

Registered number:
SC215539

Cameron Motors (Scotland) Limited

Financial statements

31 May 2004



Cameron Motors (Scotland) Limited

Financial statements - 31 May 2004

Contents

	Pages
Directors' report	1 - 2
Independent auditors' report	3
Group profit and loss account	4
Balance sheets	5
Group cash flow statement	6
Notes to the financial statements	7 - 13

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 year ended 31 May 2004.

Principal activity

The principal activity of the company is that of a holding company. 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 group profit for the year after taxation was £56,910 (2003 - £48,913). The directors propose the payment of a final dividend of £150,000 (2003 - £100,000) and, accordingly, £93,090 (2003 - £51,087) has been deducted from reserves.

The trading performance of the group's Volkswagen franchise has continued to be strong over the year achieving sales growth of 13 per cent. Gross profit has improved to £1.173 million resulting in a profit before taxation for the group of £76,098. 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.

The directors are pleased to report that the Cameron Group won the prestigious Scottish Enterprise Award for Customer Service Excellence during the year.

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

Directors and their interests

The directors who held office at 31 May 2004 were as follows:

	Ordinary shares of £1 each	
	At 31 May 2004	At 31 May 2003
I D Cameron	3,024,000	3,024,000
J M Cameron	-	-
C A Stewart	-	-
W D Anderson	-	-

At 31 May 2004 and 1 June 2003 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 the group as at the end of the financial year and of the profit or loss of the group 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 group will continue in business.

Cameron Motors (Scotland) Limited

Directors' report (continued)

Directors' responsibilities (continued)

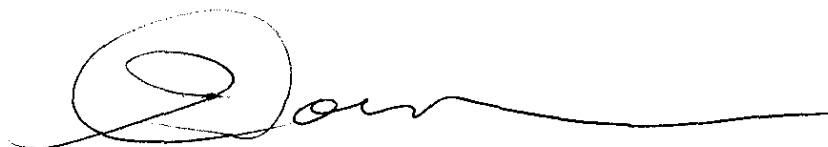
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Friend LLP as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 3 November 2004.

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 13 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 affairs of the company and the group as at 31 May 2004 and the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Friend LLP
Chartered Accountants and Registered Auditors

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

3 November 2004

Cameron Motors (Scotland) Limited

Group profit and loss account - for the year ended 31 May 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
Turnover	1	12,202,532	10,831,031
Cost of sales		(11,029,372)	(9,788,903)
Gross profit		<u>1,173,160</u>	<u>1,042,128</u>
Other income		531,654	523,973
Administrative expenses		(1,661,067)	(1,541,830)
Operating profit		<u>43,747</u>	<u>24,271</u>
Interest receivable		42,601	48,347
Interest payable	2	(10,250)	(8,330)
Profit on ordinary activities before taxation	2	<u>76,098</u>	<u>64,288</u>
Tax on profit on ordinary activities	4	(19,188)	(15,375)
Profit on ordinary activities after taxation	15	<u>56,910</u>	<u>48,913</u>
Dividend	5, 15	(150,000)	(100,000)
Loss for the financial year	15	<u>(93,090)</u>	<u>(51,087)</u>
Balance brought forward		<u>(87,201)</u>	<u>(36,114)</u>
Balance carried forward		<u>£(180,291)</u>	<u>£(87,201)</u>

All of the activities of the group relate to continuing operations.

The group has no recognised gains or losses other than the profit or loss for the above two financial periods.

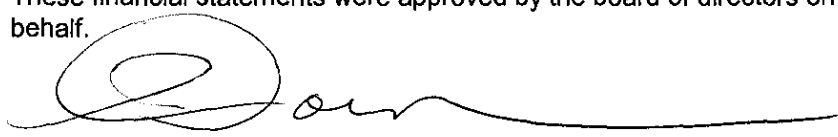
The notes on pages 7 to 13 form part of these financial statements.

