Company Registration No. 125713 (Scotland)

Morrison Motors (Turriff) Limited

Abbreviated Accounts

For The Year Ended 31 July 2004



MORRISON MOTORS (TURRIFF) LIMITED

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MORRISON MOTORS (TURRIFF) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2004

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

Principal activities and review of the business
The principal activity of the company continued to be that of motor car dealers.

Operating profit for the year, after directors emoluments, amounted to £137,530.

Results and dividends
The results for the year are set out on page 3.

The directors do not recommend payment of an ordinary dividend.

Directors
The following directors have held office since 1 August 2003:

B C Morrison
E J Morrison

Directors' interests
The directors' interests in the shares of the company were as stated below:

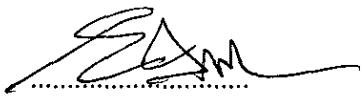
	Ordinary shares of £ 1 each	
	31 July 2004	**1 August 2003**
B C Morrison	*50*	*50*
E J Morrison	50	50

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Johnston Carmichael be reappointed as auditors of the company will be put to the Annual General Meeting.

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.

On behalf of the board



E J Morrison
Director
12 April 2005

MORRISON MOTORS (TURRIFF) LIMITED

INDEPENDENT AUDITORS' REPORT TO MORRISON MOTORS (TURRIFF) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 15, together with the financial statements of the company for the year ended 31 July 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit 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 of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered 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 section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 15 are properly prepared in accordance with that provision.

Johnston Carmichael

Chartered Accountants
Registered Auditor

30 West High Street
Inverurie
AB51 3QR

14 April 2005

MORRISON MOTORS (TURRIFF) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004

	Notes	2004 £	2003 £
Gross profit		1,018,003	1,048,322
Administrative expenses		(880,473)	(643,792)
Operating profit	2	137,530	404,530
Other interest receivable and similar income		-	49
Interest payable and similar charges	3	(6,103)	(10,883)
Profit on ordinary activities before taxation		131,427	393,696
Tax on profit on ordinary activities	4	(28,159)	(90,649)
Profit on ordinary activities after taxation		103,268	303,047
Dividends	5	-	*(80,000)*
Retained profit for the year	14	103,268	223,047

MORRISON MOTORS (TURRIFF) LIMITED

ABBREVIATED BALANCE SHEET
AS AT 31 JULY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	6		348,872		255,830
Current assets					
Stocks	7	3,491,334		2,564,937	
Debtors	8	342,550		253,193	
Cash at bank and in hand		13		298,306	
		3,833,897		3,116,436	
Creditors: amounts falling due within one year	9	(2,036,143)		(1,334,141)	
Net current assets			1,797,754		1,782,295
Total assets less current liabilities			2,146,626		2,038,125
Creditors: amounts falling due after more than one year	10		(225,000)		(225,000)
Provisions for liabilities and charges	11		(34,493)		(29,260)
			1,887,133		1,783,865
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		1,887,033		1,783,765
Shareholders' funds - equity interests	15		1,887,133		1,783,865

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

The financial statements were approved by the Board on 12 April 2005

B C Morrison
Director

E J Morrison
Director

MORRISON MOTORS (TURRIFF) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

	2004		2003	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(686,335)		750,973
Returns on investments and servicing of finance				
Interest received	-		49	
Interest paid	(6,103)		(10,883)	
Net cash outflow for returns on investments and servicing of finance		(6,103)		(10,834)
Taxation		(90,689)		(102,565)
Capital expenditure				
Payments to acquire tangible assets	(153,389)		(25,412)	
Receipts from sales of tangible assets	-		1,455	
Net cash outflow for capital expenditure		(153,389)		(23,957)
Net cash (outflow)/inflow before management of liquid resources and financing		(936,516)		613,617
Financing				
Other new short term loans	77,570		251,572	
Repayment of other short term loans	(166,435)		(220,280)	
Net cash (outflow)/inflow from financing		(88,865)		31,292
(Decrease)/increase in cash in the year		(1,025,381)		644,909

