John Martin Holdings Limited

Annual report and accounts

for the year ended 3 March 2002

Registered Number 047191



Behind Every Car, A Company That Cares

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Behind Every Car, A Company That Cares

John Martin Holdings Limited

Directors and Advisors for the year ended 3 March 2002

Directors
J Martin
Mrs VE Martin
G Nisbet
DG MacGregor
PA Nelson

Secretary
JS Martin

Registered office
6 Bankhead Avenue
Edinburgh
EH11 4HD

Registered number: 047191

Auditors
PricewaterhouseCoopers
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Bankers
Bank of Scotland
PO Box 5
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Edinburgh
EH1 1YZ

Solicitors
Anderson Strathern WS
48 Castle Street
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EH2 3LX

John Martin Holdings Limited

Directors' report for the year ended 3 March 2002

The directors present their report on the affairs of the group together with the accounts and auditors' report for the year ended 3 March 2002.

Principal activity
The principal activity of the group is the trade of motor dealing and related operations, and property development. The subsidiary undertakings and quasi-subsidiaries principally affecting the profits or net assets of the group in the year are listed in note 7 to the accounts.

Results and dividends
The group profit on ordinary activities before taxation amounted to £1,115,000 (2001: £86,000).

The directors do not recommend payment of a dividend (2001: £Nil) and the retained profit for the year has been transferred to reserves.

The group results for the year are set out in the consolidated profit and loss account on page 6.

Review of the business

Strong demand for new cars has helped turnover increase by nearly 24% whilst profits rose to a more credible £1.1m from £86k previously. Core gearing also improved.

The group has a clear strategy to expand with our chosen partners both in the premier brand and volume sectors. Rolls-Royce have awarded the group their franchise from early 2003 at our BMW outlet in Edinburgh. We also intend to open a new BMW/ Mini outlet in Selkirk to service the Borders. Our new Volvo dealership in the centre of Glasgow close to the M8 opens in June 2002. We purchased our third Suzuki site in Selkirk during the year. Our management contract for Vauxhall in Aberdeen continues to work well for both parties turning round a substantial loss to a small profit in some 16 months. We have taken a major step with Citroen adding Stirling and East of Edinburgh to our existing West of Edinburgh and Dundee sites making us the main Citroen dealer in the East of Scotland. Aftersales continues to improve with both service and parts exceeding budget.

We look forward confidently to further improvements next year.

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation
The group operates a policy of full consultation with employees. This takes place through regular meetings with members of staff and through the distribution to all staff of the group's newsletter.

Directors' report for the year ended 3 March 2002 (continued)

Corporate governance
Whilst as a private limited company there is no requirement to comply with the recommendations contained in the Principles of Good Governance and Code of Best Practice ("the Combined Code"), the Board has decided to move towards the adoption of as many of the recommendations as are practical.

The Board
The Board meets regularly throughout the year, usually quarterly, and as necessary for any matters arising at other times. It is responsible for overall strategy, acquisition and disposal of major assets, authorisation of all significant legal transactions and the setting of authorisation limits.

It is the intention of the Board to appoint an independent, experienced non-executive director when practical. No non-executive director is currently appointed. It is also the intention of the Board to re-constitute the previously operated Audit Committee, once a non-executive director has been appointed. The Board has previously approved the terms of reference of the Audit Committee.

All the directors are able, if necessary, to take independent professional advice at the company's expense.

Internal Controls
The Board is responsible for maintaining adequate systems of internal control and has established procedures which are designed to provide effective internal control.

The work of Internal Audit is monitored, and their scope, quality and results are reported to senior management.

The Group operates a comprehensive budgeting and financial reporting system which, as a matter of routine, compares actual results to budget and to prior year. Daily operating controls showing sales and gross profit are available to senior management. Management accounts are prepared on a monthly basis and variances from budget are investigated. Control procedures operate across the Group to help ensure the integrity of the Group's accounts and that capital expenditure is duly authorised.

