

**Automotive Distributors Limited**

**Directors' report and financial  
statements**

Registered number 2231185

30<sup>th</sup> April 2003

KPMG LLP  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex RH11 9PT



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## **Directors and advisers**

### **Directors**

C D Jeffries – Chairman  
M A R Hookway – Managing Director  
M J Boutcher – Operations Director  
S Nagiri – Non-Executive Director  
N D Taylor – Finance Director  
Y Haji – Non-Executive Director  
D R Ambrose – Sales Director  
M G Northeast – Purchasing Director (Appointed 22<sup>nd</sup> November 2002)

### **Company Secretary**

N D Taylor

### **Registered Office**

9 Wheelbarrow Park  
Pattenden Lane  
Marden  
Kent  
TN12 9QJ

### **Auditors**

KPMG LLP  
1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

### **Bankers**

NatWest PLC	The Royal Bank of Scotland PLC
P.O. Box 344	Corporate Banking Centre- South East
Maidstone	Turnpike House
Kent	123 High Street
ME14 1AT	Crawley
	West Sussex RH10 1DQ

### **Registered Number**

2231185

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30<sup>th</sup> April 2003.

### 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.

### Business review

The directors are pleased to report continued improvement in the trading results for the 2002-03 financial year.

### Dividend proposed and paid

The directors recommend that no ordinary dividend be paid and the retained profit for year of £378,320 (2002; Profit £147,644) be credited to reserves.

Preference dividends were declared in respect of the year to 30<sup>th</sup> April 2003 as follows:

	2003
'B' Cumulative Redeemable	5,933
'C' Cumulative Redeemable	11,047
'D' Cumulative Redeemable	16,755
	<hr/> 33,735 <hr/>

### Directors and directors' interests

The directors who held office during the year and their beneficial interests in the company's issued share capital were as follows:

	Class of share	Interest at end of year	Interest at start of year or date of appointment
C D Jeffries	Ordinary	34,327	34,327
M A R Hookway	Ordinary	12,758	12,758
M J Boutcher	Ordinary	7,993	7,993
S Nagiri	Ordinary	-	-
N D Taylor	Ordinary	500	500
Y Haji	Ordinary	6,432	6,432
D R Ambrose	Ordinary	-	-
M G Northeast	Ordinary	-	-

## Directors' report *(continued)*

As at 30<sup>th</sup> April 2003 the following options were held by the Director's of the company.

	Ordinary Shares	Option Price
N D Taylor	600	£12.93
D R Ambrose	400	£12.93
M G Northeast	400	£12.93

Mr M A R Hookway was Sales Director until 22<sup>nd</sup> November 2002. He was appointed to Managing Director from that date.

Mr M Northeast was appointed to the board on the as Purchasing Director on 22<sup>nd</sup> November 2002.

### Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £1,641.

### Movements in share capital

In accordance with the Articles of the company the following redeemable preference shares held by TMY Corporation were redeemed during the year.

Class of Share	Number of shares	Nominal value	Date of redemption
'B' Cumulative Redeemable	71,875	£31,250	30 <sup>th</sup> April 2003
'C' Cumulative Redeemable	131,875	£81,505	30 <sup>th</sup> April 2003
'D' Cumulative Redeemable	136,800	£78,171	31 <sup>st</sup> October 2002

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
**N D Taylor**  
Company Secretary

9 Wheelbarrow Park  
Pattenden Lane  
Marden  
Kent  
TN12 9QJ

2<sup>nd</sup> August 2003

## **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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT  
United Kingdom

**Report of the independent auditors to the members of Automotive Distributors Limited**

*pursuant to section 247B of the Companies Act 1985*

We have examined the abbreviated accounts on pages 6 to 22 together with the financial statements of Automotive Distributors Limited prepared under section 226 of Companies Act 1985 for the year ended 30 April 2003.

***Respective responsibilities of directors and auditors***

As described on page 5 the company's directors are responsible for preparing the abbreviated financial statements in accordance with section 246A(3) 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 those provisions and to report our opinion to you.