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2004

1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2004	2003
	£	£
Operating profit	137,530	404,530
Depreciation of tangible assets	51,801	46,221
Loss/(profit) on disposal of tangible assets	8,546	(89)
(Increase)/decrease in stocks	(926,397)	194,161
(Increase)/decrease in debtors	(89,357)	205,992
Increase/(decrease) in creditors within one year	131,542	(99,842)
Net cash (outflow)/inflow from operating activities	(686,335)	750,973

2 Analysis of net debt

	1 August 2003	Cash flow	Other non-cash changes	31 July 2004
	£	£	£	£
Net cash:				
Cash at bank and in hand	298,306	(298,293)	-	13
Bank overdrafts	-	(727,088)	-	(727,088)
	298,306	(1,025,381)	-	(727,075)
Debt:				
Debts falling due within one year	(219,757)	88,865	-	(130,892)
Debts falling due after one year	(225,000)	-	-	(225,000)
	(444,757)	88,865	-	(355,892)
Net debt	(146,451)	(936,516)	-	(1,082,967)

3 *Reconciliation of net cash flow to movement in net debt*

	2004	*2003*
	£	£
(Decrease)/increase in cash in the year	(1,025,381)	644,909
Cash outflow/(inflow) from decrease/(increase) in debt	88,865	(31,292)
Movement in net debt in the year	(936,516)	613,617
Opening net debt	(146,451)	(760,068)
Closing net debt	(1,082,967)	(146,451)

MORRISON MOTORS (TURRIFF) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JULY 2004

1 Accounting policies

1.1 *Accounting convention*

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.4 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Permanent improvements	- 10% reducing balance
Plant and machinery	- 15 - 25% reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Vehicle stocks and parts/workshop supplies - purchase cost on a first in, first out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.8 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely *than not they will be recovered. Deferred tax assets and liabilities are not discounted.*

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

2	**Operating profit**	**2004**	**2003**
		£	**£**
	Operating profit is stated after charging:		
	Depreciation of tangible assets	51,801	46,221
	Loss on disposal of tangible assets	8,546	-
	Operating lease rentals	41,705	37,042
	Auditors' remuneration	10,500	8,000
	and after crediting:		
	Profit on disposal of tangible assets	-	(89)

3	**Interest payable**	**2004**	**2003**
		£	**£**
	On bank loans and overdrafts	5,894	10,883
	Other interest	209	-
		6,103	10,883

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

4	Taxation	2004	2003
		£	£
	Domestic current year tax		
	U.K. corporation tax	22,630	90,393
	Adjustment for prior years	296	-
	Current tax charge	22,926	90,393
	Deferred tax		
	Deferred tax charge current year	5,233	256
		28,159	90,649
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	131,427	393,696
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	39,428	118,109
	Effects of:		
	Non deductible expenses	388	1,254
	Depreciation add back	15,540	13,840
	Capital allowances	(22,188)	(12,614)
	Adjustment for prior years	296	-
	Chargeable disposals	2,564	-
	Marginal relief/small company rate	(13,102)	(30,196)
		(16,502)	(27,716)
	Current tax charge	22,926	90,393

5	Dividends	2004	2003
		£	£
	Ordinary final proposed	-	80,000

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

6 Tangible fixed assets

	Permanent improvements	Plant and machinery	Total
	£	£	£
Cost			
At 1 August 2003	111,067	366,353	477,420
Additions	48,579	104,810	153,389
Disposals	-	(28,387)	(28,387)
At 31 July 2004	159,646	442,776	602,422
Depreciation			
At 1 August 2003	59,154	162,436	221,590
On disposals	-	(19,841)	(19,841)
Charge for the year	7,597	44,204	51,801
At 31 July 2004	66,751	186,799	253,550
Net book value			
At 31 July 2004	92,895	255,977	348,872
At 31 July 2003	51,913	203,917	255,830

7 Stocks

	2004	2003
	£	£
Raw materials and consumables	3,441,753	2,530,697
Finished goods and goods for resale	49,581	34,240
	3,491,334	2,564,937

8 Debtors

	2004	2003
	£	£
Trade debtors	217,498	221,970
Loan to connected company	100,000	-
Other debtors	5,545	9,382
Prepayments and accrued income	19,507	21,841
	342,550	253,193

