



CANEI INTERNATIONAL LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 OCTOBER 2004**

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 Off Vivian Avenue Nottingham

CANEI INTERNATIONAL LIMITED

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CANEI INTERNATIONAL LIMITED

DIRECTOR'S REPORT For the year ended 31 October 2004

The directors present their report and the financial statements for the year ended 31 October 2004.

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 £100,657 (2003 - £60,740) .

The directors recommend a dividend payment of £75,000 for the year.

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>31/10/04</u>	<u>1/11/03</u>
Mr RL Bhardwaj	500	500
Mr B Bhardwaj	500	500

AUDITORS

The auditors, Bentley Jennison, 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.

CANEI INTERNATIONAL LIMITED

DIRECTOR'S REPORT
For the year ended 31 October 2004

This report was approved by the board on 24 August 2005 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 2004 set out on pages 4 to 15, together with the financial statements of the company for the year ended 31 October 2004 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

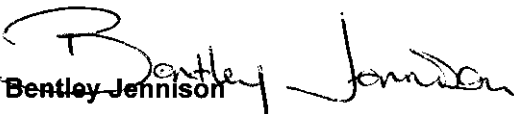
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of 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 15 are properly prepared in accordance with those provisions.


Bentley Jennison
Chartered Accountants
& Registered Auditors

St Matthew's House
6 Sherwood Rise
Off Vivian Avenue
Nottingham

24 August 2005

CANEI INTERNATIONAL LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT**
For the year ended 31 October 2004

	Note	2004 £	2003 £
GROSS PROFIT		546,427	450,418
Administrative expenses		<u>(359,277)</u>	<u>(335,747)</u>
OPERATING PROFIT	2	187,150	114,671
Interest receivable		-	(2,367)
Interest payable	5	<u>(47,854)</u>	<u>(43,061)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		139,296	69,243
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(38,639)</u>	<u>(8,503)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		100,657	60,740
DIVIDENDS - On equity shares	7	<u>(75,000)</u>	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	15	<u>25,657</u>	<u>60,740</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.

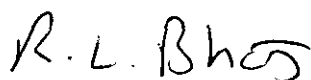
The notes on pages 7 to 15 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

ABBREVIATED BALANCE SHEET
As at 31 October 2004

	Note	2004		2003	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	8		1,032,852		1,044,493
CURRENT ASSETS					
Stocks	9	528,154		561,527	
Debtors	10	251,924		164,674	
Cash at bank and in hand		21,371		34,859	
		<u>801,449</u>		<u>761,060</u>	
CREDITORS: amounts falling due within one year	11	<u>(671,885)</u>		<u>(636,585)</u>	
NET CURRENT ASSETS			<u>129,564</u>		<u>124,475</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,162,416</u>		<u>1,168,968</u>
CREDITORS: amounts falling due after more than one year	12		<u>(244,280)</u>		<u>(276,489)</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	13		<u>(8,773)</u>		<u>(8,773)</u>
NET ASSETS			<u><u>909,363</u></u>		<u><u>883,706</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		1,000		1,000
Profit and loss account	15		908,363		882,706
SHAREHOLDERS' FUNDS - All Equity	16		<u><u>909,363</u></u>		<u><u>883,706</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 24 August 2005 and signed on its behalf.


Mr RL Bhardwaj
Director

The notes on pages 7 to 15 form part of these financial statements.

CANEI INTERNATIONAL LIMITED**ABBREVIATED CASH FLOW STATEMENT**
For the year ended 31 October 2004

	Note	2004 £	2003 £
Net cash flow from operating activities	17	199,477	77,467
Returns on investments and servicing of finance	18	(47,854)	(45,428)
Taxation		(26,947)	(42,751)
Capital expenditure and financial investment	18	(5,713)	(2,936)
Equity dividends paid		(75,000)	-
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		43,963	(13,648)
Financing	18	(31,789)	(30,813)
INCREASE/(DECREASE) IN CASH IN THE YEAR		12,174	(44,461)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 19)
For the year ended 31 October 2004

	2004 £	2003 £
Increase/(Decrease) in cash in the year	12,174	(44,461)
Cash outflow from decrease in debt and lease financing	31,789	30,813
MOVEMENT IN NET DEBT IN THE YEAR	43,963	(13,648)
Net debt at 1 November 2003	(366,767)	(353,119)
NET DEBT AT 31 OCTOBER 2004	(322,804)	(366,767)

The notes on pages 7 to 15 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
For the year ended 31 October 2004

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 not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2-4%	straight line
Plant and equipment	-	15%	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.