***Basis of opinion***

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does 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 accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

4 August 2003

**Profit and loss account**  
**for the year ended 30<sup>th</sup> April 2003**

	<i>Note</i>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
<b>Gross profit</b>		<b>7,151,693</b>	<b>5,747,718</b>
Selling and distribution costs		<b>(4,183,914)</b>	<b>(3,355,084)</b>
Administrative costs		<b>(2,114,389)</b>	<b>(1,936,714)</b>
		<b>(6,298,303)</b>	<b>(5,291,798)</b>
<b>Operating profit</b>	<b>2</b>	<b>853,390</b>	<b>455,920</b>
Interest receivable		<b>45</b>	<b>1,085</b>
Interest payable	<b>5</b>	<b>(241,456)</b>	<b>(208,685)</b>
<b>Profit on ordinary activities before taxation</b>		<b>611,979</b>	<b>248,320</b>
Tax on profit on ordinary activities	<b>6</b>	<b>(199,924)</b>	<b>(60,000)</b>
		<b>—</b>	<b>—</b>
<b>Profit/(loss) for the financial year</b>		<b>412,055</b>	<b>188,320</b>
Dividends paid and proposed	<b>7</b>	<b>(33,735)</b>	<b>(40,676)</b>
<b>Retained profit for the year</b>		<b>378,320</b>	<b>147,644</b>

The company had no other gains or losses other than the profit for the years stated above, all of which was from continuing operations

No note of the historical cost profit and loss is given as there are no differences between the results as set out in the profit and loss account and their historical equivalents.

The notes on pages 9 to 22 form part of the financial statements.



## Balance sheet at 30<sup>th</sup> April 2003

	Note	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Intangible assets	8		301,815		339,615
Tangible assets	9		791,968		476,388
			<b>1,093,783</b>		<b>816,003</b>
<b>Current assets</b>					
Stocks	11	4,586,048		3,732,978	
Debtors	12	5069,546		4,346,871	
Cash at bank and in hand		19,413		73,221	
			<b>9,675,007</b>		<b>8,153,070</b>
<b>Creditors:</b> amounts falling due within one year	13	(8,931,586)		(7,509,288)	
<b>Net current assets</b>			<b>743,421</b>		<b>643,782</b>
<b>Total assets less current liabilities</b>			<b>1,837,204</b>		<b>1,459,785</b>
<b>Creditors:</b> amounts falling due after more than one year	14		(242,463)		(42,895)
<b>Net assets</b>			<b>1,594,741</b>		<b>1,416,890</b>
<b>Capital and reserves</b>					
Called up share capital	18		470,242		670,712
Capital redemption reserve	19		853,963		663,037
Profit and loss account	19		270,536		83,142
<b>Total Shareholders' funds</b>			<b>1,594,741</b>		<b>1,416,890</b>
<b>Analysis of Shareholders' funds</b>					
Equity			1,188,822		810,502
Non-equity			405,919		606,388
			<b>1,594,741</b>		<b>1,416,890</b>

The notes on pages 9 to 22 form part of the financial statements.

The accounts are prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to medium companies.

These financial statements were approved by the board of directors on the 2<sup>nd</sup> August 2003 and were signed on its behalf by:

  
**M A R Hookway**  
Managing Director

## Cash flow statement for the year ended 30<sup>th</sup> April 2003

	<i>Note</i>	<b>2003</b> £	2002 £
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating profit		<b>853,390</b>	455,920
Depreciation charges		<b>184,557</b>	194,073
Amortisation charges		<b>37,800</b>	37,699
Loss on sale of fixed assets		<b>1,124</b>	2,866
(Increase)/decrease in stocks		<b>(853,070)</b>	(422,453)
Increase in debtors		<b>(722,675)</b>	(1,124,551)
Increase in creditors		<b>182,684</b>	763,659
Unrealised exchange (gain)/loss on re-valuation of preference shares		<b>(13,402)</b>	(13,607)
Investment in subsidiary written off		-	-
<b>Net cash inflow from operating activities</b>		<b>(329,592)</b>	(106,394)
<b>Cash flow statement</b>			
<b>Cash flow from operating activities</b>		<b>(329,592)</b>	(106,394)
<b>Returns on investments and servicing of finance</b>	22	<b>(279,756)</b>	(237,636)
<b>Taxation (paid)/refund</b>		<b>(90,114)</b>	18,191
<b>Capital expenditure and financial investment</b>	22	<b>(54,341)</b>	(69,821)
Cash (outflow)/inflow before management of liquid resources and financing		<b>(753,803)</b>	(395,660)
<b>Financing</b>	22	<b>(371,627)</b>	(244,560)
<b>Increase/(decrease) in cash in the period</b>		<b>(1,125,430)</b>	(640,220)
<b>Reconciliation of net cash flow to movement in net debt</b>			
	23		
<b>Increase/(decrease) in cash in the period</b>		<b>(1,125,430)</b>	(640,220)
Decrease in loans		<b>189,167</b>	79,564
New finance leases		<b>(446,919)</b>	(115,569)
<b>Decrease/(Increase) in net debt</b>		<b>(1,383,182)</b>	(676,225)
<b>Net debt as at 1<sup>st</sup> May 2002</b>		<b>(2,418,898)</b>	(1,742,673)
<b>Net debt as at the 30<sup>th</sup> April 2003</b>		<b>(3,802,080)</b>	(2,418,898)

## **Notes**

*(forming part of the financial statements)*

### **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt by virtue of s228/s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

#### ***Goodwill***

Purchased goodwill (both positive and negative) arising on business combination in respect of acquisitions before 1 January 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over 10 years.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold Buildings	-	2% per annum straight line
Leasehold land and buildings	-	over the lease term
Plant and machinery	-	25% straight line
Motor vehicles	-	33% reducing balance
Office equipment	-	12.5% - 25% per annum straight line
Fixtures and fittings	-	10% per annum straight line
Computer equipment	-	20%-50% straight line

No depreciation is provided on freehold land.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Leases***

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account over the period of the lease.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, a FIFO basis is used.

#### ***Taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

## Notes (continued)

### 2 Operating profit

	2003 £	2002 £
<i>The operating profit is stated after charging /crediting:</i>		
Depreciation of tangible fixed assets:		
owned assets	129,851	164,872
assets held under finance leases and hire purchase	54,706	29,201
Loss on disposal of fixed assets	1,124	2,866
Exchange (profits)/losses	(105,276)	19,313
Audit remuneration:	25,435	15,321
other professional services	4,500	4,000
Operating lease rentals:		
land and buildings	414,158	380,332
plant and equipment	2,737	93
	<hr/> <hr/>	<hr/> <hr/>

### 3 Directors and employees

	2003 £	2002 £
<i>Staff costs, including directors' remuneration, were as follows:</i>		
Wages and salaries	2,326,919	1,979,203
Social security costs	221,786	195,245
Other pension costs	195,178	195,969
	<hr/> <hr/>	<hr/> <hr/>
	2,743,883	2,370,417

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

	2003	2002
Administration	55	53
Distribution	35	29
	<hr/> <hr/>	<hr/> <hr/>
	90	82

## Notes (continued)

### 4 Directors' remuneration

	2003 £	2002 £
Aggregate emoluments	<b>680,924</b>	500,046
Pension contributions	<b>103,020</b>	128,267
	<hr/> <b>783,945</b> <hr/>	<hr/> 628,313 <hr/>

The highest paid director's emoluments were £257,211 (2002:£201,085) along with pension contributions of £25,500 (2002:£56,438)

Retirement benefits were accruing to directors under pension schemes as follows:

	Number	Number
Defined contribution pension scheme	<b>6</b>	4
	<hr/>	<hr/>

### 5 Interest payable and similar charges

	2003 £	2002 £
Interest payable on bank loans and overdrafts	<b>135,841</b>	117,358
Interest payable on deferred payments for shipped goods	<b>90,786</b>	83,799
Finance leases and hire purchase contracts	<b>14,829</b>	7,528
	<hr/> <b>241,456</b> <hr/>	<hr/> 208,685 <hr/>

## 6 Taxation

	2003 £	2002 £
UK Corporation Tax		
Current tax on income for the year	<b>170,000</b>	60,000
Adjustments in respect of prior years	<b>29,924</b>	-
	<hr/> <b>199,924</b> <hr/>	<hr/> 60,000 <hr/>
Tax provision on ordinary activities		
	<hr/> <b>199,924</b> <hr/>	<hr/> 60,000 <hr/>

The current tax charge for the year is at the standard company rate of 30% (2002: 20%) The reconciliation of tax is explained below:

	2003 £	2002 £
Current tax reconciliation		
Profit/(Loss) on ordinary activities before tax	<b>611,979</b>	248,320
Current tax at 30%	<b>183,593</b>	49,664
Expense not deductible for tax purposes	<b>74,825</b>	10,071
Capital allowances for the year in excess of depreciation charge	<b>(79,314)</b>	265
Group Relief claimed	-	-
Marginal Relief	<b>(9,104)</b>	
Adjustment to tax charge in respect of previous periods	<b>29,924</b>	
	<hr/> <b>199,924</b> <hr/>	<hr/> 60,000 <hr/>

The company has a deferred tax asset of £1,817 as at 30<sup>th</sup> April 2003 relating to depreciation charged in excess of capital allowances. This has not been recognised in the financial statements as the amount is not significant.



## Notes (continued)

### 7 Dividends and other appropriations

	2003 £	2002 £
<b>Non equity and equity dividends</b>		
'B' redeemable preference shares	5,933	10,106
'C' redeemable preference shares	11,047	20,511
'D' redeemable preference shares	16,755	10,059
Total dividends paid and proposed	<u>33,735</u>	<u>40,676</u>

### 8 Intangible fixed assets

#### Goodwill

##### Cost

At beginning and end of year	£ 377,314
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##### Amortisation

At beginning of year	37,699
Charge for year	37,800

Total Amortisation	75,499
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#### Net book value 30<sup>th</sup> April 2003

301,815

#### Net book value 30<sup>th</sup> April 2002

339,614

## Notes (continued)

### 9 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Fixture and fittings	Computer equipment	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At beginning of year	42,987	284,379	170,224	270,025	434,046	496,724	1,698,385
Additions	-	24,153	49,899	70,923	177,459	194,331	516,765
Disposals	-	(1,500)	(34,714)	-	-	(123,542)	(159,756)
At end of year	42,987	307,032	185,409	340,948	611,505	567,513	2,055,394
<b>Depreciation</b>							
At beginning of year	38,522	188,761	67,286	196,320	330,556	400,552	1,221,997
Charge for year	396	18,981	35,655	23,732	25,344	80,449	184,557
Disposals	-	(1,404)	(18,488)	-	-	(123,236)	(143,128)
At end of year	38,918	206,338	84,453	220,052	355,900	357,765	1,263,426
<b>Net book value</b>							
<b>At 30 April 2003</b>	<b>4,069</b>	<b>100,694</b>	<b>100,956</b>	<b>120,896</b>	<b>255,605</b>	<b>209,748</b>	<b>791,968</b>
At 30 April 2002	4,465	95,618	102,938	73,705	103,490	96,172	476,388

Assets held under finance leases and hire purchase have an original cost of £511,723 (2002: £263,724) and a net book value of £412,567 (2002: £109,986). Depreciation charged for the year on these assets was £54,706 (2002: £29,201)

### 10 Investments in subsidiaries

Pacific Autoparts NV is a dormant subsidiary of Automotive Distributors Limited. The investment held in Pacific Autoparts NV was written off in the financial year ending 30 April 2000. Pacific Autoparts NV is currently in the process of being liquidated in accordance with Belgian law.