Going Concern
The Directors, having made enquires, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the accounts.

Policy on payment of creditors
It is the Group's policy to settle all debts with its creditors on a timely basis taking account of the credit period given by each supplier.

Directors' report for the year ended 3 March 2002 (continued)

Directors and their interests

The directors who served during the year, together with their interests in the share capital of the company, are shown below:

	"A" Ordinary shares of £1 each	
	2002	2001
J Martin		1,700,000
Mrs V E Martin		1,700,000
G Nisbet		-
D G MacGregor		-
P A Nelson		-

In addition to the above, at 3 March 2002 1,700,000 "B" ordinary shares (2001: 1,700,000) were held in trust for the benefit of the children of Mr and Mrs J Martin. The directors who served during the year had no other interests in the shares of group companies.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and group and the group's profit or loss for that period. In preparing those accounts, the directors are 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 departures disclosed and explained in the accounts; and
- prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are 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

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board

JS Martin
Secretary

23rd September 2002

Independent Auditors' report to the members of John Martin Holdings Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cashflow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 directors' 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 directors' remuneration and transactions is not disclosed.

Basis of audit 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 statements. It also includes an assessment of the significant estimates and judgements made by the directors 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 group and company's affairs at 3 March 2002 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Edinburgh

23rd September 2002

John Martin Holdings Limited

Consolidated profit and loss account for the year ended 3 March 2002

	Notes	2002 Acquired operations £'000	2002 Continuing operations £'000	2002 £'000	Restated * 2001 £'000
Turnover	2	9,525	172,832	**182,357**	147,224
Cost of sales		(9,352)	(146,751)	**(156,103)**	(125,182)
Gross profit		173	26,081	**26,254**	22,042
Selling and administration expenses		(165)	(22,973)	**(23,138)**	(19,920)
Operating profit		8	3,108	**3,116**	2,122
Interest payable and similar charges	3			**(2,001)**	(2,036)
Profit on ordinary activities before taxation	4			**1,115**	86
Tax on profit on ordinary activities	6			**(155)**	(74)
Profit for the financial year	17			**960**	12

The only recognised gains and losses for the year is the profit for the financial year of £960,000 (2001: £12,000). A prior year adjustment to the profit and loss account of £38,000 (refer note 1) has also been recognised since the last annual report.

* The reason for statement is disclosed in note 1.

The notes on pages 11 to 25 form part of these accounts.

John Martin Holdings Limited

Consolidated balance sheet as at 3 March 2002

	Notes	2002 £'000	Restated * 2001 £'000
Fixed assets			
Intangible assets	8	**100**	-
Tangible assets	9	**17,646**	16,500
Investments		**18**	18
		17,764	16,518
Current assets			
Stocks	10	**13,490**	14,280
Debtors	11	**15,129**	11,022
Cash at bank and in hand		**7**	31
		28,626	25,333
Creditors: (amounts falling due within one year)	12	**(25,001)**	(24,510)
Net current assets		**3,625**	823
Total assets less current liabilities		**21,389**	17,341
Creditors: (amounts falling due after more than one year)	13	**(13,000)**	(10,000)
Provisions for liabilities and charges	14	**(161)**	(73)
Net assets		**8,228**	7,268
Capital and reserves			
Called up share capital	15	**5,100**	5,100
Profit and loss account	17	**3,128**	2,168
Equity shareholders' funds	18	**8,228**	7,268

Approved by the Board on 23rd September 2002.

G Nisbet
Director

* The reason for statement is disclosed in note 1.

The notes on pages 11 to 25 form part of these accounts.

John Martin Holdings Limited

Company balance sheet as at 3 March 2002.

