

Registered number:
SC215539

Cameron Motors (Scotland) Limited

Financial statements

31 May 2002

Friend & Co., CHARTERED ACCOUNTANTS



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Cameron Motors (Scotland) Limited

Financial statements - 31 May 2002

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Cameron Motors (Scotland) Limited

Directors' report

The directors present their report together with the audited financial statements of the group and the company for the period from incorporation to 31 May 2002.

The company was incorporated as Mercot Limited on 7 February 2001 and on 31 October 2002 changed its name to Cameron Motors (Scotland) Limited.

Principal activity

The principal activity of the company is that of a holding company. The company's principal activity commenced on 29 June 2001 with the acquisition of Cameron Motors (Perth) Limited. The principal activities of its subsidiary company are the buying and selling of new and used motor vehicles, the supply of spare parts and vehicle servicing.

Trading results, review of the business and future developments

The profit for the year after taxation was £63,886. The directors propose the payment of a final dividend of £100,000 and, accordingly, £36,114 has been deducted from reserves.

The trading performance of the group's Volkswagen franchise has continued to be strong over the year despite the continuing downward pressure on new car prices. The small deterioration in gross profit is offset by an increase in other operating income resulting in a profit before taxation for the group of £87,385. The directors consider the Volkswagen franchise to be in a strong position to meet the challenges currently facing the retail motor industry and accordingly do not propose any significant changes in its operations.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors and their interests

The directors who held office at 31 May 2002 were as follows:

	Ordinary shares of £1 each	
	At 31 May 2002	At date of appointment
I D Cameron (appointed 20 June 2001)	3,024,000	2
J M Cameron (appointed 20 June 2001)	-	-
C A Stewart (appointed 20 June 2001)	-	-
W D Anderson (appointed 20 June 2001)	-	-

First Scottish International Services Limited was appointed as a director on 7 February 2001 and resigned on 20 June 2001.

At 31 May 2002 Mr I D Cameron held 3,024,000 ordinary shares of £1 each in the company of which 2,419,200 were held beneficially.

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:

Cameron Motors (Scotland) Limited

Directors' report (continued)

Directors' responsibilities (continued)

- 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 financial statements;
- 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.

Share capital

The company was incorporated on 7 February 2001 with an authorised share capital of £1,000 made up of 1,000 ordinary shares of £1 each. On that date the company issued 2 ordinary shares of £1 each, at par, for cash. These shares were forfeited on 29 June 2001.

On 29 June 2001 the authorised share capital of the company was increased to £4,000,000 by the creation of 3,999,000 ordinary shares of £1 each ranking pari passu with the existing ordinary shares. On the same day the company issued 3,024,000 ordinary shares of £1 each, at par, for cash.

Auditors

Friend & Co. were appointed auditors during the period. A resolution to re-appoint Friend & Co as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 6 November 2002.

Signed on behalf of the directors:



I D Cameron
Chairman

Independent auditors' report to the shareholders of Cameron Motors (Scotland) Limited

We have audited the financial statements of Cameron Motors (Scotland) Limited set out on pages 4 to 15 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on pages 1 and 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

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 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 company's affairs as at 31 May 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Friend & Co
Chartered Accountants and Registered Auditors

Neville House
42-46 Hagley Road
Edgbaston
Birmingham
B16 8PE

6 November 2002

Cameron Motors (Scotland) Limited

Consolidated profit and loss account - for the period ended 31 May 2002

	<u>Notes</u>	<u>2002</u> <u>£</u>
Turnover	1	10,851,404
Cost of sales		(9,827,864)
Gross profit		1,023,540
Other income		508,208
Administrative expenses		(1,492,457)
Operating profit		39,291
Interest receivable		55,455
Interest payable	2	(7,361)
Profit on ordinary activities before taxation	2	87,385
Tax on profit on ordinary activities	4	(23,499)
Profit on ordinary activities after taxation	16	63,886
Dividend	5, 16	(100,000)
Loss for the financial year	16	(36,114)
Balance brought forward		-
Balance carried forward		<u>£(36,114)</u>

The results for the period relate entirely to activities acquired during the period.

