

SIMONSTONE (BRISTOL) LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2003

COMPANY NUMBER 04585756



Presented by:

**Afford Astbury Bond
Chartered Accountants
31 Wellington Road
Nantwich
Cheshire
CW5 7ED**

SIMONSTONE (BRISTOL) LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2003

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SIMONSTONE (BRISTOL) LIMITED

COMPANY INFORMATION

Directors	M Keen (Chairman) S Sowerby P Keen J Keen
Secretary	S Sowerby
Registered Office	100 Barbirolli Square Manchester M2 3AB
Company Number	4585756
Auditors	Afford Astbury Bond Chartered Accountants Registered Auditors 31 Wellington Road Nantwich Cheshire CW5 7ED
Bankers	Bank of Scotland PO Box 208 21 Prince Street Bristol BS99 7JG
Solicitors	Addleshaw Goddard 100 Barbirolli Square Manchester M2 3AB

SIMONSTONE (BRISTOL) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST DECEMBER 2003

The directors present their annual report and the audited financial statements for the period ended 31st December 2003.

Principal activity and review of the business

The company trades in the retail sale and repair of motor vehicles.

The directors are satisfied with the results for the first eleven months of trading.

Fixed assets

The movement in tangible fixed assets during the period is set out in note 8 to the financial statements.

Results and dividends

The results for the period are set out in detail on page 4.

The directors approved and paid a dividend of £150,000 for the period ended 31st December 2003.

Directors and directors' interests

The directors who served during the period and their ultimate beneficial interests in the shares of the company were:

Ordinary shares of £1 each
On incorporation and at 31st December 2003

M Keen

5,000

SIMONSTONE (BRISTOL) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST DECEMBER 2003 (continued)

Directors' responsibilities for preparing the financial statements

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 of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- 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 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

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

The Directors' Report was approved by the Board and signed on its behalf by:



S Sowerby
Secretary

Date 5TH February 2004.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SIMONSTONE (BRISTOL) LIMITED

We have audited the financial statements of Simonstone (Bristol) Limited on pages 4 to 14 for the period ended 31st December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members 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 Directors' Responsibilities the company's directors are responsible for the preparation of 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 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 and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of opinion

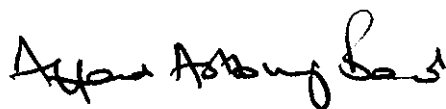
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the estimates and judgements 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, error or other irregularity. 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 Company's affairs as at 31st December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Afford Astbury Bond
Chartered Accountants
Registered Auditors
31 Wellington Road
Nantwich
Cheshire
CW5 7ED
Date 05/02/04



SIMONSTONE (BRISTOL) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER 2003

		Continuing operation
		<u>2003</u>
		<u>£</u>
	<u>Notes</u>	
Turnover	2	11,390,816
Cost of sales		(9,720,059)
Gross profit		<u>1,670,757</u>
Other operating income		301,875
Administration expenses		<u>(1,609,977)</u>
Operating profit		362,655
Exceptional item - pre acquisition expenses		<u>(79,801)</u>
		282,854
Interest receivable		37
Interest payable and similar charges	3	<u>(43,631)</u>
Profit on ordinary activities before taxation	4	239,260
Tax on profit on ordinary activities	7	<u>(18,000)</u>
Profit for the financial period after taxation		221,260
Dividends		<u>(150,000)</u>
Retained profit for the period		<u><u>71,260</u></u>

Statement of total recognised gains/losses

The company has no recognised gains or losses other than profits as disclosed for the period ended 31st December 2003.

Historical cost profits and losses

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The annexed notes form part of these financial statements.