	Notes	2002 £'000	Restated * 2001 £'000
Fixed assets			
Investments	7	**21,509**	12,535
Current assets			
Debtors	11	**8,538**	1,632
Cash at bank and in hand		**-**	9,037
		8,538	10,669
Creditors: (amounts falling due within one year)	12	**(6,873)**	(3,990)
Net current assets		**1,665**	6,679
Total assets less current liabilities		**23,174**	19,214
Creditors: (amounts falling due after more than one year)	13	**(13,000)**	(10,000)
Net assets		**10,174**	9,214
Capital and reserves			
Called up share capital	15	**5,100**	5,100
Revaluation reserve	16	**6,424**	5,108
Profit and loss account – (deficit)	17	**(1,350)**	(994)
Equity shareholders' funds		**10,174**	9,214

* The reason for statement is disclosed in note 1.

The notes on pages 11 to 25 form part of these accounts.

John Martin Holdings Limited

Consolidated cash flow statement for the year ended 3 March 2002

	Notes	2002 £'000	2001 £'000
Net cash inflow from operating activities	19	**2,814**	2,683
Returns on investments and servicing of finance			
Interest paid		**(2,001)**	(2,036)
Taxation			
Corporation tax paid		**(17)**	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(1,729)**	(1,726)
Disposals of tangible fixed assets		**208**	1,613
Repayment of loan made to related party (Note 22)		-	2,507
Loan advanced to related party (Note 22)		**(856)**	-
Net cash (outflow)/inflow from capital expenditure and financial investment		**(2,377)**	2,394
Acquisitions			
Acquisition of franchise operations		**(592)**	-
Cash (outflow)/inflow before financing		**(2,173)**	3,041
Financing			
Proceeds from bank loan		**3,000**	-
Increase in cash in the year		**827**	3,041

The notes on pages 11 to 25 form part of these accounts.

John Martin Holdings Limited

Statement of total recognised gains and losses for the year ended 3 March 2002

	2002	Restated * 2001
	£'000	£'000
Company		
Loss for the year	**(356)**	(198)
Increase in underlying net assets of subsidiary undertakings	**1,316**	210
Total recognised gains and losses relating to the year	**960**	12

* The reason for statement is disclosed in note 1.

The notes on pages 11 to 25 form part of these accounts.

Notes to the financial statements for the year ended 3 March 2002

1 Statement of accounting policies

A summary of the principal accounting policies, which with exception of deferred tax, have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounting
The accounts are prepared under the historical cost convention as modified by the revaluation of fixed asset investments, and in accordance with applicable accounting standards.

Basis of consolidation
The group accounts consolidate the accounts of the company, its subsidiary undertakings and quasi-subsidiary for the year ended 3 March 2002.

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account has not been presented for the company. Of the consolidated loss for the financial year, a loss of £356,000 (2001: £198,000) is dealt with in the accounts of the company.

Turnover
Turnover represents the amount receivable for goods and services sold, net of trade discounts and VAT.

Goodwill
Purchased goodwill represents the difference between the value of business acquired and the aggregate of the fair values of their separable net assets. Goodwill is amortised in the profit and loss account on a straight line basis over its estimated useful life of 5 years.

Tangible fixed assets
Tangible fixed assets are shown at cost less depreciation. Depreciation is provided at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold property	Over the lease term
Heritable property (excluding land)	See below
Fixtures and fittings	5 years
Computer equipment	3 years
Motor vehicles	4 years

In the case of Heritable Property, depreciation is only provided where a material reduction in value is considered by the directors to be probable at the end of the period of occupation.

Fixed asset investments
Investments in subsidiary undertakings in the company's balance sheet are stated at valuation such that the value shown reflects the underlying net assets of each subsidiary undertaking. The movement in the underlying net assets of subsidiary undertakings since the dates of their acquisition is reflected in the company's revaluation reserve. Other investments are recorded at cost.

Notes to the financial statements for the year ended 3 March 2002 (continued)

1 Statement of accounting policies (continued)

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost comprises those costs incurred in bringing stock to its present location and condition, including purchase, delivery and preparation costs. Vehicle stock cost is determined on an actual unit basis; parts and consumables stock cost is determined on a first-in first-out basis.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on disposal. Provision is made for obsolete, slow-moving and defective items where appropriate.

