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AUTOMOTIVE DISTRIBUTORS LIMITED

DIRECTORS' REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2001

Company No. 2231185

JULIAN BROWN & CO.

Chartered Accountants
Registered Auditors
Tunbridge Wells
Kent



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AUTOMOTIVE DISTRIBUTORS LIMITED

COMPANY INFORMATION

Directors	C. D. Jeffries - Chairman and Managing Director M.A. Hookway - Sales Director M.J. Boutcher - Purchasing Director S. Nagiri - Non-Executive Director N.D. Taylor - Finance Director
Secretary	N. D. Taylor
Company number	2231185
Registered office	9 Wheelbarrow Park Pattenden Lane Marden Kent TN12 9QJ
Auditors	Julian Brown & Co. Chartered Accountants 46-48 Nelson Road Tunbridge Wells Kent TN2 5AN
Bankers	NatWest PLC P.O. Box 344 Maidstone Kent ME14 1AT

AUTOMOTIVE DISTRIBUTORS LIMITED

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AUTOMOTIVE DISTRIBUTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH APRIL 2001

The directors present their report and the audited financial statements for the company for the year ended 30th April 2001.

Principal Activities

The company's principal activity during the year was the import and distribution of motor components for Japanese and Far Eastern cars within Europe.

Review of the Business

During 2000-01, Automotive Distributors Limited results were affected by the strength of the Japanese Yen against the US Dollar and Euro. As a result of these currency movements, gross margins have been reduced with the extra costs of purchasing from Japan. Sales for 2000-01 are 4% over last year and costs have been reduced by 7% over the same period.

Sales in Europe have shown significant increases over last year, with sales of £1,471,000 from overseas trading for the year. This represents a 74% increase over last year. Growth for 2001-02 is expected with an anticipated sales of £2,400,000. Goodwill arising has been carried forward at cost for 2001 with no diminution in value as a result of expected sales and revenue forecasts.

Despite difficult trading during the first six months of the financial year, the Directors are satisfied that the steps taken to return to a secure profit in 2001-02.

The business assets and goodwill of Bexhill Japanese Limited were sold on the 25th May 2000.

Pacific Autoparts NV was closed as a trading operation on the 12th February 2000. The assets of Pacific Autoparts NV have been realised with all liabilities, excluding inter-company indebtedness, being met in full.

Results and Dividends

The Directors recommend that no ordinary dividend be paid and that the retained loss of £95,039 be charged to Reserves. (2000: Loss: £145,753 charged to Reserves)

Preference dividends were paid in respect of the year to 30th April 2001 as follows:

'B' Cumulative Redeemable	13,744
'C' Cumulative Redeemable	28,973
	<hr/>
	£42,717
	<hr/>

Directors and their Interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

<u>Name of director</u>	<u>Share type</u>	<u>At 30th April 2001</u>	<u>At 30th April 2000</u>
C.D. Jeffries	Ordinary	34,827	34,827
M.A.R. Hookway	Ordinary	12,758	12,758
M.J. Boutcher	Ordinary	7,993	7,993
S. Nagiri	-	-	-
N. D. Taylor	-	-	-

Donations

During the year the company made charitable donations amounting to £3,798. No donations were made to political parties during the year.

AUTOMOTIVE DISTRIBUTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH APRIL 2001

Movements in Share Capital

During the year, the company redeemed the following Cumulative Redeemable Preference Shares:

	Nominal Value -----
71,875 'B' Cumulative Preference Shares of 100 Yen each	£31,250
131,875 'C' Cumulative Preference Shares of 100 Yen each	£81,485

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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

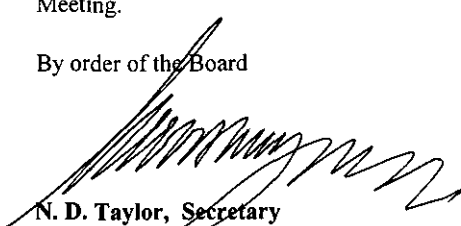
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and 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.