The company has no recognised gains or losses other than the profit or loss for the above financial period.

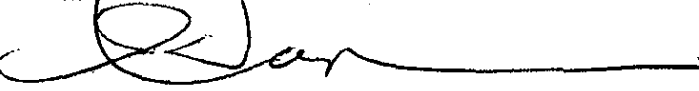
The notes on pages 7 to 15 form part of these financial statements.

Cameron Motors (Scotland) Limited

Balance sheets at 31 May 2002

	<u>Notes</u>	<u>£</u>	<u>Group 2002 £</u>	<u>Company 2002 £</u>
Fixed assets				
Intangible assets	7		73,373	-
Tangible assets	8		577,755	-
Investments	9		-	3,024,000
			651,128	3,024,000
Current assets				
Stocks held for resale	10	1,642,977		-
Debtors	11	958,273		100,000
Cash at bank and in hand		1,307,625		-
		3,908,875		100,000
Creditors: amounts falling due within one year	12	(1,524,017)		(100,000)
Net current assets			2,384,858	-
Total assets less current liabilities			3,035,986	3,024,000
Provisions for liabilities and charges				
Deferred taxation	13		(48,100)	-
Net assets			<u>£2,987,886</u>	<u>£3,024,000</u>
Capital and reserves				
Called up share capital	14		3,024,000	3,024,000
Profit and loss account			(36,114)	-
Shareholders' funds	16		<u>£2,987,886</u>	<u>£3,024,000</u>

These financial statements were approved by the board of directors on 6 November 2002 and signed on its behalf.



I D Cameron, Director

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

Cameron Motors (Scotland) Limited

Consolidated cash flow statement - for the period ended 31 May 2002

	<u>Notes</u>	<u>£</u>	<u>2002</u> <u>£</u>
Net cash inflow from operating activities	17		353,615
Returns on investments and servicing of finance			
Interest received		55,455	
Interest paid		(7,361)	
Net cash inflow from returns on investments and servicing of finance			48,094
Taxation			
UK corporation tax paid			(14,781)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(42,041)	
Net cash outflow from investing activities			(42,041)
Acquisitions and disposals			
Purchase of business	15	(3,024,000)	
Cash acquired with business	15	962,738	
Net cash outflow on acquisitions			(2,061,262)
Net cash outflow before financing			(1,716,375)
Financing			
Issue of shares	14	3,024,000	
Net cash inflow from financing			3,024,000
Increase in cash in the period			<u>£1,307,625</u>
Reconciliation of net cash flow to movement in net funds for the period ended 31 May 2002			
			<u>£</u>
Increase in cash in the period			1,307,625
Net funds at incorporation			-
Net funds at 31 May 2002			<u>£1,307,625</u>

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

Cameron Motors (Scotland) Limited

Notes to the financial statements -- 31 May 2002

1. Accounting policies

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

The principal accounting policies of the company, which remain unchanged from the previous year, are set out below.

a) Turnover

Turnover comprises income from sales and work done, excluding value added tax, and is all within the United Kingdom.

b) Tangible fixed assets

Depreciation is calculated, on an annual basis, so as to write off the cost of tangible fixed assets over their expected useful lives, as follows:

Property improvements	2% straight line
Plant and equipment	15% reducing balance
Fixtures and fittings	10% reducing balance
Computer equipment	25% straight line

c) Stocks

Stocks are stated at the lower of cost and net realisable value. In accordance with Financial Reporting Standard No 5 stocks include vehicles on consignment from the manufacturer.

d) Deferred taxation

Deferred taxation is provided, using the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. Provision is made only where there is a reasonable probability that such tax will become payable in the foreseeable future.

e) Pensions

The group operates a pension scheme providing benefits based on defined contributions. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account as incurred.

f) Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of the businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life. The directors consider the estimated useful life of goodwill on acquisitions to be ten years.