Stocks include repurchase commitments on vehicles where the residual price is predetermined. The corresponding liabilities are included in creditors.

Taxation
Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax was previously written-off when recoverability against corporation tax payable was not considered to be reasonably assured. Credit is taken for advance corporation tax previously written-off when it is subsequently recovered against corporation tax liabilities.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the accounts of the recipient undertaking. No charge is made for the surrender of losses between group undertakings.

During the year the group implemented the requirements of FRS 19 Deferred Taxation. As a result deferred taxation is now calculated on the full provision basis. Deferred taxation is provided at appropriate rates on timing differences that have originated but not reversed at the balance sheet date. This has resulted in a deferred tax liability of £38,000 being recognised by the group as at 4 March 2000 with an equivalent adjustment being made to reserves. Comparative figures for 2001 have been restated accordingly. The impact of implementing the new policy was to increase the current year tax charge by £88,000 (2001: £35,000).

Pensions
The group operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions payable in the year (as shown in note 5).

Notes to the financial statements for the year ended 3 March 2002 (continued)

2 Segmental Analysis

The analysis of turnover and profit before tax by class of business is set out below:

	2002	2001
Turnover	**£'000**	£'000
Motor dealing and related operations	**182,149**	145,580
Property development	**208**	1,644
	182,357	147,224

	2002	2001
Profit/(loss) on ordinary activities before taxation	**£'000**	£'000
Motor dealing and related operations	**1,105**	(508)
Property development	**10**	594
	1,115	86

Turnover and profit before tax is derived wholly in the UK.

3 Interest payable and similar charges

	2002	2001
	£'000	£'000
On bank loans and overdrafts	**1,203**	822
Other interest	**798**	1214
	2,001	2,036

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002	2001
	£'000	£'000
Staff costs (Note 5)	**17,809**	16,735
Auditors' remuneration	**50**	50
Depreciation	**716**	659
Operating lease rentals	**535**	154

In addition to the auditors' remuneration shown above, fees to the auditors for non-audit services during the year ended 3 March 2002 amounted to £28,000 (2001: £27,000).

Notes to the financial statements for the year ended 3 March 2002 (continued)

5 Staff costs

Particulars of employees (including directors) are shown below:

	2002	2001
	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	**16,087**	15,115
Social security costs	**1,409**	1,340
Other pension costs	**313**	280
	17,809	16,735

The average number of employees during the period was as follows:

	2002	2001
Number of employees	**921**	914

Directors' remuneration

Directors' remuneration in respect of the directors of the company comprises:

	2002	2001
	£'000	£'000
Remuneration for management services	**561**	410
Pension contributions	**8**	10

Highest paid director

	2002	2001
	£'000	£'000
Emoluments	**270**	131
Pension contributions	**-**	2

Retirement benefits are accruing to 3 (2001: 4) directors under the defined contribution scheme in respect of their services to the company.

6 Tax on profit on ordinary activities

The tax charge for the year comprises:	2002	(restated) 2001
	£'000	£'000
Current year		
Corporation tax	73	39
Deferred tax	228	35
	301	74
Prior year		
Corporation tax	(6)	-
Deferred tax	(141)	-
	155	74

The difference between the current year effective tax rate of 27% and the standard rate of 30% is primarily a result of the utilisation of Advance Corporation Tax previously written off.

7 Investments

The company's investments in subsidiary undertakings comprise:

	2002	2001
	£'000	£'000
Cost	15,085	7,427
Revaluation to reflect the underlying net assets of subsidiary undertakings	6,424	5,108
	21,509	12,535

The movement in the year was as follows:-

	2002	2001
	£'000	£'000
Beginning of year	12,535	12,251
Additional investment made in subsidiary undertakings	7,658	-
Increase in the underlying net assets of subsidiary undertakings	1,316	284
End of year	21,509	12,535

Notes to the financial statements for the year ended 3 March 2002 (continued)

