

FRUIN MOTORS (HOLDINGS) LIMITED
DIRECTORS' REPORT AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2000



A handwritten signature, possibly "J. J.", consisting of a large loop and a trailing line.

Clements
Chartered Accountants
17 Colquhoun Square
Helensburgh
G84 8AD



FRUIN MOTORS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	R M Prow J Niven
Secretary	R M Prow
Company number	72939
Registered office	135 East Clyde Street Helensburgh G84 7AB
Auditors	Clements, 17 Colquhoun Square, Helensburgh, G84 8AD.

FRUIN MOTORS (HOLDINGS) LIMITED

CONTENTS

	Page
Directors' report	1
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Cash flow statement	5
Notes to the financial statements	6 to 14

FRUIN MOTORS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 2000

The directors present their report and the audited financial statements for the company for the year ended 31st October 2000.

Principal activities and review of business

The company's principal activity continued to be that of the sale of motor fuel together with the sale of motor cars and the carrying out of motor repairs.

Results and dividends

The results for the year are set out in the profit and loss account on page 3.

Dividends

The directors do not recommend a dividend.

Directors and their interests

		At 31st October 2000	At 1st November 1999
R M Prow	Ordinary £1 Shares	38,000	38,000
J Niven	Ordinary £1 Shares	38,000	38,000

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 for that year. In preparing those financial statements the directors are required to:

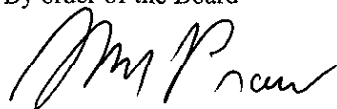
Select suitable accounting policies and then apply them consistently;

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 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.

By order of the Board



R M Prow, Secretary

Date: 30th August 2001

AUDITORS' REPORT TO FRUIN MOTORS (HOLDINGS) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 3 to 14 together with the financial statements of Fruin Motors (Holdings) Limited for the year ended 31st October 2000 prepared under Section 226 of the Companies Act 1985, as amended.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, as amended, and the abbreviated financial statements on pages 3 to 14 are properly prepared in accordance with that provision.



Clements
Chartered Accountants and Registered Auditors
17 Colquhoun Square
Helensburgh
G84 8AD
Date: 30th August 2001

FRUIN MOTORS (HOLDINGS) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST OCTOBER 2000

	Notes	2000 £	1999 £
Gross profit		222,309	335,173
Administrative expenses		(300,101)	(298,910)
Operating loss/profit	2	(77,792)	36,263
Interest receivable	3	15	66
Interest payable and similar charges	4	(38,086)	(23,283)
Loss/Profit on ordinary activities before taxation		(115,863)	13,046
Tax on loss/profit on ordinary activities	6	5,383	(5,396)
Loss/Profit for the financial year		(110,480)	7,650
Retained profit brought forward		292,372	284,722
Retained profit carried forward		181,892	292,372

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.

FRUIN MOTORS (HOLDINGS) LIMITED

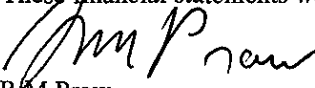
ABBREVIATED BALANCE SHEET

AS AT 31ST OCTOBER 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	7		506,630		524,808
Investments	8		165,091		165,091
			<u>671,721</u>		<u>689,899</u>
Current assets					
Stocks	10	353,440		517,667	
Debtors	11	225,345		199,769	
Current asset investments	9	12,126		-	
Cash at bank and in hand		607		638	
		<u>591,518</u>		<u>718,074</u>	
Creditors: amounts falling due within one year	12	<u>(981,347)</u>		<u>(1,015,601)</u>	
Net current liabilities			<u>(389,829)</u>		<u>(297,527)</u>
Total assets less current liabilities			<u>281,892</u>		<u>392,372</u>
Capital and reserves					
Share capital	15		100,000		100,000
Profit and loss account			181,892		292,372
Shareholders' funds	22		<u>281,892</u>		<u>392,372</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985, as amended, relating to medium-sized companies.