Cameron Motors (Scotland) Limited

Balance sheets at 31 May 2004

	Notes	<u>Group</u>		<u>Company</u>	
		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
		£	£	£	£
Fixed assets					
Intangible assets	7	57,067	65,220	-	-
Tangible assets	8	552,305	552,413	-	-
Investments	9	-	-	3,024,000	3,024,000
		<u>609,372</u>	<u>617,633</u>	<u>3,024,000</u>	<u>3,024,000</u>
Current assets					
Stocks held for resale	10	2,215,815	2,096,957	-	-
Debtors	11	981,113	792,153	150,000	100,000
Cash at bank and in hand		962,645	1,256,591	-	-
		<u>4,159,573</u>	<u>4,145,701</u>	<u>150,000</u>	<u>100,000</u>
Creditors: amounts falling due within one year	12	(1,871,401)	(1,776,035)	(150,000)	(100,000)
Net current assets		<u>2,288,172</u>	<u>2,369,666</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>2,897,544</u>	<u>2,987,299</u>	<u>3,024,000</u>	<u>3,024,000</u>
Provisions for liabilities and charges					
Deferred taxation	13	(53,835)	(50,500)	-	-
Net assets		<u><u>£2,843,709</u></u>	<u><u>£2,936,799</u></u>	<u><u>£3,024,000</u></u>	<u><u>£3,024,000</u></u>
Capital and reserves					
Called up share capital	14	3,024,000	3,024,000	3,024,000	3,024,000
Profit and loss account		(180,291)	(87,201)	-	-
Equity shareholders' funds	15	<u><u>£2,843,709</u></u>	<u><u>£2,936,799</u></u>	<u><u>£3,024,000</u></u>	<u><u>£3,024,000</u></u>

These financial statements were approved by the board of directors on 3 November 2004 and signed on its behalf.


I D Cameron, Director

The notes on pages 7 to 13 form part of these financial statements.

Cameron Motors (Scotland) Limited

Group cash flow statement - for the year ended 31 May 2004

	<u>Notes</u>	<u>£</u>	<u>2004</u> <u>£</u>	<u>2003</u> <u>£</u>
Net cash (outflow)/inflow from operating activities	16		(169,902)	48,353
Returns on investments and servicing of finance				
Interest received		42,601		48,347
Interest paid		(10,250)		(8,330)
Net cash inflow from returns on investments and servicing of finance			32,351	40,017
Taxation				
UK corporation tax paid			(15,027)	(19,747)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(41,368)		(19,657)
Net cash outflow from investing activities			(41,368)	(19,657)
Equity dividends paid			(100,000)	(100,000)
Decrease in cash in the year			<u>£(293,946)</u>	<u>£(51,034)</u>

Reconciliation of net cash flow to movement in net funds - for the year ended 31 May 2004

	<u>2004</u> <u>£</u>	<u>2003</u> <u>£</u>
Decrease in cash in the year	(293,946)	(51,034)
Net funds at 1 June 2003	1,256,591	1,307,625
Net funds at 31 May 2004	<u>£962,645</u>	<u>£1,256,591</u>

The notes on pages 7 to 13 form part of these financial statements.

Cameron Motors (Scotland) Limited

Notes to the financial statements -- 31 May 2004

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 group, which remain unchanged from the previous year, are set out below.

a) Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking for the year ended 31 May 2004.

b) Turnover

Turnover comprises income from sales and work done, excluding value added tax. All turnover is derived from the group's principal activities and is wholly within the United Kingdom.

c) 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

d) 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.

e) Deferred taxation

Deferred taxation is provided in respect of the tax effect of all timing differences at the rates of tax expected to apply when the timing differences reverse.

f) 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.

g) 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>2004</u> £	<u>2003</u> £
Depreciation of tangible fixed assets	41,476	44,999
Amortisation of goodwill	8,153	8,153
Auditors' remuneration	10,375	10,375
Other interest payable	<u>10,250</u>	<u>8,330</u>