7 Investments (continued)

Principal subsidiary undertakings and quasi-subsidiaries included in the group accounts are as follows:

Subsidiary undertakings	Class of shares held	Nature of business
John Martin Group Limited	Ordinary	Motor Retail
John Martin Assets Limited	Ordinary	Property
Dunedin Motor Company Limited	Ordinary	Motor Retail
John Martin Accident Repairs Limited	Ordinary	Motor Repairers
Perimeter Technology Limited	Ordinary	IT Sevices
Quasi-subsidiaries		
Caledonian Direct Rentals Limited		Car Rental

Subsidiary undertakings
All subsidiary undertakings listed above are wholly owned. Subsidiary undertakings which are non-trading or dormant are not listed above.

Quasi-subsidiaries
Caledonian Direct Rentals Limited, a car rental company in which the group has no direct shareholding, is considered to be a quasi-subsidiary. All of the operating staff and the Board of Directors of Caledonian Direct Rentals Limited comprise employees of the John Martin Holdings Limited group. Summarised financial information for Caledonian Direct Rentals Limited for the year ended 3 March 2002 is provided below.

Profit and loss account – Caledonian Direct Rentals Limited

	2002	2001
	£'000	£'000
Turnover	**280**	2,693
Cost of sales	**(280)**	(2,978)
Gross loss	-	(285)
Selling and administration expenses	-	-
Operating loss	-	(285)
Interest payable and similar charges	**(1)**	(24)
Loss on ordinary activities before taxation	**(1)**	(309)
Tax on loss on ordinary activities	**(1)**	1
Loss for the financial year	**(2)**	(308)

There are no recognised gains and losses other than the loss for the year. All operations are continuing.

Notes to the financial statements for the year ended 3 March 2002 (continued)

7 Investments (continued)

Balance sheet – Caledonian Direct Rentals Limited

	2002	2001
	£'000	£'000
Current assets	**1,159**	54
Creditors: amounts falling due within one year	**(1,455)**	(348)
Net (liabilities)/assets	**(296)**	(294)
Capital and reserves:		
Called up share capital	-	-
Profit and loss account – (deficit)	**(296)**	(294)
Total shareholders' funds – (deficit)	**(296)**	(294)

Cash flow statement – Caledonian Direct Rentals Limited

	2002	2001
	£'000	£'000
Net cash (outflow)/inflow from operating activities	**(1,199)**	(1,235)
Returns on investments and servicing of finance		
Interest paid	**(1)**	(24)
Taxation		
Corporation tax paid	**1**	-
(Decrease)/Increase in cash in the year	**(1,199)**	(1,259)

8 Intangible assets

John Martin Group Limited (a subsidiary of John Martin Holdings Limited) acquired £100,000 of Goodwill as a result of the purchase of motor retail franchise operations (see note 20).

9 Tangible fixed assets

Group
The movement in tangible fixed assets during the year was as follows:

	Leasehold property	Heritable property	Fixtures and other equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 4 March 2001	983	13,700	7,969	520	23,172
Additions	18	1,353	661	27	2,059
Disposals	-	(196)	(2)	-	(198)
At 3 March 2002	**1,001**	**14,857**	**8,628**	**547**	**25,033**
Depreciation					
At 4 March 2001	183	211	5,986	292	6,672
Charge for the year	25	-	658	33	716
Disposals	-	(1)	-	-	(1)
At 3 March 2002	**208**	**210**	**6,644**	**325**	**7,387**
Net book value					
At 3 March 2002	**793**	**14,647**	**1,984**	**222**	**17,646**
Net book value					
At 3 March 2001	800	13,489	1,983	228	16,500

Interest capitalised on the development of heritable properties during the year was £27,000 (2001: £13,000).
The cumulative amount of interest capitalised in the total cost amounts to £40,000 (2001: £13,000).

The group's bank borrowings are secured by standard securities over the group's tangible fixed assets.

Company
The company owns no tangible fixed assets (2001: £Nil).

