

CANEI INTERNATIONAL LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 OCTOBER 2003**

COMPANY NUMBER:02576310



CANEI INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTORS	Mr RL Bhardwaj Mr B Bhardwaj
SECRETARY	B Bhardwaj
COMPANY NUMBER	02576310
REGISTERED OFFICE	Newark Road Sutton-In-Ashfield Nottinghamshire NG17 5JP
AUDITORS	Bentley Jennison Chartered Accountants & Registered Auditors St Matthew's House 6 Sherwood Rise Nottingham NG7 6JF

CANEI INTERNATIONAL LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the abbreviated accounts	7 - 16

CANEI INTERNATIONAL LIMITED

DIRECTORS' REPORT
For the year ended 31 October 2003

The directors present their report and the financial statements for the year ended 31 October 2003.

STATEMENT OF 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. They 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principle activity of the company during the year was that of operating car sales sites.

The directors are pleased with the year under review and are confident of future prospects.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £60,740 (2002 - £93,527) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/10/03</u>	<u>1/11/02</u>
Mr RL Bhardwaj	500	500
Mr B Bhardwaj	500	500

CANEI INTERNATIONAL LIMITED

DIRECTORS' REPORT
For the year ended 31 October 2003

AUDITORS

Bentley Jennison were appointed as auditors during the year replacing Blueprint Audit Limited, and they will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 1 November 2004 and signed on its behalf.

Mr RL Bhardwaj
Director



CANEI INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO CANEI INTERNATIONAL LIMITED
Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of Canei International Limited for the year ended 31 October 2003 set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 October 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT 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 accounts and that the abbreviated accounts 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 financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with those provisions.

Bentley Jennison

Bentley Jennison

Chartered Accountants
Registered Auditors

St Matthew's House
6 Sherwood Rise
Nottingham
NG7 6JF

CANEI INTERNATIONAL LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 31 October 2003

	Note	2003 £	2002 £
GROSS PROFIT		450,418	518,754
Administrative expenses		<u>(335,747)</u>	<u>(329,279)</u>
OPERATING PROFIT	2	114,671	189,475
Interest receivable		<u>(2,367)</u>	<u>-</u>
Interest payable	5	<u>(43,061)</u>	<u>(50,412)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		69,243	139,063
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(8,503)</u>	<u>(45,536)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>60,740</u>	<u>93,527</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

ABBREVIATED BALANCE SHEET
As at 31 October 2003

	Note	£	2003 £	£	2002 £	£
FIXED ASSETS						
Tangible fixed assets	7		1,044,492		1,058,452	
CURRENT ASSETS						
Stocks	8	561,527		535,182		
Debtors	9	164,674		112,493		
Cash at bank and in hand		34,859		47,958		
			<u>761,060</u>		<u>695,633</u>	
CREDITORS: amounts falling due within one year	10	(636,584)		(599,891)		
NET CURRENT ASSETS			<u>124,476</u>		<u>95,742</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,168,968</u>		<u>1,154,194</u>	
CREDITORS: amounts falling due after more than one year	11		(276,489)		(314,728)	
PROVISIONS FOR LIABILITIES AND CHARGES						
Deferred taxation	12		(8,773)		(16,500)	
NET ASSETS			<u><u>883,706</u></u>		<u><u>822,966</u></u>	
CAPITAL AND RESERVES						
Called up share capital	13		1,000		1,000	
Profit and loss account	14		882,706		821,966	
SHAREHOLDERS' FUNDS - All Equity	15		<u><u>883,706</u></u>		<u><u>822,966</u></u>	

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 1 November 2004 and signed on its behalf.

Mr RL Bhardwaj
Director

The notes on pages 7 to 16 form part of these financial statements.



CANEI INTERNATIONAL LIMITED

ABBREVIATED CASH FLOW STATEMENT
For the year ended 31 October 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	18	77,465	128,666
Returns on investments and servicing of finance	19	(45,428)	(50,412)
Taxation		(42,751)	(52,536)
Capital expenditure and financial investment	19	(2,935)	21,055
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(13,649)	46,773
Financing	19	(30,813)	(36,625)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(44,462)	10,148

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 20)
For the year ended 31 October 2003

	2003 £	2002 £
(Decrease)/Increase in cash in the year	(44,462)	10,148
Cash outflow from decrease in debt and lease financing	30,813	36,625
MOVEMENT IN NET DEBT IN THE YEAR	(13,649)	46,773
Net debt at 1 November 2002	(353,118)	(399,891)
NET DEBT AT 31 OCTOBER 2003	(366,767)	(353,118)

The notes on pages 7 to 16 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2-4%	straight line
Plant and equipment	-	15%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	10%	reducing balance
Office equipment	-	25%	reducing balance

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.7 Fixed asset investments

Investment properties are not depreciated in accordance with SSAP 19.