Cameron Motors (Scotland) Limited
Notes to the financial statements (continued)

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	<u>2002</u> £
Depreciation of tangible fixed assets	46,928
Amortisation of goodwill	8,153
Auditors' remuneration	8,750
Other interest payable	<u>7,361</u>

3. Directors and employees

Directors' remuneration:

	<u>2002</u> £
Emoluments	202,090
Contributions to money purchase pension schemes	155,626
	<u>£357,716</u>

The emoluments of directors disclosed above include the following amounts paid to the highest paid director:

	<u>2002</u> £
Emoluments	174,000
Contributions to money purchase pension schemes	135,000
	<u>£309,000</u>

During the year the following number of directors accrued benefits under a money purchase pension scheme

<u>2002</u> Number
<u>2</u>

Staff costs comprise:
Wages and salaries
Social security costs
Other pension costs

<u>2002</u> £
933,490
85,036
172,734
<u>£1,191,260</u>

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

3. Directors and employees (continued)

The average weekly number of employees (including directors) during the year was 50.

4. Tax on profit on ordinary activities

	<u>2002</u> £
Corporation tax based on the profit for the year at 22.6%	21,799
Deferred taxation charge	1,700
	£23,499

5. Dividend

	<u>2002</u>
Final dividend proposed on ordinary shares at £0.03307 per share	£100,000

6. Results for the financial period

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been presented as part of these financial statements. The parent company's profit after taxation for the financial period ended 31 May 2002 was £100,000.

7. Intangible fixed assets

Group	Goodwill £
Cost	
At 7 February 2001	-
Additions (note 15)	81,526
At 31 May 2002	81,526
Amortisation	
At 7 February 2001	-
Charge for the period	8,153
At 31 May 2002	8,153
Net book value	
At 31 May 2002	£73,373

Goodwill arose on the purchase of Cameron Motors (Perth) Limited on 29 June 2002 and is amortised over 10 years.

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

7. Intangible fixed assets (continued)

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair values to the group.

Cameron Motors (Perth) Limited

	<u>Book value</u>	<u>Fair value</u>	<u>Fair value</u>
	£	adjustment	to the group
		£	£
Fixed assets	583,905	-	583,905
Current assets			
Stock	1,762,148	-	1,762,148
Debtors	1,656,289	-	1,656,289
Cash	962,738	-	962,738
Total assets	4,965,080	-	4,965,080
Creditors	(2,022,606)	-	(2,022,606)
Total liabilities	(2,022,606)	-	(2,022,606)
Net assets	£2,942,474	£ -	£2,942,474

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

8. Tangible fixed assets

Group	Property improve- ments £	Plant and equipment £	Fixtures and fittings £	Computer Equipment £	Total £
Cost					
Acquisitions	389,931	46,520	132,730	14,724	583,905
Additions	-	36,334	1,943	3,763	42,040
Disposals	-	(1,485)	-	-	(1,485)
At 31 May 2002	389,931	81,369	134,673	18,487	624,460
Accumulated depreciation					
Charge for the period	10,418	11,233	17,740	7,537	46,928
Disposals	-	(223)	-	-	(223)
At 31 May 2002	10,418	11,010	17,740	7,537	46,705
Net book value At 31 May 2002	£379,513	£70,359	£116,933	£10,950	£577,755

The parent company does not own any tangible fixed assets.

The property improvements relate to buildings erected on land owned by a related company, Ian H Cameron Limited.

9. Investments

	Group £	Company £
Shares in subsidiary undertakings, at cost	£ -	£3,024,000

The company owns the entire issued share capital of Cameron Motors (Perth) Limited, a company registered in Scotland. The principal activities of Cameron Motors (Perth) Limited are the buying and selling of new and used motor vehicles, the supply of spare parts and the servicing of vehicles associated with its Volkswagen franchise.