These financial statements were approved by the board on 30th August 2001 and signed on its behalf by:


R M Prow
Director

FRUIN MOTORS (HOLDINGS) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST OCTOBER 2000

	Notes	2000 £	1999 £
Reconciliation of operating loss/profit to net cash flow from operating activities			
Operating loss/profit		(77,792)	36,263
Depreciation		28,826	28,026
Loss on sale of fixed assets		-	835
Decrease/Increase in stocks		164,227	(42,680)
Increase/Decrease in debtors		(20,193)	81,369
Decrease/Increase in creditors		(77,082)	4,834
Net cash inflow from operating activities		17,986	108,647
CASH FLOW STATEMENT			
Net cash inflow from operating activities		17,986	108,647
Returns on investments and servicing of finance	20	(33,527)	(23,217)
Taxation		(5,396)	(14,955)
Capital expenditure and financial investment	20	(10,648)	(136,209)
Cash outflow before use of liquid resources and financing		(31,585)	(65,734)
Management of liquid resources	20	(12,126)	-
Financing	20	(91,949)	47,737
Decrease in cash		(135,660)	(17,997)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(135,660)	(17,997)
Cash outflow from decrease/inflow from increase in net debt and lease financing	21	91,949	(47,737)
Cash outflow from increase in liquid resources.	21	12,126	-
Increase in net debt		(31,585)	(65,734)
Net debt at 1st November 1999	21	(639,366)	(573,632)
Net debt at 31st October 2000		(670,951)	(639,366)

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

1 Accounting policies

Basis of accounting

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

Consolidation

The financial statements contain information about Fruin Motors (Holdings) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements, as the group it heads qualifies as a medium sized group under the terms of Section 249 of the Companies Act 1985.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than land over their expected useful lives. The rates and periods generally applicable are:

Buildings	2% per annum straight line
Plant and Equipment	12.5% per annum straight line
Motor Vehicle	25% per annum reducing balance

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stock and work in progress have been valued by the directors at the lower of cost or net realisable value.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

2 Operating loss

The operating loss is arrived at after charging or crediting:	2000	1999
	£	£
Depreciation of tangible fixed assets:		
-owned assets	28,826	28,026
Loss on disposal of fixed assets	-	835
Auditors' remuneration	8,205	8,279

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

3	Interest receivable	2000	1999
		£	£
	Bank interest receivable	15	66

4	Interest payable and similar charges	2000	1999
		£	£
	Interest payable on bank loans and overdrafts	18,223	10,291
	Interest payable on other loans	19,863	12,992
		38,086	23,283

5 Directors and employees

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

	2000	1999
	£	£
Wages and salaries	347,672	353,362
Social security costs	32,243	35,580
Other pension costs	30,000	30,000
	409,915	418,942

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

	2000	1999
	Number	Number
Management	2	2
Selling and Distribution	24	26
Administration	5	5
	31	33

Directors' emoluments

	2000	1999
	£	£
Directors' emoluments	28,900	37,950
Directors' pension contributions under defined contribution schemes	30,000	30,000
	58,900	67,950

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

6 Taxation

	2000 £	1999 £
Based on the loss/profit for the year:		
UK corporation tax (1999, 20% and 21%)	-	5,396
	-	5,396
Prior periods		
UK corporation tax	(5,383)	-
	(5,383)	5,396

7 Tangible fixed assets

	Land and Buildings £	Plant and Equipment £	Motor Vehicle £	Total £
Cost				
At 1st November 1999	549,674	205,455	1,000	756,129
Additions	4,234	6,414	-	10,648
At 31st October 2000	553,908	211,869	1,000	766,777
Depreciation				
At 1st November 1999	72,349	158,288	684	231,321
Charge for the year	9,864	18,883	79	28,826
At 31st October 2000	82,213	177,171	763	260,147
Net book value				
At 31st October 2000	471,695	34,698	237	506,630
At 31st October 1999	477,325	47,167	316	524,808

