I.M. GROUP (1991) LIMITED

Report and Financial Statements

Year Ended

31 December 2002



I.M. GROUP (1991) LIMITED

Annual report and financial statements for the year ended 31 December 2002

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Director

R N Edmiston

Secretary and registered office

R J Browning, Ryder Street, West Bromwich, West Midlands, B70 0EJ.

Company number

2626921

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

I.M. GROUP (1991) LIMITED

Report of the director for the year ended 31 December 2002

The director presents his report together with the audited financial statements for the year ended 31 December 2002.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The director does not recommend payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company continued to be that of property rental. The company also continued to own businesses involved in the importation and franchised distribution in the United Kingdom, Ireland, Sweden, Finland and France of Japanese and Korean motor vehicles and parts.

The director is satisfied with the company's results for the year.

The company intends to continue and expand its present activities.

Director and his interests

The director of the company and his interest in the shares of the company, during the year was:

	Ordinary shares of £1 each	
	31 December 2002	1 January 2002
R N Edmiston	-	-

Mr R N Edmiston held 100% of the issued shares of the ultimate parent company throughout the year.

Director's responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

R J Browning
Secretary

Date 30 May 2003

I.M. GROUP (1991) LIMITED

Report of the independent auditors

To the shareholder of I.M. Group (1991) Limited

We have audited the financial statements of I.M. Group (1991) Limited for the year ended 31 December 2002 on pages 5 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of director and auditors

The director's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities.

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 director 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

Date 30 May 2003

I.M. GROUP (1991) LIMITED

Profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover	2	**245,376**	245,376
Cost of sales		**-**	-
Gross profit		**245,376**	245,376
Administrative expenses		**(107,214)**	(107,214)
Operating profit	3	**138,162**	138,162
Investment income, other interest receivable and similar income	4	**-**	34,000
Interest payable and similar charges	5	**(67,004)**	(47,517)
Profit on ordinary activities before taxation		**71,158**	124,645
Taxation on profit from ordinary activities	7	**19,201**	(33,413)
Retained profit for the year	15	**90,359**	91,232

All amounts relate to continuing activities.

There were no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

I.M. GROUP (1991) LIMITED

Balance sheet at 31 December 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	8		**1,811,087**		1,918,301
Investments	9		**19,188**		19,188
			1,830,275		1,937,489
Current assets					
Debtors	10	**2,221,948**		2,221,948	
		2,221,948		2,221,948	
Creditors: amounts falling due within one year	11	**(1,120,384)**		(1,175,538)	
Net current assets			**1,101,564**		1,046,410
Total assets less current liabilities			**2,931,839**		2,983,899
Creditors: amounts falling due after more than one year	12		**-**		(142,419)
Net assets			**2,931,839**		2,841,480
Capital and reserves					
Called up share capital	13		**11,002**		11,002
Profit and loss account	14		**2,920,837**		2,830,478
Shareholders' funds – equity interests	15		**2,931,839**		2,841,480

The financial statements were approved by the Board on 30 May 2003.

R N Edmiston
Director

The notes on pages 7 to 14 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

In preparing these financial statements the company has adopted the following Financial Reporting Standards for the first time:

FRS 18 – Accounting Policies
FRS 19 – Deferred Tax

The adoption of FRS 18 and 19 had no impact on the results of the company.

Turnover

Turnover represents rent receivable.

Depreciation

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

Freehold land	-	Nil
Freehold buildings	-	4% straight line

It is the company's practice to maintain certain freehold land. 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.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1 Accounting policies (Continued)

Group financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of I.M. Group Limited, a company incorporated in Great Britain, and is included in the consolidated financial statements of that company.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	**107,214**	107,214

4 Income from investments, other interest receivable and similar income

	2002	2001
	£	£
Income from subsidiary undertakings	**-**	34,000

5 Interest payable and similar charges

	2002	2001
	£	£
On amounts payable to group undertakings	**48,000**	18,000
On bank loans and overdrafts	**19,004**	29,517
	67,004	47,517

6 Employees

Number of employees
There were no employees during the year apart from the director.

The emoluments of the director are borne by another group company and are shown in the financial statements of that company.

7 Taxation on profit on ordinary activities

	2002 £	2002 £	2001 £	2001 £
Current tax				
UK corporation tax on profits of the year	**14,212**		33,413	
Adjustment in respect of previous periods	**(33,413)**		-	
Total current tax		**(19,201)**		33,413
Taxation on profit on ordinary activities		**(19,201)**		33,413

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

	2002 £	2001 £
Profit on ordinary activities before tax	**71,158**	124,645
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 – 30%)	**21,347**	37,394
Effects of:		
Income not taxable for tax purposes	**(7,135)**	(3,981)
Adjustment to tax charge in respect of previous periods	**(33,413)**	-
Current tax charge for period	**(19,201)**	33,413

8 Tangible fixed assets	Freehold Land and Buildings £
Cost	
At 1 January 2002 and at 31 December 2002	**3,055,350**
Depreciation	
At 1 January 2002	1,137,049
Charge for the year	107,214
At 31 December 2002	**1,244,263**
Net book value	
At 31 December 2002	**1,811,087**
At 31 December 2001	1,918,301

9 Fixed asset investments	Shares in subsidiary undertakings £
Cost	
At 1 January 2002 and 31 December 2002	**19,188**

In the opinion of the director, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

9 Fixed asset investments *(Continued)*

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies.