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 Fixed asset investment

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 FINANCIAL STATEMENTS**
For the year ended 31 October 2004

2. OPERATING PROFIT

The operating profit is stated after charging:

	2004	2003
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	17,354	16,895
Auditors' remuneration	3,500	3,500
	<u>20,854</u>	<u>20,395</u>

3. STAFF COSTS

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

	2004	2003
	£	£
Wages and salaries	162,571	163,863
Social security costs	5,191	6,011
	<u>167,762</u>	<u>169,874</u>

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

	2004	2003
	No.	No.
Sales, administration and management	11	11
	<u>11</u>	<u>11</u>

4. DIRECTORS' REMUNERATION

	2004	2003
	£	£
Emoluments	48,184	57,690
	<u>48,184</u>	<u>57,690</u>

5. INTEREST PAYABLE

	2004	2003
	£	£
On bank loans and overdrafts	20,291	19,151
On other loans	27,563	23,910
	<u>47,854</u>	<u>43,061</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
For the year ended 31 October 2004

6. TAXATION

	2004 £	2003 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	38,639	15,966
Adjustments in respect of prior periods	-	264
Total current tax	<u>38,639</u>	<u>16,230</u>
Deferred tax		
Origination and reversal of timing differences	-	(7,727)
Total deferred tax (see note 13)	<u>-</u>	<u>(7,727)</u>
Tax on profit on ordinary activities	<u><u>38,639</u></u>	<u><u>8,503</u></u>

Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applicable to the company (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>139,296</u>	<u>69,243</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2003 - 19)	41,789	13,156
Effects of:		
Expenses not deductible for tax purposes	(5,405)	2,044
Capital allowances for period in excess of depreciation	65	766
Adjustments to tax charge in respect of prior periods	-	264
Unprovided taxation	2,190	-
Current tax charge for year (see note above)	<u><u>38,639</u></u>	<u><u>16,230</u></u>

There were no factors that may affect future tax charges.

7. DIVIDENDS

	2004 £	2003 £
On equity shares		
Total dividends paid	<u><u>75,000</u></u>	<u><u>-</u></u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
For the year ended 31 October 2004

8. TANGIBLE FIXED ASSETS

	Freehold properties	Plant and machinery	Furniture and fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 November 2003	1,090,498	1,050	127,154	12,334	1,231,036
Additions	-	3,773	-	1,940	5,713
At 31 October 2004	<u>1,090,498</u>	<u>4,823</u>	<u>127,154</u>	<u>14,274</u>	<u>1,236,749</u>
Depreciation					
At 1 November 2003	96,732	130	81,192	8,489	186,543
Charge for the year	11,174	138	4,596	1,446	17,354
At 31 October 2004	<u>107,906</u>	<u>268</u>	<u>85,788</u>	<u>9,935</u>	<u>203,897</u>
Net book value					
At 31 October 2004	<u>982,592</u>	<u>4,555</u>	<u>41,366</u>	<u>4,339</u>	<u>1,032,852</u>
At 31 October 2003	<u>993,766</u>	<u>920</u>	<u>45,962</u>	<u>3,845</u>	<u>1,044,493</u>

At 31 October 2004, included in freehold properties are investments properties at a cost of £559,797 (2003: £552,498) with a net book value of £517,524 (2003: £510,225).

9. STOCKS

	2004 £	2003 £
Finished goods and goods for resale	<u>528,154</u>	<u>561,527</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	5,321	7,743
Other debtors	246,603	156,931
	<u>251,924</u>	<u>164,674</u>

Included within other debtors due within one year is a loan to Mr B Bhardwaj, a director, amounting to £39,532 (2003 - £2,235). The maximum amount outstanding during the year was £39,532.