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

8 Fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
Cost	£	£	£
At 1st November 1999	158,800	6,291	165,091
At 31st October 2000	<u>158,800</u>	<u>6,291</u>	<u>165,091</u>
Net book value			
At 31st October 2000	<u>158,800</u>	<u>6,291</u>	<u>165,091</u>
At 31st October 1999	<u>158,800</u>	<u>6,291</u>	<u>165,091</u>

The cost of shares in group undertakings includes £75,000 in respect of the shares held in Alexander Rankine Limited. The Balance Sheet of Alexander Rankine Limited as at 31st October, 2000 discloses net liabilities of £116,412 (note 18). The heritable property owned by Alexander Rankine Limited is included in the Balance Sheet of that company at historical cost. In the opinion of the Directors the market value of the heritable property exceeds cost such that the net liability position of Alexander Rankine Limited would be negated.

9 Current asset investments

	2000	1999
	£	£
UK Listed Investments	12,126	-
	<u>12,126</u>	<u>-</u>

Market value of listed investments at 31st October, 2000 £6,870 (1999: £nil).

10 Stocks

	2000	1999
	£	£
Goods for resale	<u>353,440</u>	<u>517,667</u>

11 Debtors

	2000	1999
	£	£
Trade debtors	147,319	122,701
Amounts owed by associated undertakings	51,878	47,657
Other debtors	5,383	-
Prepayments and accrued income	20,581	28,920
Directors' loan accounts (Note 17)	184	491
	<u>225,345</u>	<u>199,769</u>

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

12	Creditors: amounts falling due within one year	2000	1999
		£	£
	Other loans due within one year (Note 13)	50,000	86,250
	Bank loans and overdrafts (Note 13)	633,684	498,055
	Trade creditors	255,788	297,647
	Amounts owed to related undertaking (Note 13)	-	55,699
	Corporation tax	-	5,396
	Other taxes and social security	6,761	19,945
	Other creditors	17,082	34,973
	Accruals and deferred income	18,032	17,636
		<u>981,347</u>	<u>1,015,601</u>

13	Loans and Overdrafts	2000	1999
		£	£
	Analysis of loans		
	Other loans	50,000	86,250
	Bank loans and overdraft	633,684	498,055
	Amounts owed to related undertaking	-	55,699
		<u>683,684</u>	<u>640,004</u>

Maturity of debt

In one year or less, or on demand	683,684	640,004
	<u>683,684</u>	<u>640,004</u>

14 Secured creditors

The Company's bank loans and overdrafts are secured by Standard Security over its heritable property at 135 East Clyde Street, Helensburgh.

The other loans totalling £nil (1999; £15,000) are secured by Standard Security over the company's heritable property postponed to the security held by the banks.

There is an Unlimited Inter-company Guarantee, held by the bank, between the company, Alexander Rankine Limited and Lomond Service Station Limited dated 18th October, 2000.

Included in other loans is a loan from R. M. Prow (Motors) Limited - Directors' Pension Scheme of £50,000 (1999, £71,250). This loan is unsecured and bears interest at 3% over Bank base rate and will be repaid within one year.

Included in Bank Loans and Overdrafts are borrowing from Honda Finance amounting to £269,344 (1999; £355,688). These borrowings are secured by a bond and floating charge in favour of Honda Finance over vehicle stocks.

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

15	Share capital	2000 £	1999 £
	Authorised Equity shares		
	1,000,000 Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
	Allotted Equity shares		
	100,000 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

16 Pension scheme

The company operates a defined contribution pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £30,000 (1999 £30,000).

17 Transactions with directors

During the year the company provided loans to directors as follows:

R. M. Prow. The outstanding amounts were as follows: beginning of year: £611; end of year: £4,669; maximum during the year: £7,722.

J. Niven. The outstanding amounts were as follows: beginning of year: £(120); end of year: £(4,485); maximum during the year: £4,480.

