999

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold property, over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

It is the company's practice to maintain certain freehold buildings, used for retail trading, in a continual state of sound repair. Accordingly, the directors consider that the lives of these assets and their residual values, based on prices prevailing at the time of their acquisition or subsequent revaluation, are such that their depreciation would not be material. Provision will be made should any permanent diminution in value of these properties occur.

Stocks

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

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

1 Accounting policies (*Continued*)*Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Tangible assets

	Total £
<i>Cost</i>	
At 1 November 1998	1,281,292
Additions	10,337
Disposals	(35,944)
At 31 October 1999	<u>1,255,685</u>
<i>Depreciation</i>	
At 1 November 1998	96,495
Provided for the year	16,597
At 31 October 1999	<u>113,092</u>
<i>Net book value</i>	
At 31 October 1999	<u>1,142,593</u>
At 31 October 1998	<u>1,184,797</u>

The net book value of tangible fixed assets includes an amount of £37,778 (1998: £44,446) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge for the year was £6,668 (1998: 4,839).

CANEI INTERNATIONAL LIMITED

Notes forming part of the financial statements for the year ended 31 October 1999 (*Continued*)

3 Creditors - details of amounts secured

The company has given security for the following items which are included in creditors:

	1999 £	1998 £
Amounts falling due within the year:		
Lombard North Central plc loan	347,956	132,783
Bank loans and overdraft	126,339	206,696
	<u> </u>	<u> </u>
Amounts falling due after more than one year:		
Bank loans	377,099	391,677
	<u> </u>	<u> </u>

Details of security are as follows:

- a) The Lombard North Central PLC loan is secured on the stock and has been personally guaranteed by the directors.
- b) The bank loans and overdraft are secured by:
 - iii. A first legal mortgage dated 17.7.96 over freehold land and buildings at Derby Road, Heanor.
 - iv. A first legal mortgage dated 8.4.98 over freehold Sawley Garage, Tamworth Road, Sawley, Nottingham.
 - v. Mortgage debenture dated 17.7.96 incorporating a fixed and floating charge over all current and future assets of the company.

4 Creditors

Included in creditors are the following items which are due wholly in part after more than five years from the balance sheet date.

	1999 £	1998 £
Amount due after more than five years		
Bank loans	321,505	345,966
	<u> </u>	<u> </u>
Obligations under hire purchase contracts	2,364	11,724
	<u> </u>	<u> </u>

CANEI INTERNATIONAL LIMITED

Notes forming part of the financial statements for the year ended 31 October 1998 *(Continued)*

5 Share capital

	Authorised		Allotted, called up and fully paid	
	1999	1998	1999	1998
	£	£	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6 Related party transactions

At 31 October the company owed £143,365 (1998: £202,080) in respect of a directors loss account. The loan account is interest free, unsecured and has no fixed repayment date.

At 31 October 1998 the company owed £65,459 (1998: £65,459) to Lion Motors Limited, a company in which the directors of the company serve as directors. The loan is interest free, unsecured and has no fixed repayment date.

The directors have provided personal guarantees in respect of the First National Motor Finance plc stocking loan of £347,956 (1998: £132,783).