10 Stocks

The following are included in the net book value of stocks:

	Group	
	2002	2001
	£'000	£'000
Parts and consumables	**1,830**	1,774
Motor vehicles	**9,509**	8,255
Repurchase vehicles	**2,151**	4,251
	13,490	14,280

The group also held £20,063,253 (2001 £12,828,000) of vehicles on consignment from manufacturers which are not included in the balance sheet as they are not considered to be assets of the group.

In the opinion of the directors the replacement cost of stocks at 3 March 2002 and 3 March 2001 is not materially different from their balance sheet value.

11 Debtors

The following are included in debtors:

	Group		Company	
				Restated
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**11,219**	8,419	**-**	-
Amounts owed by group undertakings	**-**	-	**8,060**	1,445
Corporation tax recoverable	**-**	70	**-**	-
Deferred tax asset	**-**	-	**205**	145
Group relief receivable	**-**	-	**179**	-
Prepayments and accrued income	**1,764**	1,049	**-**	-
Other debtors (Note 22)	**2,146**	1,484	**94**	42
	15,129	11,022	**8,538**	1,632

12 Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Bank overdraft	**5,996**	6,847	-	-
Trade creditors	**12,816**	8,804	-	-
Vehicle repurchase creditors	**2,151**	4,251	-	-
Amounts owed to subsidiary undertakings	-	-	*6,748*	*3,864*
Other taxes and social security	**1,551**	1,207	-	-
Accruals and deferred income	**1,810**	2,854	**125**	126
Other creditors	**658**	508	-	-
Corporation tax payable	*19*	*39*	-	-
	25,001	24,510	**6,873**	3,990

The bank borrowings are secured by a bond and floating charge over the assets of certain group undertakings.

Other creditors comprise an interest free loan of £658,000 (2001: £508,000) made to the group by Mr J Martin, a director of the company. The loan has no fixed repayment terms and is considered to be repayable on demand.

13 Creditors: amounts falling due after more than one year

The following are included in creditors falling due after more than one year:

	Group		Company	
	2002	2001	**2002**	2001
	£'000	*£'000*	***£'000***	*£'000*
Term loan	**3,000**	-	**3,000**	-
Acceptance credits	**10,000**	10,000	**10,000**	10,000
	13,000	10,000	**13,000**	10,000

The acceptance credit facilities are available until April 2003. Interest is payable on the amount drawn down in line with daily Bank of England term rates.

The Term Loan is repayable over six years, with the final repayment date being 19 February 2008.

Notes to the financial statements for the year ended 3 March 2002 (continued)

14 Provisions for liabilities and charges

	Group	
		Restated
Deferred Tax	**2002**	2001
	£'000	£'000
Balance at start of year (restated)	**73**	38
Charged to profit and loss during the year	**88**	35
Balance at end of year	**161**	73

	Group	
		Restated
The deferred tax balance comprises:	**2002**	2001
	£'000	£'000
Liability/(asset)		
Accelerated capital allowances	**383**	380
Unutilised trading losses	**(17)**	(162)
Unutilised non-trade debits	**(205)**	(145)
	161	73

In addition to the net deferred tax liability above, potential deferred tax assets totalling £344,000 relating to unutilised trading losses existed at 3 March 2002 (2001: £334,000). These assets have not been recognised, as their utilisation is not considered to be sufficiently foreseeable.

15 Called-up share capital

	2002	2001
	£'000	£'000
Authorised:		
"A" Ordinary shares of £1 each	**4,000**	4,000
"B" Ordinary shares of £1 each	**2,000**	2,000
	6,000	6,000
Allotted, called-up and fully-paid:		
"A" Ordinary shares of £1 each	**3,400**	3,400
"B" Ordinary shares of £1 each	**1,700**	1,700
	5,100	5,100

The "A" and "B" ordinary shares carry the same rights, including voting rights and rights to dividends.