	<b>Pacific Autoparts NV</b>
Shareholding % in subsidiaries	99.99%
Capital and reserves @ 30 April 2003	402
Pre-tax profit for the year to 30 April 2003	4,590

## Notes (continued)

### 11 Stocks

	2003 £	2002 £
Goods held for resale	<b>4,586,048</b>	3,732,978

### 12 Debtors

	2003 £	2002 £
Trade debtors	<b>4,534,696</b>	3,908,425
Amounts owed by group undertakings	-	-
Other debtors	<b>123,686</b>	104,839
Prepayments and accrued income	<b>411,164</b>	333,607
	<b>5,069,546</b>	4,346,871

### 13 Creditors: amounts falling due within one year

	2003 £	2002 £
Invoice discounting and overdrafts	<b>3,475,922</b>	2,404,300
Obligations under finance leases and hire purchase contracts	<b>108,546</b>	44,924
Trade creditors	<b>4,286,352</b>	4,222,255
Corporation tax	<b>170,000</b>	60,191
Taxation and social security	<b>206,172</b>	170,780
Preference dividends	<b>11,762</b>	16,372
Accruals and deferred income	<b>672,832</b>	590,466
	<b>8,931,586</b>	7,509,288

The finance leases and hire purchase contracts are secured on the assets concerned.

The bank overdraft and invoice discounting facilities are secured by a fixed and floating charge over all of the company's assets.

## Notes (continued)

### 14 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Obligations under finance leases and hire purchase contracts	<b>242,463</b>	42,895

### 15 Analysis of borrowings

	2003 £	2002 £
Bank borrowings	<b>3,475,922</b>	2,404,300
Obligations under hire purchase and finance lease	<b>351,009</b>	87,819
	<b>3,826,931</b>	2,492,119

#### Analysis of bank borrowings

Debt can be analysed as falling due:  
In one year or less, or on demand

<b>3,475,922</b>	2,404,300
------------------	-----------

### 16 Obligations under hire purchase and finance leases

	2003 £	2002 £
Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
In the next year	<b>108,546</b>	44,924
In the second to fifth years inclusive	<b>242,463</b>	42,895
	<b>351,009</b>	87,819

## Notes (continued)

### 18 Called up share capital

	2003 £	2002 £
<b>Authorised</b>		
Equity: 114,750 Ordinary shares of £1 each	<b>114,750</b>	114,750
Non-Equity		
659,750 'A' cumulative redeemable preference shares of £1 each	<b>659,750</b>	659,750
310,000 'Y' cumulative redeemable preference shares of 100 JPY each	<b>183,432</b>	183,432
575,000 'B' cumulative preference shares of 100 JPY each	<b>340,237</b>	340,237
1,055,000 'C' cumulative preference shares of 100 JPY each	<b>624,260</b>	624,260
684,000 'D' cumulative preference shares of 100 JPY each	<b>380,000</b>	380,000
	<hr/> <b>2,302,429</b> <hr/>	<hr/> 2,302,429 <hr/>
<b>Allotted, called up and fully paid</b>		
Equity: 64,323 Ordinary shares of £1 each	<b>64,323</b>	64,323
Non-equity		
71,875 'B' cumulative preference shares of 100 JPY each	<b>38,851</b>	79,861
131,875 'C' cumulative preference shares of 100 JPY each	<b>71,284</b>	146,528
547,200 'D' cumulative preference shares of 100 JPY each	<b>295,784</b>	380,000
	<hr/> <b>470,242</b> <hr/>	<hr/> 670,712 <hr/>

### Non-equity shares – rights

- 1) Redemption – The remaining 'B' and 'C' redeemable preference shares are to be redeemed in 1 remaining instalment on the 30<sup>th</sup> April 2004.
- The 'D' redeemable preference shares are being redeemed in 5 equal annual instalments commencing 30<sup>th</sup> October 2002 and ending on 31<sup>st</sup> October 2006.
- 2) Dividends – 'B' @ 7.5% p.a. payable on a six monthly basis  
 – 'C' @ 7.5% p.a. payable on a six monthly basis  
 – 'D' @ 5.0% p.a. payable on the 31<sup>st</sup> October each year