Auditors

A resolution to re-appoint Julian Brown & Co. Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board


N. D. Taylor, Secretary
7th August 2001

9 Wheelbarrow Park
Pattenden Lane
Marden
Kent
TN12 9QJ

AUDITORS' REPORT TO THE
SHAREHOLDERS OF AUTOMOTIVE DISTRIBUTORS LIMITED

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 4 and 5.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

Basis of 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 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 the 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 30th April 2001 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Julian Brown & Co.
Chartered Accountants and Registered Auditors
46-48 Nelson Road
Tunbridge Wells
Kent
TN2 5AN

Date: 7th August 2001

AUTOMOTIVE DISTRIBUTORS LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30TH APRIL 2001

Accounting Convention

The financial statements have been prepared under historical cost convention.

The Company and its subsidiary undertakings comprise a medium size group. The Company has taken advantage of the exemption provided by Section 248 of the Companies Act not to prepare Group Accounts. The Financial Statements therefore present information about the Company as an individual undertaking and not about its Group. The Financial Statements have been prepared in accordance with applicable accounting standards.

Turnover

Turnover represents the total amounts receivable in the ordinary course of business for goods sold and services provided exclusive of value added tax.

Tangible Fixed Assets

All Tangible Fixed Assets are stated at historic cost less depreciation.

Depreciation is provided at rates calculated to write off the costs of fixed assets, over their expected useful lives on the following bases:

Leasehold improvements	over the lease term
Plant and machinery	25% straight line
Motor vehicles	33% reducing balance
Office equipment	4 to 8 years straight line
Fixtures and fittings	10 years straight line
Computer equipment	2 to 5 years straight line

Intangible Fixed Assets

Purchased goodwill is capitalised and amortised on a straight line basis over its estimated useful economic life. Each acquisition is separately evaluated for the purposes of determining the useful economic life, up to a maximum of 20 years. The useful economic lives are reviewed annually and revised if necessary.

Leasing and Hire Purchase Commitments

Assets acquired under hire purchase contracts are capitalised as tangible fixed assets and depreciated over their useful economic life. Assets acquired under finance leasing contracts are recorded in the balance sheet as fixed assets at their equivalent capital value and are depreciated over the useful lives of the assets. Future instalments under such leases, net of finance charges, are included within creditors. The interest element of the rental payment is charged against profits. Operating lease rental costs are charged to profit on ordinary activities as incurred.

Stocks

Stocks are stated at the lower of historic cost and net realisable value after making due allowance for obsolescence.

Product Development Costs

Expenditure on product development costs is written off in the year that it is incurred.

AUTOMOTIVE DISTRIBUTORS LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30TH APRIL 2001

Foreign Currencies

Foreign currency transactions are recorded at either forward contract rates or spot rates prevailing at the time of receipt or processing. All currencies balances as at the year end are revalued at the spot rate as at the 30th April 2001 with all exchange gains and losses taken to the profit and loss account.

Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

Pensions

The Company operates a defined contribution pension scheme. The contributions of the scheme are charged to profit and loss account as they become payable.

AUTOMOTIVE DISTRIBUTORS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Turnover	1	12,957,084	12,414,617
Cost of sales		(8,054,867)	(7,277,285)
Gross profit		4,902,217	5,137,332
Distribution costs		(926,872)	(830,723)
Sales and Marketing Costs		(769,485)	(843,999)
Employment Costs		(2,117,827)	(1,898,534)
Product and Development Costs		(61,063)	(90,342)
Depreciation Costs		(228,521)	(222,060)
Finance Costs		(70,040)	(214,581)
Administrative Costs		(533,944)	(993,721)
		4,707,752	5,093,960
Operating profit	2	194,465	43,372
Interest receivable		-	830
Interest Payable	5	(226,535)	(189,672)
Loss on ordinary activities before taxation		(32,070)	(145,470)
Tax (charge)/credit on profit on ordinary activities	6	(20,252)	48,211
Loss for the financial year		(52,322)	(97,259)
Dividends	7	(42,717)	(48,494)
Retained loss for the year	20	(95,039)	(145,753)