16 Revaluation reserve

The movement during the year comprises:

	Company
	£'000
Beginning of year	5,108
Increase in the underlying net assets of subsidiary undertakings	1,316
End of year	6,424

17 Profit and loss account

The movement during the year comprises:

	Group	Company
	£'000	£'000
Beginning of year (restated)	**2,168**	**(994)**
Profit/(loss) for the year	**960**	**(356)**
End of year	**3,128**	**(1,350)**

18 Reconciliation of movements in group shareholders' funds

	Group	
		Restated
	2002	2001
	£'000	£'000
Profit for the year	**960**	12
Opening shareholders' funds (originally £7,341,000 before deducting prior year adjustment of £73,000 – note 1)	**7,268**	7,256
Closing shareholders' funds	**8,228**	7,268

19 Cash flow information

Reconciliation of operating profit to operating cash flows

	2002	2001
	£'000	£'000
Operating profit	**3,116**	2,122
Depreciation	**716**	659
Gain on sale of fixed assets	**(10)**	(594)
Decrease in stocks	**790**	2,054
Increase in debtors	**(3,537)**	(1,328)
Increase/(decrease) in creditors	**1,739**	(230)
Net cash inflow from operating activities	**2,814**	2,683

Reconciliation of net cash flow to movement in net debt

	2002	2001
	£'000	£'000
Increase in cash in the year	**827**	3,041
Movement in debt due after one year	**(3,000)**	-
Movement in net debt in the year	**(2,173)**	3,041
Net debt at beginning of year	**(16,816)**	(19,857)
Net debt at end of year	**(18,989)**	(16,816)

Analysis of changes in net debt

	At 04/03/01	Cash Flows	At 03/03/02
	£'000	£'000	£'000
Cash in hand and at bank	31	(24)	**7**
Overdraft	(6,847)	851	**(5,996)**
	(6,816)	827	**(5,989)**
Debt due after one year:			
Term loan	-	(3,000)	**(3,000)**
Acceptance credits	(10,000)	-	**(10,000)**
Total	(16,816)	(2,173)	**(18,989)**

20 Acquisitions

John Martin Group Limited (a subsidiary of John Martin Holdings Limited) acquired three franchises during the year. The operating assets and liabilities of these operations were:

	Book value
	£'000
Fixed assets	**330**
Stock	**186**
Debtors	**5**
Creditors	**(29)**
	492
Purchase consideration	**592**
Goodwill	**100**

The fair value of the assets purchased is not considered to be materially different to the book value that the assets were purchased for.

21 Guarantees and other financial commitments

Capital commitments
The group had no authorised and contracted capital commitments at 3 March 2002 (2001: £Nil).

Contingent liabilities
Certain group undertakings have guaranteed the bank overdrafts of other undertakings in the group. The amount outstanding at 3 March 2002 was £18,989,000 (2001: £16,847,000).

The company is registered for VAT purposes in a group of companies which share a common registration number. As a result it has jointly guaranteed the VAT liability of the group and financial failure by other members of the group would give rise to additional liabilities for the company.

Certain subsidiary undertakings of the company have provided guarantees, transaction related guarantees or Assignations in Security in respect of amounts due under finance facilities provided by vehicle manufacturers.

Lease commitments
At 3 March 2002 the group had annual commitments for land and property under operating leases as follows:

	2002	2001
	£'000	£'000
Expiring within one year	**61**	-
Expiring between two and five year inclusive	**50**	-
Expiring after five years	**404**	81
	515	81

Notes to the financial statements for the year ended 3 March 2002 (continued)

22 Related party transactions

The group has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures", from the need to disclose transactions between group entities that have been eliminated on consolidation in these group accounts.

Included within prepayments and other debtors (Note 11) at 3 March 2002 are amounts totalling £1,576,000 (2001: £720,000) due from the Strathearn Group, a group with common ownership. During the year the group has raised management charges to Strathearn Group totalling £100,000 (2001: £175,000). The group also occupies several properties that are owned by the Strathearn Group. During the year the group paid rent totalling £342,000 to the Strathearn Group.