3. Directors and employees

Directors' remuneration:

	<u>2004</u> £	<u>2003</u> £
Emoluments	21,027	193,657
Contributions to money purchase pension schemes	<u>396,716</u>	<u>169,636</u>
	<u>£417,743</u>	<u>£363,293</u>

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

	<u>2004</u> £	<u>2003</u> £
Emoluments	-	171,000
Contributions to money purchase pension schemes	<u>310,000</u>	<u>133,000</u>
	<u>£310,000</u>	<u>£304,000</u>

	<u>2004</u> Number	<u>2003</u> Number
During the year the following number of directors accrued benefits under a money purchase pension scheme	<u>2</u>	<u>2</u>

	<u>2004</u> £	<u>2003</u> £
Staff costs comprise:		
Wages and salaries	870,239	991,948
Social security costs	81,105	91,658
Other pension costs	<u>414,110</u>	<u>187,450</u>
	<u>£1,365,454</u>	<u>£1,271,056</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 53 (2003 - 51).

4. Tax on profit on ordinary activities

	<u>2004</u>	<u>2003</u>
	£	£
Corporation tax based on the profit for the year at 19.8% (2003 - 19.4%)	15,853	15,027
Adjustment to prior year	-	(2,052)
	<u>15,853</u>	<u>12,975</u>
Deferred taxation charge	3,335	2,400
	<u>£19,188</u>	<u>£15,375</u>

The current tax charge for the year is at a different rate from the standard rate of corporation tax in the UK for groups of this size. The difference is explained below:

	<u>2004</u>	<u>2003</u>
	£	£
Profit on ordinary activities before taxation	76,098	64,288
Profit on ordinary activities multiplied by the applicable standard rate of corporation tax at 30%	22,829	19,286
Expenses not deductible for tax purposes (mainly entertaining)	-	119
Depreciation on items not qualifying for capital allowances	4,428	4,410
Capital allowances in excess of depreciation on qualifying items	(3,288)	(603)
Small companies' relief	(8,116)	(8,185)
Adjustments to tax in respect of prior year	-	(2,052)
	<u>£15,853</u>	<u>£12,975</u>

5. Dividend

	<u>2004</u>	<u>2003</u>
Final dividend proposed on ordinary shares at £0.04960 (2003 - £0.03307) per share	£150,000	£100,000

6. Profit of parent company

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 year ended 31 May 2004 was £nil (2003 - £nil).

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

7. Intangible fixed assets

<u>Group</u>	<u>Goodwill</u> £
Cost	
At 31 May 2003 and 2004	81,526
Amortisation	
At 1 June 2003	16,306
Charge for the year	8,153
At 31 May 2004	24,459
Net book value	
At 31 May 2004	<u><u>£57,067</u></u>
At 31 May 2003	<u><u>£65,220</u></u>

Goodwill arose on the purchase of Cameron Motors (Perth) Limited on 29 June 2001 and is amortised over 10 years.

8. Tangible fixed assets

	<u>Property improve- ments</u> £	<u>Plant and equipment</u> £	<u>Fixtures and fittings</u> £	<u>Computer equipment</u> £	<u>Total</u> £
Cost					
At 1 June 2003	527,035	221,963	238,847	84,624	1,072,469
Additions	2,142	35,964	-	3,262	41,368
At 31 May 2004	529,177	257,927	238,847	87,886	1,113,837
Accumulated depreciation					
At 1 June 2003	151,855	155,944	136,921	75,336	520,056
Charge for the year	10,584	13,655	12,678	4,559	41,476
At 31 May 2004	162,439	169,599	149,599	79,895	561,532
Net book value					
At 31 May 2004	<u><u>£366,738</u></u>	<u><u>£88,328</u></u>	<u><u>£89,248</u></u>	<u><u>£7,991</u></u>	<u><u>£552,305</u></u>
At 31 May 2003	<u><u>£375,180</u></u>	<u><u>£66,019</u></u>	<u><u>£101,926</u></u>	<u><u>£9,288</u></u>	<u><u>£552,413</u></u>

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.