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

18 Shares in group undertakings

a) Name of company	Country of incorporation	Ordinary £1 Shares Held	Proportion held by company	Proportion held by subsidiary	Nature of business
Lomond Service Station Limited	Scotland	83,800	100%		Sales of Motor Fuel
Alexander Rankine Limited	Scotland	75,000	100%		Sale of Motor Cars

b) Financial Information regarding subsidiaries:

Year Ended 31st October, 2000

	Net Assets £	Profit/(Loss) £
Lomond Service Station Limited	443,730	112,929
Alexander Rankine Limited	(116,412)	(89,087)

	Net Assets £	Profit/(Loss) £
Year Ended 31st October, 1999		
Lomond Service Station Limited	330,801	88,493
Alexander Rankine Limited	(27,325)	(22,420)

19 Related parties

(1) During the year ended 31 October, 2000, the company sold/charged £25,610 (1999; £23,403), £39,908 (1999; £50,667) and £20,270 (1999; £25,533) for goods, services and management charges to R M Prow (Motors) Limited, Lomond Service Station Limited and Alexander Rankine Limited respectively.

(2) During the year ended 31 October, 2000, the company purchased/incurred expenditure of £46,851 (1999; £49,892) and £11,899 (1999; £15,984) for goods, services and management charges from R M Prow (Motors) Limited and Alexander Rankine Limited respectively.

(3) As at 31 October 2000, the amounts due from/(to) each of the related companies and included in trade Debtors/(Creditors) was as follows:

R M Prow (Motors) Limited	£ 31,723	(1999;£ 11,178)
Alexander Rankine Limited	£ 399	(1999;£ 576)
R M Prow (Motors) Limited	£(59,905)	(1999;£ 2,474)
Alexander Rankine Limited	£ (851)	(1999;£(71))

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

(4) As at 31 October 2000, the inter-company loan amounts due from/(to) each of the related companies was as follows:

Lomond Service Station Limited	£ 47,096 (1999;£(55,699))
Alexander Rankine Limited	£ 4,782 (1999;£ 47,657)
R M Prow (Motors) Limited-Directors' Pension Scheme	£(50,000)(1999;£(71,250))

The directors of the company, R M Prow and J Niven, have controlling interest over all of the above named companies.

20	Gross cash flows	2000	1999
		£	£
	Returns on investments and servicing of finance		
	Interest received	15	66
	Interest paid	(33,542)	(23,283)
		(33,527)	(23,217)
	Capital expenditure and financial investment		
	Payments to acquire tangible fixed assets	(10,648)	(135,938)
	Purchase of investments	-	(271)
		(10,648)	(136,209)
	Management of liquid resources		
	Purchase of other short term investment	(12,126)	-
		(12,126)	-
	Financing		
	Decrease/Increase in other loans due within one year	(36,250)	66,250
	Decrease in amounts owed to undertakings in which the company has a participating interest due within one year	(55,699)	(3,513)
	Decrease in other loans due in more than one year	-	(15,000)
		(91,949)	47,737

FRUIN MOTORS (HOLDINGS) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2000

21 Analysis of changes in net debt

	1999	Cash flows	2000
	£	£	£
Cash at bank and in hand	638	(31)	607
Overdrafts	(498,055)	(135,629)	(633,684)
	(497,417)	(135,660)	(633,077)
Debt due within one year	(141,949)	91,949	(50,000)
	(141,949)	91,949	(50,000)
Current asset investments	-	12,126	12,126
	(639,366)	(31,585)	(670,951)

22 Reconciliation of movement in shareholders' funds

	2000	1999
	£	£
Loss/Profit for the financial year	(110,480)	7,650
Decrease in the shareholders' funds	(110,480)	7,650
Opening shareholders' funds	392,372	384,722
Closing shareholders' funds	281,892	392,372

23 Contingent Liability

As stated at note 14 there is an unlimited inter-company guarantee held by the bank. As at 31st October, 2000 the subsidiary company Alexander Rankine Limited was indebted to the bank to the extent of £537,324.