Cameron Motors (Scotland) Limited
Notes to the financial statements (continued)

10. Stocks

	<u>Group</u> <u>2002</u> £	<u>Company</u> <u>2002</u> £
New vehicles	167,463	-
Used vehicles	851,557	-
Parts	125,422	-
Paint, consumables and work in progress	11,925	-
Consignment vehicles	486,610	-
	<u>£1,642,977</u>	<u>£ -</u>

11. Debtors

	<u>Group</u> <u>2002</u> £	<u>Company</u> <u>2002</u> £
Amounts falling due within one year:		
Trade debtors	336,247	-
Amounts owed by associated undertaking	546,122	-
Prepayments and accrued income	75,904	-
Dividends receivable	-	100,000
	<u>£958,273</u>	<u>£100,000</u>

12. Creditors: amounts falling due within one year

	<u>Group</u> <u>2002</u> £	<u>Company</u> <u>2002</u> £
Trade creditors	367,303	-
Amounts owed to associated undertakings	232,742	-
Corporation tax	21,799	-
Other taxes and social security	142,655	-
Directors' current accounts	127,271	-
Accruals	45,637	-
Dividends payable	100,000	100,000
Consignment stock creditor	486,610	-
	<u>£1,524,017</u>	<u>£100,000</u>

Cameron Motors (Scotland) Limited
Notes to the financial statements (continued)

13. Deferred taxation

Full provision has been made at 30% for the potential taxation arising in respect of:

	<u>2002</u>
Capital allowances in advance of depreciation	<u>£48,100</u>
Movement in provision during the year:	£
On acquisition	46,400
Provided in the year	1,700
	<u> </u>
At 31 May 2002	<u>£48,100</u>

14. Called up share capital

	<u>2002</u>
Ordinary shares of £1 each:	
Authorised	<u>£4,000,000</u>
Issued and fully paid	<u>£3,024,000</u>

The company was incorporated on 7 February 2001 with an authorised share capital of £1,000 made up of 1,000 ordinary shares of £1 each. On that date the company issued 2 ordinary shares of £1 each, at par, for cash. These shares were forfeited on 29 June 2001.

On 29 June 2001 the authorised share capital of the company was increased to £4,000,000 by the creation of 3,999,000 ordinary shares of £1 each ranking pari passu with the existing ordinary shares. On the same day the company issued 3,024,000 ordinary shares of £1 each, at par, for cash.

15. Acquisitions

Cameron Motors (Perth) Limited

On 29 June 2001 the company acquired the entire issued share capital of Cameron Motors (Perth) Limited. The company has used acquisition accounting to account for the purchase. The effective date of the transaction was 1 June 2001 and the results of Cameron Motors (Perth) Limited have been consolidated into the group accounts from that date.

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

15. Acquisitions (continued)

The summarised profit and loss account for the acquired company for the previous financial year is summarised below.

	Year ended 31 May 2001 £
Turnover	10,517,915
Operating loss	(3,489)
Profit before taxation	72,816
Loss for the financial year	£(88,722)

The assets and liabilities acquired are set out below:

	Fair value £
Fixed assets	
Tangible assets	583,905
Current assets	
Stock	1,762,148
Debtors	1,656,289
Cash at bank	962,738
	4,381,175
Total assets	4,965,080
Liabilities	
Creditors	(2,022,606)
	2,942,474
Net assets	2,942,474
Goodwill arising on acquisition	81,526
	£3,024,000
Consideration	£3,024,000
Satisfied by: cash paid	£3,024,000

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

16. Reconciliation of movements in shareholders' funds

	<u>Group</u> <u>2002</u> £	<u>Company</u> <u>2002</u> £
Profit for the financial year	63,886	100,000
Dividend	(100,000)	(100,000)
Issue of share capital	3,024,000	3,024,000
Increase in shareholders' funds	2,987,886	3,024,000
Opening shareholders' funds	-	-
Closing shareholders' funds	<u>£2,987,886</u>	<u>£3,024,000</u>

17. Reconciliation of operating profit to net cash inflow from operating activities

	£
Operating profit	39,291
Depreciation of tangible fixed assets	46,928
Amortisation of intangible fixed assets	8,153
Loss on disposal of tangible fixed assets	1,262
Increase in stocks	(43,027)
Decrease in debtors	698,016
Decrease in creditors	(397,008)
Net cash inflow from operating activities	<u>£353,615</u>

18. Pension costs

The group operates a number of defined contribution schemes. The assets are held separately from those of the group in both independently and self administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £172,734. No amounts were payable at the year end.