Investment properties are included at open market value. These properties are held as investments and not for consumption and so the directors consider that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the valuation of investment properties and the amount which otherwise might have been charged cannot be separately identified or quantified.

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

2. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	16,895	27,400
Auditors' remuneration	3,500	3,500
	<u>16,895</u>	<u>27,400</u>

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2003 £	2002 £
Wages and salaries	163,863	154,551
Social security costs	6,011	4,001
Other pension costs	-	993
	<u>169,874</u>	<u>159,545</u>

The average monthly number of employees, including directors, during the year was as follows:

	2003	2002
Sales, administration and management	11	12
	<u>11</u>	<u>12</u>

4. DIRECTORS' REMUNERATION

	2003 £	2002 £
Emoluments	57,690	42,900
	<u>57,690</u>	<u>42,900</u>
Company pension contributions to money purchase pension schemes	-	993
	<u>-</u>	<u>993</u>

During the year retirement benefits were accruing to no directors (2002 - 2) in respect of money purchase pension schemes.

5. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	19,151	25,657
On other loans	23,910	24,755
	<u>43,061</u>	<u>50,412</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

6. TAXATION

	2003 £	2002 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	15,966	41,535
Adjustments in respect of prior periods	264	-
Total current tax	<u>16,230</u>	<u>41,535</u>
Deferred tax		
Origination and reversal of timing differences	(7,727)	4,001
Total deferred tax (see note 12)	<u>(7,727)</u>	<u>4,001</u>
Tax on profit on ordinary activities	<u>8,503</u>	<u>45,536</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>69,243</u>	<u>139,063</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2002 - 30)	13,156	41,719
Effects of:		
Expenses not deductible for tax purposes	2,044	1,200
Capital allowances for period in excess of depreciation	766	8,790
Adjustments to tax charge in respect of prior periods	264	(952)
Marginal relief	-	(9,222)
Current tax charge for year (see note above)	<u>16,230</u>	<u>41,535</u>

There were no factors that may affect future tax charges.

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

7. TANGIBLE FIXED ASSETS

	Freehold properties £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 November 2002	1,090,498	-	126,708	10,894	1,228,100
Additions	-	1,050	446	1,439	2,935
	<u>1,090,498</u>	<u>1,050</u>	<u>127,154</u>	<u>12,333</u>	<u>1,231,035</u>
At 31 October 2003					
Depreciation					
At 1 November 2002	85,972	-	76,132	7,544	169,648
Charge for the year	10,760	130	5,060	945	16,895
	<u>96,732</u>	<u>130</u>	<u>81,192</u>	<u>8,489</u>	<u>186,543</u>
At 31 October 2003					
Net book value					
At 31 October 2003	<u>993,766</u>	<u>920</u>	<u>45,962</u>	<u>3,844</u>	<u>1,044,492</u>
At 31 October 2002	<u>1,004,526</u>	<u>-</u>	<u>50,576</u>	<u>3,350</u>	<u>1,058,452</u>

At 31 October 2003, included in freehold properties are investment properties at a cost of £552,498 (2002: £552,498) with a net book value of £510,225 (2002: £510,225).

8. STOCKS

	2003 £	2002 £
Vehicles for resale	<u>561,527</u>	<u>535,182</u>

9. DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	7,743	6,410
Other debtors	156,931	103,189
Prepayments and accrued income	-	2,894
	<u>164,674</u>	<u>112,493</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

Included within other debtors due within one year are loans to the following directors:

Mr B Bhardwaj, amounting to £2,235 (2002: £-2,846). The maximum amount outstanding during the year was £20,507.

Mr R Bhardway, amounting to £nil (2002: £nil). The maximum amount outstanding during the year was £11,866.

In addition, other debtors includes a balance of £27,833 due to the company from Canei Enterprises, a business in which the company directors are partners.

All the above loans were repaid on 31 July 2004.

10. **CREDITORS:**
Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	125,137	89,194
Trade creditors	90,551	39,165
Corporation tax	15,966	42,487
Social security and other taxes	10,280	26,537
First National Motor Finance (stocking loan)	256,847	281,082
Other creditors	123,750	110,023
Accruals and deferred income	14,053	11,403
	636,584	599,891

The First National Motor Finance loan is secured on the stock of the company and has been personally guaranteed by the directors.

The bank loans and overdraft are secured by:

1) A first legal mortgage debenture dated 17.7.96 over freehold land and buildings at Derby Road and Burnt House Road, Heanor.

2) A first legal mortgage debenture dated 8.4.98 over freehold land and buildings at Sawley Garage, Tamworth Road, Sawley, Nottingham.