CANEI INTERNATIONAL LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
For the year ended 31 October 2004

11. CREDITORS:
Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	99,895	125,137
Trade creditors	69,389	90,551
Corporation tax	27,659	15,966
Social security and other taxes	15,926	10,280
Proceeds of factored debts	294,496	256,847
Other creditors	149,567	123,751
Accruals and deferred income	14,953	14,053
	671,885	636,585

The GE Capital 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 17.07.96 over freehold land and buildings at Derby Road and Burnt House Road, Heanor.
- 2) A first legal mortgage debenture dated 08.04.98 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.
- 4) A mortgage debenture dated 17.07.96 incorporating a fixed and floating charge over all current and future assets of the company.

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
For the year ended 31 October 2004

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

	2004	2003
	£	£
Bank loans	244,280	276,489

Included within the above are amounts falling due as follows:

	2004	2003
	£	£
Between one and two years		
Bank loans	32,230	32,641
Between two and five years		
Bank loans	109,048	102,910
Over five years		
Bank loans	103,002	140,938

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

	2004	2003
	£	£
Repayable by installments	103,002	140,938

Included in bank loans:

1) A fixed term loan of £32,466 (2003: £37,012) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in monthly installments by November 2012.

2) A fixed term loan of £201,168 (2003: £218,664) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in monthly installments by November 2017.

3) A fixed term loan of £2,694 (2003: £6,629) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in monthly installments by September 2005.

4) A fixed term loan of £41,013 (2003: £46,827) which bears an interest rate of 2% above the bank's prevailing base rate and is repayable in monthly installments by November 2012.

Details of security for the above borrowings is included on note 13 to the financial statements.

CANEI INTERNATIONAL LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**
For the year ended 31 October 2004

13. DEFERRED TAXATION

	2004	2003
	£	£
At 1 November 2003	8,773	16,500
Released during the year	-	(7,727)
At 31 October 2004	8,773	8,773

The deferred tax provision is made up as follows:

	2004	2003
	£	£
Accelerated capital allowances	8,773	8,773
	8,773	8,773

14. SHARE CAPITAL

	2004	2003
	£	£
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

15. RESERVES

	£
Profit and loss account	
At 1 November 2003	882,706
Profit retained for the year	25,657
At 31 October 2004	908,363

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
For the year ended 31 October 2004

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit for the year	100,657	60,740
Dividends	(75,000)	-
	<u>25,657</u>	<u>60,740</u>
Opening shareholders' funds	883,706	822,966
Closing shareholders' funds	<u>909,363</u>	<u>883,706</u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Operating profit	187,150	114,671
Depreciation of tangible fixed assets	17,354	16,895
Decrease/(increase) in stocks	33,373	(26,345)
Increase in debtors	(87,249)	(52,181)
Increase in creditors	48,849	24,427
NET CASH INFLOW FROM OPERATIONS	<u>199,477</u>	<u>77,467</u>

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

	2004	2003
	£	£
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	-	(2,367)
Interest paid	(47,854)	(43,061)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(47,854)</u>	<u>(45,428)</u>
 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	<u>(5,713)</u>	<u>(2,936)</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
For the year ended 31 October 2004

	2004 £	2003 £
FINANCING		
Repayment of loans	<u>(31,789)</u>	<u>(30,813)</u>

19. ANALYSIS OF CHANGES IN NET DEBT

	1 November 2003 £	Cash flow £	Other non-cash changes £	31 October 2004 £
Cash at bank and in hand:	34,859	(13,488)	-	21,371
Bank overdraft	(92,496)	25,662	-	(66,834)
	<u>(57,637)</u>	<u>12,174</u>	<u>-</u>	<u>(45,463)</u>
DEBT :				
Finance leases	-	-	-	-
Debts due within one year	(32,641)	31,789	(32,209)	(33,061)
Debts falling due after more than one year	(276,489)	-	32,209	(244,280)
	<u>(366,767)</u>	<u>43,963</u>	<u>-</u>	<u>(322,804)</u>
NET DEBT				

20. DIRECTORS' PERSONAL GUARANTEES

The directors have provided personal guarantees in respect of the First National Motor Finance stocking loan of £294,496 (2003: £256,847).

21. RELATED PARTY TRANSACTIONS

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

	2004 £	2003 £
NS Kambr Limited	111,556	60,932
D'Lan Housing Limited	<u>5,000</u>	<u>5,000</u>

The directors of the company are shareholders and directors of the above companies.

22. CONTROLLING PARTY

The company is controlled by the directors who own all the issued share capital. Details of their individual shareholdings are disclosed in the directors report.