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

9. Fixed asset investments

	<u>2004</u>	<u>2003</u>
Shares in subsidiary undertaking, at cost	<u>£3,024,000</u>	<u>£3,024,000</u>

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.

10. Stocks

	<u>Group</u>		<u>Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
New vehicles	273,693	135,964	-	-
Used vehicles	1,186,611	1,117,189	-	-
Parts	78,124	97,974	-	-
Paint, consumables and work in progress	13,538	15,111	-	-
Consignment vehicles	663,849	730,719	-	-
	<u>£2,215,815</u>	<u>£2,096,957</u>	<u>£ -</u>	<u>£ -</u>

11. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	180,804	180,221	-	-
Amounts owed by associated undertakings	716,555	553,360	-	-
Prepayments and accrued income	83,754	58,572	-	-
Dividends receivable	-	-	150,000	100,000
	<u>£981,113</u>	<u>£792,153</u>	<u>£150,000</u>	<u>£100,000</u>

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

12. Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Trade creditors	590,018	361,839	-	-
Amounts owed to associated undertakings	239,091	232,742	-	-
Corporation tax	15,853	15,027	-	-
Other taxes and social security	112,113	105,884	-	-
Directors' current accounts	39,620	114,057	-	-
Accruals	60,857	115,767	-	-
Dividends payable	150,000	100,000	150,000	100,000
Consignment stock creditor	663,849	730,719	-	-
	<u>£1,871,401</u>	<u>£1,776,035</u>	<u>£150,000</u>	<u>£100,000</u>

13. Deferred taxation

Full provision has been made at 30% (2003 - 30%) for the potential taxation arising in respect of:

	<u>Group</u>		<u>Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Capital allowances in excess of depreciation	<u>£53,835</u>	<u>£50,500</u>	<u>£ -</u>	<u>£ -</u>

	<u>Group</u>	<u>Company</u>
	£	£
Movement in provision during the year:		
At 1 June 2003	50,500	-
Provided in the year	3,335	-
At 31 May 2004	<u>£53,835</u>	<u>£ -</u>

14. Called up share capital

	<u>2004</u>	<u>2003</u>
	£	£
Ordinary shares of £1 each:		
Authorised	<u>£4,000,000</u>	<u>£4,000,000</u>
Issued and fully paid	<u>£3,024,000</u>	<u>£3,024,000</u>

Cameron Motors (Scotland) Limited

Notes to the financial statements (continued)

15. Reconciliation of movements in shareholders' funds

	<u>Group</u>		<u>Company</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Profit for the financial year	56,910	48,913	150,000	100,000
Dividend	(150,000)	(100,000)	(150,000)	(100,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Decrease in shareholders' funds	(93,090)	(51,087)	-	-
Opening shareholders' funds	2,936,799	2,987,886	3,024,000	3,024,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing shareholders' funds	<u>£2,843,709</u>	<u>£2,936,799</u>	<u>£3,024,000</u>	<u>£3,024,000</u>

16. Reconciliation of group operating profit to net cash inflow from operating activities

	<u>2004</u>	<u>2003</u>
	£	£
Operating profit	43,747	24,271
Depreciation of tangible fixed assets	41,476	44,999
Amortisation of intangible fixed assets	8,153	8,153
Increase in stocks	(185,729)	(209,872)
Decrease in debtors	(188,959)	166,119
Increase/(decrease) in creditors	111,410	14,683
	<u> </u>	<u> </u>
Net cash inflow from operating activities	<u>£(169,902)</u>	<u>£48,353</u>

17. 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 £414,110 (2003 - £187,450). No amounts were payable at the year end.