SIMONSTONE (BRISTOL) LIMITED

BALANCE SHEET AT 31ST DECEMBER 2003

	<u>Notes</u>	<u>2003</u> <u>£</u>	<u>£</u>
Fixed assets			
Intangible assets	8		77,005
Tangible assets	8		151,780
			<u>228,785</u>
Current assets			
Stocks	9	1,313,126	
Debtors	11	271,197	
Cash at bank and in hand		41,909	
		<u>1,626,232</u>	
Creditors : amounts falling due within one year	12	<u>(1,634,693)</u>	
Net current liabilities			<u>(8,461)</u>
Total assets less current liabilities			<u>220,324</u>
Creditors: amounts falling due after more than one year	13		<u>(144,064)</u>
Net assets			<u><u>76,260</u></u>
Capital and reserves			
Called up share capital	15		5,000
Profit and loss account	16		71,260
Shareholders' funds	17		<u><u>76,260</u></u>

The financial statements were approved by the Board and signed on its behalf by:


M Keen
Director

Date 5th February 2004

The annexed notes form part of these financial statements.

SIMONSTONE (BRISTOL) LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2003

	<u>Notes</u>	<u>2003</u> <u>£</u>
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit		282,854
Depreciation		38,848
Increase in stocks		(1,313,126)
Increase in debtors		(271,197)
Increase in creditors		1,512,932
Net cash inflow from operating activities		<u>250,311</u>
 Cash flow statement		
Net cash inflow from operating activities		250,311
Returns on investments and servicing of finance	21	(39,833)
Capital expenditure	21	(267,633)
Dividends paid		(150,000)
Financing	21	249,064
Increase in cash		<u>41,909</u>
 Reconciliation of net cash flow to movement in net debt	 22	
Increase in cash in the period/change in net debt		41,909
 Net funds at commencement		 -
Net funds at 31st December 2003		<u>41,909</u>

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003

1. 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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules.

Depreciation

Depreciation is provided by the company 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:

Motor vehicles	- 25% per annum straight line
Fixtures and fittings	- 10% per annum straight line
Plant and machinery	- 10% per annum straight line
Computer equipment	- 25% per annum straight line

Pensions

The company operates a defined contribution/stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the account period.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

Taxation

The charge for taxation is based on the profit for the period and takes into account, where material, taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Leased assets and hire purchase contracts

Where the assets are financed by leasing agreements 'finance leases' or hire purchase contracts the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease or hire purchase contract in proportion to the balance of capital payments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

Goodwill

Purchased goodwill incurred on the acquisition of new dealership sites is written off against the profit and loss account over its useful economic life, considered to range from ten to twenty years, a reasonable maximum estimated by the directors.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003 (continued)

2. Turnover

Turnover consists of the invoice value excluding VAT for goods and services supplied to third parties.

3. Interest payable and similar charges

2003

£

On vehicle funding

43,631

4. Profit on ordinary activities before taxation is stated after charging:

Depreciation of tangible fixed assets

38,848

Equipment hire and leasing

1,686

Auditors' remuneration

5,000

5. Staff numbers and cost

Average number of people (including directors)
employed by the company during the period:

No. of Employees

2003

Production

16

Sales and distribution

12

Administration

32

60

Cost in respect of these employees:

£

Wages and salaries

1,133,183

Social security costs

111,370

Stakeholder pension contributions

19,319

1,263,872

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003 (continued)

6. Directors' remuneration

	<u>2003</u> £
Directors emoluments	£50,000
Emoluments excluding pension contributions:	
Chairman	Nil
Highest paid director	£50,000
Number of other directors whose emoluments fell within the bands stated:	<u>No. of Directors</u> <u>2003</u>
£0 - £5,000	2

7. Tax on profit on ordinary activities

	<u>2003</u> £
Taxation charge for the period:	
Corporation tax at 21%	£18,000

8. Intangible fixed assets

	Goodwill £
Cost	
Additions	85,561
At 31st December 2003	85,561
Amortisation	
Charge for the period	8,556
At 31st December 2003	8,556
Net book value	
At 31st December 2003	77,005

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003 (continued)

8. Tangible fixed assets

	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost					
Additions	66,553	32,908	67,475	15,136	182,072
At 31st December 2003	<u>66,553</u>	<u>32,908</u>	<u>67,475</u>	<u>15,136</u>	<u>182,072</u>
Depreciation					
Charge for the period	11,423	947	14,701	3,221	30,292
At 31st December 2003	<u>11,423</u>	<u>947</u>	<u>14,701</u>	<u>3,221</u>	<u>30,292</u>
Net book value					
At 31st December 2003	<u>55,130</u>	<u>31,961</u>	<u>52,774</u>	<u>11,915</u>	<u>151,780</u>

9. Stocks

	<u>2003</u> £
Goods for resale	<u>1,313,126</u>

The replacement cost of the above stocks would not be significantly different from the values stated.