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

9 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	727,088	-
Trade creditors	172,224	127,628
Advance finance commission	130,892	219,757
Corporation tax	22,630	90,393
Other taxes and social security costs	92,364	253,728
Directors' current accounts	382,684	463,760
Other creditors	19,318	45,920
Accruals and deferred income	488,943	52,955
Proposed dividend	-	80,000
	2,036,143	1,334,141

The bank overdraft is secured by a floating charge, guarantees from the directors and standard securities over certain assets of the company. There is also a cross guarantee in place with MVR (Turriff) Limited (see Note 19).

10 Creditors: amounts falling due after more than one year	2004 £	2003 £
Other loans	225,000	225,000
Analysis of loans		
Wholly repayable within five years	355,892	444,757
	355,892	444,757
Included in current liabilities	(130,892)	(219,757)
	225,000	225,000
Loan maturity analysis		
In more than one year but not more than two years	225,000	225,000

The other loan bears no interest as long as certain conditions in relation to finance commision business are met. If these conditions are not met, then the loan may also become repayable on demand.

11 *Provisions for liabilities and charges*

	Deferred tax liability £
Balance at 1 August 2003	29,260
Profit and loss account	5,233
Balance at 31 July 2004	34,493

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	34,493	29,260

12 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2004 £	2003 £
Contributions payable by the company for the year	39,068	39,760

13 Share capital

	2004 £	2003 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

14 *Statement of movements on profit and loss account*

	Profit and loss account £
Balance at 1 August 2003	1,783,765
Retained profit for the year	103,268
Balance at 31 July 2004	1,887,033

15 *Reconciliation of movements in shareholders' funds*

	2004 £	2003 £
Profit for the financial year	103,268	303,047
Dividends	-	*(80,000)*
Net addition to shareholders' funds	103,268	223,047
Opening shareholders' funds	1,783,865	1,560,818
Closing shareholders' funds	1,887,133	1,783,865

16 Contingent liabilities

A cross guarantee to the value of £520,000 has been put in place between the company and MVR (Turriff) Limited in respect of the companys' bank borrowings.

17 *Financial commitments*

At 31 July 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004 £	2003 £
Expiry date:		
Within one year	35,000	35,000
Between two and five years	7,000	-
	42,000	35,000

18 Directors' emoluments	2004	2003
	£	£
Emoluments for qualifying services	485,000	284,468
Company pension contributions to money purchase schemes	29,040	29,040
	514,040	313,508

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	242,500	142,234
Company pension contributions to money purchase schemes	14,520	14,526

19 Transactions with directors

The company operates current accounts for the directors through which various personal expenses are settled. At the year end the directors were owed the following amounts:

Brian C Morrison £171,891
Edwin J Morrison £210,793

These amounts are included in creditors at the year end as detailed in note 9. The amounts owed by the company are interest free and have no fixed terms for repayment.

The directors charged the company rent of £35,000 (2003 - £35,000) for use of premises which they own personally. The rent is charged at market value.

The directors have also provided the company's bankers with personal guarantees to the value of £750,000.

During the year the company made sales of £88,685 (2003 - £NIL) to, and purchases of £353,253 (2003 - £NIL) from, MVR (Turriff) Limited, a company in which Brian and Edwin Morrison are directors and shareholders. At the year end the balances due to and from MVR (Turriff) Limited were £1,763 (2003 - £NIL) and £1,698 (2003 - £NIL) respectively.

Included in debtors is a loan to MVR(Turriff) Limited of £100,000. There are no fixed terms for repayment and no interest is being charged on the loan.

A cross guarantee to the value of £520,000 has also been put in place with MVR (Turriff) Limited in respect of the company's bank borrowings.

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Sales	17	16
Administration and directors	8	8
Garage services	9	10
	34	34

Employment costs

	£	£
Wages and salaries	1,013,819	831,414
Social security costs	111,168	84,262
Other pension costs	39,068	39,760
	1,164,055	955,436

21 Control

The company is controlled by the directors who own 100% of the issued share capital.