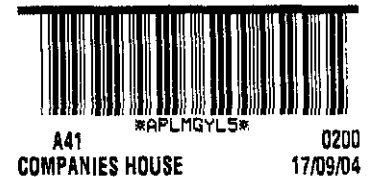


COMPANY REGISTRATION NUMBER 2530637

Latham of Torbay Limited
Financial Statements
For
31 December 2003



BISHOP FLEMING
Chartered Accountants & Registered Auditors
1 Barnfield Crescent
Exeter
EX1 1QY

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Latham of Torbay Limited

Financial Statements

Year Ended 31 December 2003

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Latham of Torbay Limited
Officers and Professional Advisers

The Board of Directors	Mr S M Latham
Company Secretary	Mr K J Styman
Registered Office	1 Barnfield Crescent Exeter Devon EX1 1QY
Auditors	Bishop Fleming Chartered Accountants & Registered Auditors 1 Barnfield Crescent Exeter EX1 1QY

Latham of Torbay Limited

The Director's Report

Year Ended 31 December 2003

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2003.

Principal activities and review of the business

The principal activity of the company during the year was the purchasing, selling and repairing of motor vehicles and other ancillary services.

The directors consider 2003 to have been a successful year benefiting from the successful negotiation of the franchise agreement at the end of the year.

Looking forward to 2004, the extensive refit to the Paignton car showroom and service reception had a considerable impact on January and February's trading results due to the disruption caused over the two month period required to complete the work. This coupled with a dramatic increase in our registration target from Vauxhall will make it unlikely we will achieve the profit level of 2003 and trading has generally proved difficult this year so far.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The director has recommended the following dividends:

	2003 £	2002 £
Proposed dividends on ordinary shares	10,000	7,436
Dividends paid on ordinary shares	28,051	45,169
	<u>38,051</u>	<u>52,605</u>

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2003	At 1 January 2003
Mr S M Latham	Ordinary	60,000	60,000
	Redeemable		
	Preference	<u>1</u>	<u>1</u>

Motors Directors Limited resigned as a director on 14 November 2003.

Director's 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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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

Latham of Torbay Limited**The Director's Report** *(continued)***Year Ended 31 December 2003**

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. The directors 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 Bishop Fleming as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
1 Barnfield Crescent
Exeter
Devon
EX1 1QY

Signed by



Mr S M Latham
Director

Approved by the director on 14 September 2004

Latham of Torbay Limited**Independent Auditors' Report to the Shareholders of
Latham of Torbay Limited****Year Ended 31 December 2003**

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

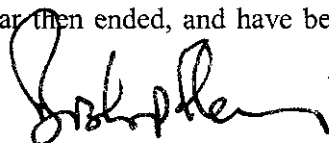
Latham of Torbay Limited

**Independent Auditors' Report to the Shareholders of
Latham of Torbay Limited** *(continued)*

Year Ended 31 December 2003

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



BISHOP FLEMING
Chartered Accountants
& Registered Auditors

1 Barnfield Crescent
Exeter

EX1 1QY

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Latham of Torbay Limited**Profit and Loss Account****Year Ended 31 December 2003**

	Note	2003 £	2002 £
Turnover	2	7,484,813	7,810,379
Cost of sales		<u>5,968,947</u>	<u>6,324,532</u>
Gross profit		1,515,866	1,485,847
Administrative expenses		<u>1,235,845</u>	<u>1,220,435</u>
Operating profit	3	280,021	265,412
Interest receivable		1,840	657
Interest payable and similar charges	6	<u>(45,945)</u>	<u>(51,862)</u>
Profit on ordinary activities before taxation		235,916	214,207
Tax on profit on ordinary activities	7	<u>84,298</u>	<u>72,739</u>
Profit on ordinary activities after taxation		151,618	141,468
Dividends	8	<u>38,051</u>	<u>52,605</u>
Retained profit for the financial year		<u>113,567</u>	<u>88,863</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Latham of Torbay Limited**Balance Sheet****31 December 2003**