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

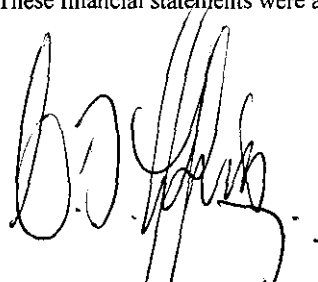
AUTOMOTIVE DISTRIBUTORS LIMITED

BALANCE SHEET

AS AT 30TH APRIL 2001

	<u>Notes</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
<u>Fixed Assets</u>			
Intangible assets	8	377,314	377,314
Tangible assets	9	487,938	699,764
Investments	10	-	-
		<u>865,252</u>	<u>1,077,078</u>
<u>Current Assets</u>			
Stocks	11	3,310,525	3,430,733
Debtors	12	3,240,320	3,005,581
Cash at bank and in hand		107,174	3,586
		<u>6,658,019</u>	<u>6,439,900</u>
<u>Creditors: amounts falling due within one year</u>	13	<u>(6,060,941)</u>	<u>(5,763,668)</u>
Net current assets		<u>597,078</u>	<u>676,232</u>
Total assets less current liabilities		<u>1,462,330</u>	<u>1,753,310</u>
<u>Creditors: amounts falling due after more than one year</u>	14	<u>(14,481)</u>	<u>(71,882)</u>
		<u>1,447,849</u>	<u>1,681,428</u>
<u>Capital and Reserves</u>			
Share capital - equity	19	114,750	114,750
Share capital - non equity	19	343,708	482,248
Capital redemption reserve	20	890,732	777,997
Profit and loss reserves	20	98,659	306,433
		<u>1,104,141</u>	<u>1,199,180</u>
Equity		<u>1,104,141</u>	<u>1,199,180</u>
Non-equity		<u>343,708</u>	<u>482,248</u>
	24	<u>1,447,849</u>	<u>1,681,428</u>

These financial statements were approved by the board on 7th August 2001 and signed on its behalf by:



C.D. Jeffries
Chairman and Managing Director

AUTOMOTIVE DISTRIBUTORS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 30TH APRIL 2001**

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
<u>Reconciliation of operating profit to net cash flow from operating activities</u>			
Operating profit		194,465	43,372
Depreciation		219,251	205,496
Loss/(profit) on sale of fixed assets		9,270	16,564
Decrease/(Increase) in stocks		120,208	(169,151)
(Increase)/Decrease in debtors		(251,240)	349,145
(Decrease)/Increase in creditors		512,811	289,923
Unrealised exchange (gain)/loss on revalued preference shares		(17,978)	31,310
Investment in subsidiary written off		-	21,000
Net cash inflow from operating activities		786,787	787,659

CASH FLOW STATEMENT

Net cash inflow from operating activities		786,787	787,659
Returns on investments and servicing of finance	25	(269,252)	(237,336)
Taxation		(3,750)	(150,474)
Capital expenditure and financial investment	25	304	(98,893)
Cash inflow before use of liquid resources and financing		514,089	300,956
Financing	25	(253,911)	(297,482)
Increase in cash		260,178	3,474

Reconciliation of net cash flow to movement in net debt

Increase in cash in the year		260,178	3,474
Decrease in loans	26	133,349	184,747
New finance leases	26	(17,000)	(187,815)
(Decrease) in net debt	26	376,527	406
Net debt at 1st May 2000		(2,119,200)	(2,119,606)
Net debt at 30th April 2001	26	(1,742,673)	(2,119,200)

AUTOMOTIVE DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2001

1 Turnover

The whole of the turnover and loss before taxation for the year is attributable to the continuing activity of the distribution of vehicle components.

The geographical analysis of turnover is as follows:

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Europe	1,471,000	841,973
UK	11,486,084	11,572,644
	<u>12,957,084</u>	<u>12,414,617</u>

2 Operating Profit

The operating profit is stated after charging or crediting:

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets:		
-owned assets	199,083	155,681
-assets held under finance leases and hire purchase	20,168	49,815
(Profit)/Loss on disposal of fixed assets	9,270	16,564
Exchange (gains)/losses	35,906	165,338
Auditors' remuneration	14,232	14,000
Operating lease rentals:		
- land and buildings	377,500	341,500
- equipment	3,154	9,145

3 Directors and Employees

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

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Wages and salaries	1,707,241	1,593,764
Social security costs	178,435	167,239
Other pension costs	222,563	128,054
	<u>2,108,239</u>	<u>1,889,057</u>

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

	<u>2001</u>	<u>2000</u>
	<u>Number</u>	<u>Number</u>
Administration	45	50
Warehouse	25	26
	<u>70</u>	<u>76</u>