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
International Motors Limited	Great Britain	All	100
I.M. Holdings Limited	Great Britain	Ordinary	100
I.M. Aviation Limited	Great Britain	Ordinary	100
I.M. Financial Services Limited*	Great Britain	Ordinary	100
Subaru (UK) Limited*	Great Britain	Ordinary	100
Isuzu (UK) Limited*	Great Britain	Ordinary	100
SsangYong Motor Distributors Limited*	Great Britain	Ordinary	100
I.M. Parts and Service Limited*	Great Britain	Ordinary	100
Vehicle Imports Limited*	Isle of Man	Ordinary	100
I.M. Truck (UK) Limited*	Great Britain	Ordinary	100
I.M. Truck Limited*	Guernsey	Ordinary	100
International Motor Parts and Service Ltd	Great Britain	Ordinary	100
IM Automotive Limited*	Ireland	Ordinary	100
I.M. France SAS*	France	Ordinary	100
Isuzu Vehicle Distribution (France) SAS*	France	Ordinary	100
I.M. Suomi Oy*	Finland	Ordinary	100
Subaru (Sverige) Ab*	Sweden	Ordinary	100
Daihatsu (Sverige) Ab*	Sweden	Ordinary	100
Daecar Ab*	Sweden	Ordinary	100
International Motors (Nordic) Ab*	Sweden	Ordinary	100
I.M. Truck (PVT) Limited*	Zimbabwe	Ordinary	100
Haseley Business Centre Limited	Great Britain	Ordinary	100
Daihatsu (UK) Limited*	Great Britain	Ordinary	100
Daihatsu Vehicle Distributors Limited*	Great Britain	Ordinary	100

*Held by a subsidiary undertaking

Associated undertakings			
International Motors Finance Limited*	Great Britain	Ordinary 'A' shares	-
		Ordinary 'B' shares	100

*Held by a subsidiary undertaking

10 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	**2,006,776**	2,006,776
Other debtors	**215,172**	215,172
	2,221,948	2,221,948

All amounts shown under debtors are due for payment within one year.

11 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	**142,419**	130,996
Amounts owed to group undertakings	**929,643**	977,019
Corporation tax	**14,212**	33,413
Accruals and deferred income	**34,110**	34,110
	1,120,384	1,175,538

12 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loans	-	142,419
Analysis of loans		
Wholly repayable within five years	**142,419**	273,415
	142,419	273,415
Included in current liabilities	**(142,419)**	(130,996)
	-	142,419
Loan maturity analysis		
Between one and two years	-	142,419

12 Creditors: amounts falling due after more than one year *(Continued)*

In 1997 the group entered into an arrangement with the Bank of America International Limited ("the Bank"), whereby lease rentals receivable for seven years from group undertakings on certain freehold properties have been assigned to the Bank. The group has given a guarantee to the Bank that the lessees will meet their rental obligations. In return for assigning the lease rentals, the group received a consideration of £0.8m.

In accordance with Financial Reporting Standards No.4 and 5, the amount advanced by the Bank has been treated as a loan and the finance costs recognised in the profit and loss account, at a constant rate on the carrying amount of the loan. The rate of interest implicit in the transaction is fixed at 8.45%.

13 Share capital

	Authorised		Allotted, called up and fully paid	
	2002	2001	**2002**	2001
	£	£	**£**	£
11,002 Ordinary shares of £1 each	**11,002**	11,002	**11,002**	11,002

14 Statement of movements on profit and loss account

	£
Balance at 1 January 2002	2,830,478
Retained profit for the year	90,359
At 31 December 2002	**2,920,837**

15 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Profit for the financial year	**90,359**	91,232
Opening shareholders' funds	**2,841,480**	2,750,248
Closing shareholders' funds	**2,931,839**	2,841,480

16 Contingent liabilities

The company has entered into unlimited cross-guarantees with group undertakings and companies under common control guaranteeing for each undertaking bank overdrafts and other facilities available which have group limits of £58.5m (2001 - £58.6m).

17 Control

The ultimate and immediate parent company is I.M. Group Limited, a company incorporated in Great Britain. I.M. Group Limited owns 100% of the issued share capital of I.M. Group (1991) Limited.

Group financial statements for I.M. Group Limited are available to the public on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The ultimate controlling party is Mr R N Edmiston, who owns 100% of the issued share capital of I.M. Group Limited, the ultimate parent company.

18 *Related party transactions*

The company has taken advantage of the exemption from disclosing transactions with undertakings in which 90% or more of the voting rights are controlled by I.M. Group Limited. These undertakings' results have been included within the consolidated financial statements of I.M. Group Limited.