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	9	958,115	989,925
Current assets			
Stocks	10	1,026,823	1,006,573
Debtors	11	265,135	210,308
Cash at bank		43,501	109,422
		<u>1,335,459</u>	<u>1,326,303</u>
Creditors: Amounts falling due within one year	12	<u>1,402,191</u>	<u>1,291,481</u>
Net current (liabilities)/assets		<u>(66,732)</u>	<u>34,822</u>
Total assets less current liabilities		<u>891,383</u>	<u>1,024,747</u>
Creditors: Amounts falling due after more than one year	13	<u>527,263</u>	<u>646,963</u>
		<u>364,120</u>	<u>377,784</u>
Provisions for liabilities and charges			
Deferred taxation	15	<u>2,615</u>	<u>—</u>
		<u>361,505</u>	<u>377,784</u>
Capital and reserves			
Called-up share capital	18	60,001	189,847
Other reserves	19	300,999	171,153
Profit and loss account	20	505	16,784
Shareholders' funds (including non-equity interests)	21	<u>361,505</u>	<u>377,784</u>

These financial statements were approved and signed by the director on 14 September 2004

Mr S M Latham
Director



Latham of Torbay Limited**Cash Flow Statement****Year Ended 31 December 2003**

	2003	2002
	£	£
Net cash inflow from operating activities	348,037	263,553
Returns on investments and servicing of finance		
Interest received	1,840	657
Interest paid	(62,517)	(78,484)
Net cash outflow from returns on investments and servicing of finance	(60,677)	(77,827)
Taxation	(64,009)	(36,242)
Capital expenditure		
Payments to acquire tangible fixed assets	(15,933)	(24,099)
Receipts from sale of fixed assets	5,085	—
Net cash outflow from capital expenditure	(10,848)	(24,099)
Equity dividends paid	(35,487)	(45,169)
Cash inflow before financing	177,016	80,216
Financing		
Purchase of own non-equity shares	(129,846)	(94,881)
(Repayment) of bank loans	(113,091)	748,113
Net cash (outflow)/inflow from financing	(242,937)	653,232
(Decrease)/increase in cash	(65,921)	733,448
Reconciliation of operating profit to net cash inflow from operating activities		
	2003	2002
	£	£
Operating profit	280,021	265,412
Interest payable	16,572	26,622
Depreciation	43,176	42,002
Profit on disposal of fixed assets	(518)	—
Increase in stocks	(20,250)	(1,006,573)
Increase in debtors	(63,827)	(201,308)
Increase in creditors	92,863	1,137,398
Net cash inflow from operating activities	348,037	263,553

The notes on pages 10 to 18 form part of these financial statements.

Latham of Torbay Limited**Cash Flow Statement** *(continued)***Year Ended 31 December 2003****Reconciliation of net cash flow to movement in net debt**

	2003		2002	
	£	£	£	£
(Decrease)/increase in cash in the period	(65,921)		733,448	
Net cash outflow from/(inflow) from bank loans	<u>113,091</u>		<u>(748,113)</u>	
		47,170		(14,665)
Change in net debt		47,170		(14,665)
Net debt at 1 January 2003		<u>(638,691)</u>		—
Net debt at 31 December 2003		<u><u>(591,521)</u></u>		<u><u>(638,691)</u></u>

Analysis of changes in net debt

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	<u>109,422</u>	<u>(65,921)</u>	<u>43,501</u>
Debt:			
Debt due within 1 year	(101,150)	(6,609)	(107,759)
Debt due after 1 year	<u>(646,963)</u>	<u>119,700</u>	<u>(527,263)</u>
	<u>(748,113)</u>	<u>113,091</u>	<u>(635,022)</u>
Net debt	<u><u>(638,691)</u></u>	<u><u>47,170</u></u>	<u><u>(591,521)</u></u>

Latham of Torbay Limited**Notes to the Financial Statements****Year Ended 31 December 2003**

1. Accounting policies**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention.

(b) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(c) Fixed assets

All fixed assets are initially recorded at cost.

(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Freehold Property	- 2% on cost
Plant & Machinery	- 20%, 33% and 50% on cost
Fixtures & Fittings	- 10%, 20%, 33% and 50% on cost
Motor Vehicles	- 25% reducing balance

(e) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Under supply agreements with General Motors, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the company, which in substance gives the company control over the stock during the *consignment period and liabilities in respect of holding costs*, the company recognises these stocks in the balance sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the balance sheet. Both the terms under which stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

(f) Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

(g) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(h) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Latham of Torbay Limited**Notes to the Financial Statements****Year Ended 31 December 2003**

1. Accounting policies (continued)**(i) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(j) Manufacturer income

All trading income from the manufacturer relating to the period (whether received or receivable) has been included within gross profit.

(k) Overhead expense

All overheads incurred during the year including those specifically allocated to individual company departments are disclosed within administrative expenses.

