

VEM motors UK Limited
Abbreviated Accounts
For
31 December 2004



MACINTYRE HUDSON

Chartered Accountants & Registered Auditors
Lyndale House, Ervington Court
Meridian Business Park
Leicester
LE19 1WL

VEM motors UK Limited

Abbreviated Accounts

Year ended 31 December 2004

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VEM motors UK Limited

Independent Auditors' Report to the Company

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts which comprise the Balance Sheet, Accounting Policies and the related notes, together with the financial statements of the company for the year ended 31 December 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 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 Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

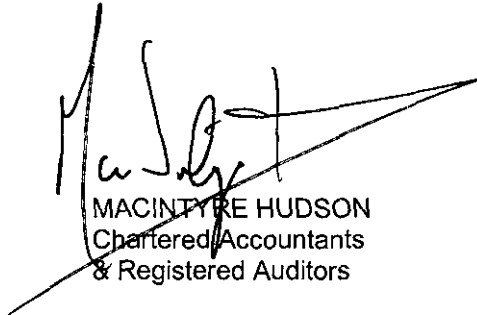
Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Lyndale House, Ervington Court
Meridian Business Park
Leicester
LE19 1WL



MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

12 April 2005

VEM motors UK Limited

Abbreviated Balance Sheet

31 December 2004

	Note	2004 £	£	2003 £
Fixed assets	1			
Intangible assets			93,000	54,000
Tangible assets			31,351	29,166
			<u>124,351</u>	<u>83,166</u>
Current assets				
Stocks		273,393		197,719
Debtors		298,600		376,591
Cash at bank and in hand		330		3,685
		<u>572,323</u>		<u>577,995</u>
Creditors: amounts falling due within one year		<u>691,101</u>		<u>682,022</u>
Net current liabilities			(118,778)	(104,027)
Total assets less current liabilities			<u>5,573</u>	<u>(20,861)</u>
Creditors: amounts falling due after more than one year			<u>5,861</u>	<u>6,901</u>
			<u>£(288)</u>	<u>£(27,762)</u>
Capital and reserves				
Called-up equity share capital	2		25,000	25,000
Profit and loss account			(25,288)	(52,762)
Deficiency			<u>£(288)</u>	<u>£(27,762)</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 12-04-2005 and are signed on their behalf by:


Mr R Crocker
Director

The accounting policies and notes on pages 3 to 5 form part of these abbreviated accounts.

VEM motors UK Limited

Accounting Policies

Year ended 31 December 2004

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

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

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Goodwill	- over 5 years
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Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Motor vehicles	- over 3 years
Computer and office equipment	- 15% / 25% straight line per annum

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

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 at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

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.

VEM motors UK Limited

Accounting Policies *(continued)*

Year ended 31 December 2004

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, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

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 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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

VEM motors UK Limited

Notes to the Abbreviated Accounts

Year ended 31 December 2004

1. Fixed assets

	Intangible Assets £	Tangible Assets £	Total £
Cost			
At 1 January 2004	60,000	34,218	94,218
Additions	60,000	23,565	83,565
Disposals	—	(16,000)	(16,000)
At 31 December 2004	£120,000	£41,783	£161,783
Depreciation			
At 1 January 2004	6,000	5,052	11,052
Charge for year	21,000	12,046	33,046
On disposals	—	(6,666)	(6,666)
At 31 December 2004	£27,000	£10,432	£37,432
Net book value			
At 31 December 2004	£93,000	£31,351	£124,351
At 31 December 2003	£54,000	£29,166	£83,166

2. Share capital

Authorised share capital:

	2004 £	2003 £
50,000 Ordinary shares of £1 each	50,000	1,000

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	25,000	25,000	25,000	25,000

3. Ultimate parent company

The company is a wholly owned subsidiary of VEM Motors GmbH, a company registered in Germany.