10. Consignment stock

At the period end the company held consignment stocks of £184,035. This has been reflected in the balance sheet as it is considered that the stock is in substance the property of the company.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003 (continued)

11. Debtors

	<u>2003</u>
	<u>£</u>
Trade debtors	174,917
Other debtors	68,969
Prepayments and accrued income	27,311
	<hr/>
	271,197
	<hr/>

12. Creditors : amounts falling due within one year

Trade creditors	268,577
Other creditors - secured	780,526
Loan from group company	100,000
Corporation tax	18,000
Other taxation and social security	223,468
Accruals and deferred income	244,122
	<hr/>
	1,634,693
	<hr/>

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

Other loans	144,064
	<hr/>

Creditors not repayable by instalments

Amount repayable within five years	
Other loans	144,064
	<hr/>

The company's other creditors who provide vehicle funding have floating charges over vehicle stocks.

The company have an agreed bank loan and overdraft facility secured for all sums between Simonstone Motor Group Plc and Simonstone (Bristol) Limited and by a legal charge over the trading property at Bath Road, Brislington held by Simonstone Property Limited.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003 (continued)

14. Provision for liabilities and charges

	<u>2003</u>
	<u>£</u>
Deferred taxation	
Charge for the period	-
	<u><u> </u></u>

The amounts provided for deferred taxation and the amounts involved if deferred taxation had been provided in full are as follows:-

	<u>Full provision</u>	<u>Provided</u>
	<u>2003</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	27,189	-
	<u><u> </u></u>	<u><u> </u></u>

The potential liability and provision are based on a corporation tax rate of 32.75%

15. Called up share capital

	<u>2003</u>
	<u>£</u>
Authorised	
5,000 Ordinary shares of £1 each	5,000
	<u><u> </u></u>
Allotted, called up and fully paid	
5,000 Ordinary shares of £1 each	5,000
	<u><u> </u></u>

16. Reserves

Profit and loss account	
Profit for the financial period	221,260
Dividends	(150,000)
	<u><u> </u></u>
At 31st December 2003	71,260
	<u><u> </u></u>

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003 (continued)

17. Reconciliation of movements in shareholders' funds

	<u>2003</u> <u>£</u>
Profit for the financial period	221,260
Dividends	(150,000)
Issue of share capital	5,000
	<hr/>
Net addition to shareholders' funds	76,260
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>76,260</u>

18. Pension scheme

The company operates a defined contribution/stakeholder pension scheme. The pension cost charge for the year represented contributions payable by the company to the fund and amounted to £19,319.

19. Related parties

During the period the company paid costs of £91,667 on an arms length commercial basis for rental of premises at Bath Road, Brislington to Simonstone Properties Limited a company registered in England which is under the control of M Keen.

20. Ultimate holding company/controlling party

The company is owned by Simonstone Motor Group Plc a company registered in England which is under the ultimate control of M Keen, Director.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31ST DECEMBER 2003 (continued)

21. Gross cash flows	2003
	£
Returns on investments and servicing of finance	
Interest paid	(39,870)
Interest received	37
	<u>(39,833)</u>
Capital expenditure	
Payments to acquire tangible fixed assets	(267,633)
Receipt from sale of tangible fixed assets	-
	<u>(267,633)</u>
Financing	
Issue of share capital	5,000
Loan from group company	100,000
Other loans	144,064
	<u>249,064</u>

22. Analysis of changes in net debt

	At commencement	Cash flows	At 31st December 2003
Cash at bank and in hand	<u>-</u>	<u>41,909</u>	<u>41,909</u>