(l) Interest payable

Interest includes all vehicle stocking, bank, loan and other financing interest and charges payable.

(m) Motability repurchase commitments

Until February 2002 the company had certain obligations to repurchase vehicles at predetermined residual prices upon the expiry of the contracts, usually after three years, under agreements with Motability Finance Limited. The assets have been disclosed in stock at the lower of repurchase price and the net realisable value. The liabilities have been recorded at the purchase price. Where there is no obligation to repurchase vehicles, no disclosure is made.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	<u>7,484,813</u>	<u>7,810,379</u>

Latham of Torbay Limited
Notes to the Financial Statements
Year Ended 31 December 2003

3. Operating profit

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation of owned fixed assets	43,176	42,002
Profit on disposal of fixed assets	(518)	—
Auditors' remuneration		
- as auditors	8,000	6,750
- for other services	11,012	3,280
Operating lease costs:		
Land and buildings	10,125	—
Plant and equipment	5,454	16,148
Vehicles	5,418	20,783

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of production staff	16	16
Number of distribution staff	24	24
Number of administrative staff	6	6
Number of management staff	6	6
	52	52

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	793,577	787,043
Social security costs	76,883	73,681
Other pension costs	1,558	1,550
Other pension costs	523	520
	872,541	862,794

5. Director's emoluments

The director's aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	47,864	50,839
Value of company pension contributions to money purchase schemes	523	520
	48,387	51,359

6. Interest payable and similar charges

	2003	2002
	£	£
Other similar charges payable	45,945	51,862

Latham of Torbay Limited
Notes to the Financial Statements
Year Ended 31 December 2003

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	72,683	81,000
Over/under provision in prior year	—	739
Total current tax	72,683	81,739
Deferred tax:		
Origination and reversal of timing differences	11,615	(9,000)
Tax on profit on ordinary activities	84,298	72,739

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	235,916	214,207
Profit on ordinary activities by rate of tax	70,775	64,000
Capital allowances for the year in excess of depreciation	238	1,000
Other timing differences	1,670	15,000
Rounding	—	1,000
Adjustments in respect of prior year	—	739
Total current tax (note 7(a))	72,683	81,739

8. Dividends

The following dividends have been paid or proposed in respect of the year:

	2003 £	2002 £
Proposed dividend on ordinary shares	10,000	7,436
Dividend paid on ordinary shares	28,051	45,169
	38,051	52,605

Latham of Torbay Limited**Notes to the Financial Statements****Year Ended 31 December 2003****9. Tangible fixed assets**

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2003	982,560	152,951	52,055	10,796	1,198,362
Additions	–	15,933	–	–	15,933
Disposals	–	–	–	(10,796)	(10,796)
At 31 December 2003	982,560	168,884	52,055	–	1,203,499
Depreciation					
At 1 January 2003	92,937	86,237	23,634	5,629	208,437
Charge for the year	15,022	22,772	4,782	600	43,176
On disposals	–	–	–	(6,229)	(6,229)
At 31 December 2003	107,959	109,009	28,416	–	245,384
Net book value					
At 31 December 2003	874,601	59,875	23,639	–	958,115
At 31 December 2002	889,623	66,714	28,421	5,167	989,925

10. Stocks

	2003 £	2002 £
Finished goods	665,161	533,281
Vehicle consignment stock	361,662	473,292
	1,026,823	1,006,573

Consignment vehicles included in the balance sheet relate to categories of stock where allocation has in principle been made to a customer order. All other vehicles are available for allocation to other vauxhall retailers.

11. Debtors

	2003 £	2002 £
Trade debtors	205,191	126,730
Other debtors	1,978	34,768
Prepayments and accrued income	57,966	39,810
Deferred taxation (note 15)	–	9,000
	265,135	210,308

Latham of Torbay Limited**Notes to the Financial Statements****Year Ended 31 December 2003****12. Creditors: Amounts falling due within one year**

	2003	2002
	£	£
Bank loans and overdrafts	107,759	101,150
Trade creditors	136,743	74,854
Amounts owed to group undertakings	—	839,694
Corporation tax	54,171	45,497
Other taxation and social security	24,595	30,252
Dividends payable	10,000	7,436
Other creditors	890,182	13,108
Accruals and deferred income	178,741	179,490
	<u>1,402,191</u>	<u>1,291,481</u>