3) A first legal mortgage debenture dated 15.11.99 over freehold property at 79 and 77 Wilsthorpe Road, Long Eaton.

iii) A mortgage debenture dated 17.7.96 incorporating a fixed and floating charge over all current and future assets of the company.

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

11. CREDITORS:
Amounts falling due after more than one year

	2003 £	2002 £
Bank loans	276,489	311,882
Other creditors	-	2,846
	<u>276,489</u>	<u>314,728</u>

Included within the above are amounts falling due as follows:

	2003 £	2002 £
Between one and two years		
Bank loans	32,641	28,061
	<u>32,641</u>	<u>28,061</u>
Between two and five years		
Bank loans	102,910	84,183
	<u>102,910</u>	<u>84,183</u>
Over five years		
Bank loans	140,938	199,638
	<u>140,938</u>	<u>199,638</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2003 £	2002 £
Repayable by instalments	140,938	199,638
	<u>140,938</u>	<u>199,638</u>

Included in bank loans:

i) A fixed term loan of £37,012 (2002: £41,398) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in monthly instalments by November 2012.

ii) A fixed term loan of £218,664 (2002: £235,760) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in equal monthly instalments by November 2017.

iii) A fixed term loan of £6,629 (2002: £10,351) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in equal monthly instalments by September 2005.

iv) A fixed term loan of £46,827 (2002: £52,434) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in equal monthly instalments by November 2012.

Details of security for the above borrowings is included on note 12 to the financial statement.

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

12. DEFERRED TAXATION

	2003 £	2002 £
At 1 November 2002	16,500	16,500
Released during the year	(7,727)	-
	<u>8,773</u>	<u>16,500</u>
At 31 October 2003	<u>8,773</u>	<u>16,500</u>

The deferred tax provision is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	8,773	16,500
	<u>8,773</u>	<u>16,500</u>

13. SHARE CAPITAL

	2003 £	2002 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

14. RESERVES

	£
Profit and loss account	
At 1 November 2002	821,966
Profit retained for the year	60,740
	<u>882,706</u>
At 31 October 2003	<u>882,706</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the year	60,740	93,527
	<u>60,740</u>	<u>93,527</u>
Opening shareholders' funds	822,966	729,439
Closing shareholders' funds	<u>883,706</u>	<u>822,966</u>

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund, contributions payable during the year amounted to £nil (2002: £993).

17. RELATED PARTY TRANSACTIONS

During the year Mr R Bhardwaj, a director, purchased a motor vehicle amounting to £30,618 (2002: £nil) from the company on normal commercial terms.

The directors have provided personal guarantees in respect of the First National Motor Finance stocking loan of £256,847 (2002: £281,082).

Included within other debtors are amounts due from related companies as follows:

	2003	2002
	£	£
NS Kambr Limited	60,932	29,932
D'Lan Housing Limited	5,000	-

The companies are all related as they are owned by the Bhardwaj family of the directors of Canei International Limited.

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	114,671	189,475
Depreciation of tangible fixed assets	16,895	27,400
(Increase)/decrease in stocks	(26,345)	53,585
Increase in debtors	(52,181)	(99,495)
Increase/(decrease) in creditors	24,425	(42,299)
NET CASH INFLOW FROM OPERATIONS	<u>77,465</u>	<u>128,666</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	(2,367)	-
Interest paid	(43,061)	(50,412)
	<u> </u>	<u> </u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u><u>(45,428)</u></u>	<u><u>(50,412)</u></u>
	2003 £	2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(2,935)	(11,523)
Sale of tangible fixed assets	-	32,578
	<u> </u>	<u> </u>
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	<u><u>(2,935)</u></u>	<u><u>21,055</u></u>
	2003 £	2002 £
FINANCING		
Repayment of loans	(30,813)	(28,060)
Principal payment under finance lease	-	(8,565)
	<u> </u>	<u> </u>
NET CASH OUTFLOW FROM FINANCING	<u><u>(30,813)</u></u>	<u><u>(36,625)</u></u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 October 2003

20. ANALYSIS OF CHANGES IN NET DEBT

	1 November 2002 £	Cash flow £	Other non-cash changes £	31 October 2003 £
Cash at bank and in hand:	47,958	(13,099)	-	34,859
Bank overdraft	(61,133)	(31,363)	-	(92,496)
	<u>(13,175)</u>	<u>(44,462)</u>	<u>-</u>	<u>(57,637)</u>
DEBT :				
Finance leases	-	-	-	-
Debts due within one year	(28,061)	30,813	(35,393)	(32,641)
Debts falling due after more than one year	(311,882)	-	35,393	(276,489)
	<u>(353,118)</u>	<u>(13,649)</u>	<u>-</u>	<u>(366,767)</u>
NET DEBT	<u>(353,118)</u>	<u>(13,649)</u>	<u>-</u>	<u>(366,767)</u>