### 19 Reserves

	Capital Redemption reserve £	Profit and loss account £
At beginning of year	<b>663,037</b>	<b>83,142</b>
Premium on share issues, less expenses		
Transfer in respect of redemption of 'B' 'C' and 'D' class redeemable preference shares	<b>190,926</b>	<b>(190,926)</b>
Retained profit for the year		<b>378,320</b>
	<hr/> <b>853,963</b> <hr/>	<hr/> <b>270,536</b> <hr/>
At end of year		

## Notes (continued)

### 20 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	<b>2003</b> <b>Land and</b> <b>buildings</b> <b>£</b>	2002 Land and buildings £
Operating leases which expire: Over five years	<b>464,000</b>	388,829

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

### 21 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £195,178 (2002:£195,969).

## Notes (continued)

### 22 Analysis of cash flows

	2003 £	2002 £
<b>Returns on investment and servicing of finance</b>		
Interest received	45	1,086
Interest paid	(226,627)	(201,157)
Preference dividend paid	(38,345)	(30,037)
Interest element of finance lease rentals payment	(14,829)	(7,528)
	<u>(279,756)</u>	<u>(237,636)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(69,846)	(107,555)
Proceeds from the sale of tangible fixed assets	15,505	37,734
	<u>(54,341)</u>	<u>(69,821)</u>
<b>Financing</b>		
Redemption of preference shares and ordinary shares	(182,460)	(164,996)
Capital element of finance lease rentals payments	(189,167)	(79,564)
	<u>(371,627)</u>	<u>(244,560)</u>

### 23 Analysis of net debt

	At beginning of year £	Cash flow £	Other non cash Changes £	At end of year £
Cash and at bank	73,221	(53,808)		19,413
Bank overdrafts	(2,404,300)	(1,071,622)		(3,475,922)
	<u>(2,331,079)</u>	<u>(1,125,430)</u>		<u>(3,456,509)</u>
Finance leases	(87,819)	189,167	(446,919)	(345,571)
<b>Total</b>	<b><u>(2,418,898)</u></b>	<b><u>(936,263)</u></b>	<b><u>(446,919)</u></b>	<b><u>(3,802,080)</u></b>

## Notes (continued)

### 24 Reconciliation of movement in shareholders' funds

	2003 £	2002 £
Profit for the financial year	<b>412,055</b>	188,320
Dividends	<b>(33,735)</b>	(40,676)
	<hr/>	<hr/>
Transfers to reserves	<b>378,320</b>	147,644
Revaluation of preference shares	<b>(190,926)</b>	(163,161)
	<b>(9,543)</b>	(15,442)
	<hr/>	<hr/>
Increase/(decrease) in the shareholders' funds	<b>177,851</b>	(30,959)
Opening shareholders' funds	<b>1,416,890</b>	1,447,849
	<hr/>	<hr/>
Closing shareholders' funds	<b>1,594,741</b>	1,416,890
	<hr/>	<hr/>

### 25 Related party disclosures

TMY Corporation are the holders of all the redeemable preference shares in Automotive Distributors Limited. During the year Automotive Distributors Limited had the following transactions with the TMY Corporation.

	2003 £	2002 £
Purchases from TMY Corporation	<b>7,681,268</b>	6,735,949
Commissions, Advertising Support received	<b>107,342</b>	100,865
Preference dividends paid and proposed	<b>33,735</b>	40,676
Preference share redemption	<b>190,926</b>	112,734
Preference share issue	-	398,682
Ordinary share buy back	-	50,427

### 26 Foreign Currency Hedging

At 30 April 2003 the company had outstanding forward foreign currency contracts amounting to USD 495,084 and JPY 624,179,641 at a cost of £3,611,885 (2002: £3,492,947). The forward contracts were entirely held to meet foreign currency liabilities outstanding at 30 April 2003.