AUTOMOTIVE DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2001

4 Directors' Remuneration

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Aggregate emoluments	451,773	444,166
Pension contributions	137,709	41,628
	<u>589,482</u>	<u>485,794</u>

Highest Paid Director

	<u>£</u>	<u>£</u>
Aggregate emoluments	175,350	203,977
Pension scheme contributions	66,750	18,750
	<u>242,100</u>	<u>222,727</u>

Retirement benefits were accruing to directors under schemes as follows:-
Defined contribution pension scheme

<u>Number</u>	<u>Number</u>
<u>4</u>	<u>4</u>

5 Interest Payable and Similar Charges

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Interest payable on bank loans and overdrafts	149,090	121,923
Interest payable on deferred payments for goods shipped	70,419	55,034
Finance leases and hire purchase contracts	7,026	12,715
	<u>226,535</u>	<u>189,672</u>

6 Taxation

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Based on the loss for the year:		
UK corporation tax at 30% (2000: 31%)	-	-
Adjustment in respect of under/(over)provision in prior years	20,252	(48,211)
	<u>20,252</u>	<u>(48,211)</u>

7 Dividends

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Non equity dividends		
'B' redeemable preference shares	13,744	15,800
'C' redeemable preference shares	28,973	32,694
Total non-equity dividends	<u>42,717</u>	<u>48,494</u>

AUTOMOTIVE DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2001

8 Intangible Fixed Assets

	<u>Goodwill</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>	<u>£</u>
At 1st May 2000	377,314	377,314
At 30th April 2001	<u>377,314</u>	<u>377,314</u>
 <u>Amortisation</u>		
At 1st May 2000	-	-
Provided during the year	-	-
At 30th April 2001	<u>-</u>	<u>-</u>
 <u>Net book value</u>		
At 30th April 2001	<u>377,314</u>	<u>377,314</u>
At 30th April 2000	<u>377,314</u>	<u>377,314</u>

9 Tangible Fixed Assets

	<u>Leasehold</u>	<u>Plant and</u>	<u>Motor</u>	<u>Furniture</u>	<u>Fixtures</u>	<u>Computer</u>	<u>Total</u>
	<u>Improvements</u>	<u>machinery</u>	<u>vehicles</u>	<u>and</u>	<u>and</u>	<u>equipment</u>	
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>equipment</u>	<u>fittings</u>	<u>£</u>	<u>£</u>
At 01/05/00	38,192	264,397	345,269	264,055	399,201	488,970	1,800,084
Additions	-	3,249	76,131	1,575	2,363	65,424	148,742
Disposals	-	(32,340)	(247,635)	-	-	(807)	(280,782)
At 30/04/01	<u>38,192</u>	<u>235,306</u>	<u>173,765</u>	<u>265,630</u>	<u>401,564</u>	<u>553,587</u>	<u>1,668,044</u>
 <u>Depreciation</u>							
At 01/05/00	38,192	179,519	104,338	133,853	262,170	382,248	1,100,320
Charge for the year	-	19,201	64,627	34,885	45,200	55,339	219,252
Disposals	-	(23,620)	(115,039)	-	-	(807)	(139,466)
At 30/04/01	<u>38,192</u>	<u>175,100</u>	<u>53,926</u>	<u>168,738</u>	<u>307,370</u>	<u>436,780</u>	<u>1,180,106</u>
 <u>Net book value</u>							
At 30/04/01	<u>-</u>	<u>60,206</u>	<u>119,839</u>	<u>96,892</u>	<u>94,194</u>	<u>116,807</u>	<u>487,938</u>
At 30/04/00	<u>-</u>	<u>84,878</u>	<u>240,931</u>	<u>130,202</u>	<u>137,031</u>	<u>106,722</u>	<u>699,764</u>

Assets held under finance leases and hire purchase at original cost £156,194 (2000: £438,717) and have a net book value of £56,647 (2000: £233,961). Depreciation charged for the year was £20,168 (2000: £49,815).