13. Creditors: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans and overdrafts	<u>527,263</u>	<u>646,963</u>

The bank loan is secured by a legal charge over the freehold property and by way of a debenture over the assets of the company. The loan is repayable in equal monthly instalments and carries interest at commercial rates.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2003	2002
	£	£
Bank loans and overdrafts	<u>82,052</u>	<u>189,435</u>

14. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2003	2002
	£	£
Amounts repayable:		
In one year or less or on demand	107,759	101,150
In more than one year but not more than two years	112,630	176,335
In more than two years but not more than five years	332,581	281,193
In more than five years	82,052	189,435
	<u>635,022</u>	<u>748,113</u>

15. Deferred taxation

	2003	2002
	£	£
The movement in the deferred taxation account during the year was:		
Balance brought forward	(9,000)	—
Profit and loss account movement arising during the year	11,615	(9,000)
Balance carried forward	<u>2,615</u>	<u>(9,000)</u>

Latham of Torbay Limited**Notes to the Financial Statements****Year Ended 31 December 2003****15. Deferred taxation (continued)**

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	(1,735)	(9,000)
Other timing differences	4,350	—
	<u>2,615</u>	<u>(9,000)</u>

16. Commitments under operating leases

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2003 £	2002 £
Operating leases which expire:		
Within 1 year	—	4,337
Within 2 to 5 years	3,051	2,869
	<u>3,051</u>	<u>7,206</u>

17. Related party transactions

During the year Mr S Latham the sole director purchased a vehicle personally, at £1,900 below market value.

18. Share capital**Authorised share capital:**

	2003 £	2002 £
60,000 Ordinary shares of £1 each	60,000	60,000
301,000 Preference shares of £1 each	301,000	301,000
	<u>361,000</u>	<u>361,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
Preference shares of £1 each	1	1	129,847	129,847
	<u>60,001</u>	<u>60,001</u>	<u>189,847</u>	<u>189,847</u>

Latham of Torbay Limited**Notes to the Financial Statements****Year Ended 31 December 2003****18. Share capital (continued)**

Rights

Preference Shares

The redeemable preference shares are non-equity shares. The basic entitlement to a dividend at the rate of 1% net per share is waived, and instead these shares are entitled to a balance of any post tax profits remaining after redemption of the preference shares in accordance with the formula included in the company's Articles of Association. The redemption is made quarterly. Holders of preference shares have one vote for every share held. The rights of preference shareholders on winding up are dependant upon a calculation determining funds in excess of 85% of the original total share capital, and such rights are ranked before those of ordinary shareholders.

Ordinary Shares

The ordinary shares carry no voting rights until all preference shares have been redeemed.

Redemptions

During the year, the company redeemed 129,846 (2002: 94,881) £1 redeemable preference shares at par.

19. Other reserves

	2003 £	2002 £
Balance brought forward	171,153	76,272
Transfer from the Profit and Loss Account	129,846	94,881
	<u>300,999</u>	<u>171,153</u>

20. Profit and loss account

	2003 £	2002 £
Balance brought forward	16,784	22,802
Retained profit for the financial year	113,567	88,863
Transfer to capital redemption reserve	(129,846)	(94,881)
Balance carried forward	<u>505</u>	<u>16,784</u>

21. Reconciliation of movements in shareholders' funds**Equity shareholders' funds**

	2003 £	2002 £
Profit for the financial year	151,618	141,468
Dividends	(38,051)	(52,605)
	<u>113,567</u>	<u>88,863</u>
Opening shareholders' equity funds	247,937	159,074
Closing shareholders' equity funds	<u>361,504</u>	<u>247,937</u>

Latham of Torbay Limited**Notes to the Financial Statements****Year Ended 31 December 2003****21. Reconciliation of movements in shareholders' funds** *(continued)***Non-equity shareholders' funds**

Opening shareholders' non-equity funds	129,847	224,728
Purchase of own non-equity shares	(129,846)	(94,881)
Closing shareholders' non-equity funds	1	129,847
Total shareholders' funds	361,505	377,784

22. Post balance sheet events

In February 2004 the company purchased an independent local body repair business, Paignton Autobodies, for the sum of £254,000. There was no commitment to this purchase at the year end.

23. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £62,591 (2002 - £Nil).

In January 2004 the company embarked on a complete refurbishment of its customer facing facilities at the Paignton site to meet the new Vauxhall corporate identification standard. The above commitment relates to this project.