AUTOMOTIVE DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2001

10 Investments in Subsidiaries

	<u>Bexhill Japanese Limited</u>	<u>Pacific Autoparts N.V.</u>	<u>Total</u>
Incorporation	UK	Belgium	
Shareholding	Ordinary £1	Ordinary 1000 BF	
Cost/Valuation b/fwd 1st May 2000	Nil	Nil	Nil
Cost/Valuation c/fwd 30th April 2001	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
Shareholding % in Subsidiaries	100%	100%	
Capital and Reserves as at 30th April 2001	<u>£ 28</u>	<u>£ (3,238)</u>	
Pre-tax Profit/(Loss) for the year to 30th April 2001	<u>£ 6,965</u>	<u>£ 90,746</u>	

Investment in Subsidiaries - Notes

The figures included above for Pacific Autoparts NV are unaudited.

11 Stocks

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Goods held for resale	<u>3,310,525</u>	<u>3,430,733</u>
	<u>3,310,525</u>	<u>3,430,733</u>

12 Debtors

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Trade debtors	<u>2,745,854</u>	<u>2,686,386</u>
Amounts owed by group undertaking	<u>5,046</u>	<u>4,750</u>
Other debtors	<u>192,676</u>	<u>45,041</u>
Prepayments and accrued income	<u>278,744</u>	<u>234,902</u>
Corporation Tax	<u>18,000</u>	<u>34,502</u>
	<u>3,240,320</u>	<u>3,005,581</u>

AUTOMOTIVE DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2001

13	<u>Creditors: amounts falling due within one year</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
	Bank overdrafts	1,798,033	450,184
	Obligations under hire purchase and finance lease	37,333	96,281
	Trade creditors	3,733,988	3,361,209
	Corporation tax	-	-
	Other taxes and social security	161,296	145,239
	Other creditors	-	1,509,232
	Accruals and deferred income	330,291	201,523
		<u>6,060,941</u>	<u>5,763,668</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

14	<u>Creditors: amounts falling due after more than one year</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
	Obligations under hire purchase and finance lease	14,481	71,882
		<u>14,481</u>	<u>71,882</u>

15	<u>Analysis of Borrowings</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
	Bank overdrafts	1,798,033	450,184
	Obligations under hire purchase and finance lease	51,814	168,163
	Debtor financing	-	1,504,439
		<u>1,849,847</u>	<u>2,122,786</u>

16	<u>Obligations under hire purchase and finance leases</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	37,333	96,281
	In the second to fifth years inclusive	14,481	71,882
		<u>51,814</u>	<u>168,163</u>

- 17** **Group Company Guarantees**
- (a) The Company stands as Guarantor for the leasehold property previously occupied by its subsidiary, Bexhill Japanese Limited. The lease term is 20 years from 24th June 1995. The current annual rental is £21,158. Reviews are 4 yearly. There is a break clause on the 23rd June 2002.
- (b) The Company stands as the ultimate Guarantor to the Landlord of Pacific Autoparts NV's leasehold property in Belgium. The Company's commitment is limited to one year's rental which has a current value of BEF 1,437,689 (£22,118). There is a break clause on the 31st December 2002.

- 18** **Foreign Currency Hedging**
- Automotive Distributors Limited have entered into forward exchange contracts to meet its obligations and minimise its exchange risk. At the Balance Sheet date Automotive Distributors Limited have contracts amounting to JPY 584,056,918 (£3,547,412) and US Dollars \$195,796 (£133,900).

AUTOMOTIVE DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2001

19	<u>Share Capital</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
	<u>Authorised</u>		
	<u>Equity Shares</u>		
	114,750 Ordinary shares of £1.00 each	114,750	<i>114,750</i>
	<u>Non Equity Shares</u>		
	659,750 'A' redeemable preference shares of £1.00 each	659,750	<i>659,750</i>
	310,000 'Y' redeemable preference shares of 100 JPY each	183,432	<i>183,432</i>
	575,000 'B' cumulative preference shares of 100 JPY each	340,237	<i>340,237</i>
	1,055,000 'C' cumulative preference shares of 100 JPY each	624,260	<i>624,260</i>
		<u>1,922,429</u>	<i><u>1,922,429</u></i>
	<u>Issued and Fully Paid</u>		
	<u>Equity Shares</u>		
	114,750 Allotted, called up and fully paid ordinary shares of £1.00 each	114,750	<i>114,750</i>
	<u>Non Equity Shares</u>		
	215,625 'B' cumulative preference shares of 100 JPY each	121,247	<i>170,118</i>
	395,625 'C' cumulative preference shares of 100 JPY each	222,461	<i>312,130</i>
		<u>458,458</u>	<i><u>596,998</u></i>
	<u>Non-Equity Shares - Rights</u>		
	1) Redemption - 3 equal instalments over the next 3 years.		
	2) Dividends - 'B' @ 7.5% p. a. payable six monthly.		
	'C' @ 7.5% p. a. payable six monthly.		
20	<u>Reserves</u>	<u>Capital</u>	<u>Profit</u>
		<u>Redemption</u>	<u>and loss</u>
		<u>Reserve</u>	<u>account</u>
		<u>£</u>	<u>£</u>
	At 1st May 1999	665,262	564,921
	Loss/Profit for the year	-	(145,753)
	Transfers between reserves	112,735	(112,735)
		<u>777,997</u>	<u>306,433</u>
	At 1st May 2000	777,997	306,433
	Loss for the year	-	(95,039)
	Transfers between reserves	112,735	(112,735)
		<u>890,732</u>	<u>98,659</u>
	At 30th April 2001	<u>890,732</u>	<u>98,659</u>

AUTOMOTIVE DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2001

21 Operating Lease Commitments

At 30th April 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>Land and buildings</u>		<u>Other</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating leases which expire:				
Within one year	-	-	3,154	3,154
After five years	377,500	377,000	-	-
	<u>377,500</u>	<u>377,000</u>	<u>3,154</u>	<u>3,154</u>

The company's lease of land and buildings are subject to rent review every 5 years.

22 Pension Scheme

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

23 Related Parties

Tatsumiya Kogyo Co Limited of Osaka, Japan (TMY Corporation) own 49.55% of the Company's Issued Ordinary Share Capital and 100% of the Issued Redeemable Preference Capital. Intercompany transactions are shown below:

2000/2001

Earnings:-	Commission	£(98,281)
Costs:-	Goods Purchases (net)	£ 6,351,957
	TMY Interest Charges	£ 70,419
	Preference Dividends	£ 42,717

30th April 2001

Owed by Automotive Distributors Limited	£ 3,274,320
Owing to Automotive Distributors Limited	£ 27,842

24 Reconciliation of Movement in Shareholders' Funds

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
(Loss)/Profit for the financial year	(52,322)	(97,259)
Dividends	(42,717)	(48,494)
	<u>(95,039)</u>	<u>(145,753)</u>
Redemption of preference shares	(120,562)	(112,735)
Revaluation of preference shares	(17,978)	31,310
Goodwill amortisation charge for the year	-	-
	<u>(233,579)</u>	<u>(227,178)</u>
Decrease in the shareholders' funds	1,681,428	1,908,606
Opening shareholders' funds	<u>1,447,849</u>	<u>1,681,428</u>
Closing shareholders' funds	<u>1,447,849</u>	<u>1,681,428</u>

AUTOMOTIVE DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL 2001

25	<u>Gross Cash Flows</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
	<u>Returns on investments and servicing of finance</u>		
	Interest received	-	830
	Interest paid	(219,509)	(176,957)
	Preference dividend paid	(42,717)	(48,494)
	Interest element of finance lease rentals payment	(7,026)	(12,715)
		<u>(269,252)</u>	<u>(237,336)</u>
	<u>Capital expenditure and financial investment</u>		
	Payments to acquire tangible fixed assets	(131,742)	(190,277)
	Proceeds from the sale of tangible fixed assets	132,046	90,385
	Realisation of investments	-	(999)
		<u>304</u>	<u>(98,893)</u>
	<u>Financing</u>		
	Redemption of preference shares	(120,562)	(112,735)
	Capital element of finance lease rentals payments	(133,349)	(184,747)
		<u>(253,911)</u>	<u>(297,482)</u>

26	<u>Analysis of Changes in Net Debt</u>	<u>2000</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>2001</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
	Cash at bank and in hand	3,586	103,588	-	107,174
	Debtor financing	(1,504,439)	1,504,439	-	-
	Overdrafts	(450,184)	(1,347,849)	-	(1,798,033)
		<u>(1,951,037)</u>	<u>260,178</u>	<u>-</u>	<u>(1,690,859)</u>
	Finance leases	(168,163)	133,349	(17,000)	(51,814)
		<u>(2,119,200)</u>	<u>393,527</u>	<u>(17,000)</u>	<u>(1,742,673)</u>