

Company No: 2251848
England & Wales

MOTOR MALL LIMITED
ANNUAL AUDITED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2002



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COMPANIES HOUSE 09/11/02

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Chartered Certified Accountants
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MOTOR MALL LIMITED

DIRECTORS

D T Westgarth

COMPANY SECRETARY

L H Westgarth

AUDITORS

Norman Brisk & Company
Bank Chambers
Canterbury Road
Lyminge
Folkestone
Kent CT18 8HU

REGISTERED OFFICE

Little Densole Farm
Canterbury Road
Densole
Folkestone
Kent CT18 7BJ

COMPANY NUMBER

2251848 Registered in England & Wales

MOTOR MALL LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28TH FEBRUARY 2002

The Directors present their report together with the audited financial statements for the year ended 28th February 2002.

PRINCIPAL ACTIVITY

The principal activity of the Company is the sale of new and secondhand imported motor vehicles on an agency basis. The results for the year reflect the transition from direct selling to an agency basis.

REVIEW OF THE BUSINESS

The Company's net profit after taxation was £3,592 [2001: £(134,904) Loss].

The Director considers that the position of the Company at 28 February 2002 is reasonable given the value of its freehold property.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the financial statements. Freehold Property at Chartham has been included at a professional valuation made on 13th December 1999 with no taxation provision made on the unrealised surplus arising (see note 6). No provision has been made for depreciation of freehold property held as an Investment Property for the reasons stated in the notes.

DIRECTORS AND INTEREST IN SHARES

All the shares in the Company are held by the group holding company – Motor Mall (Holdings) Limited. The Director's interests in shares of the group holding company were:

	5p Ordinary Shares 28 February 2002	5p Ordinary Shares 28 February 2001
D T Westgarth Esq.	1,997	1,997

**MOTOR MALL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28TH FEBRUARY 2002**

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which gives 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 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 director confirms that he has complied with the above requirements in preparing the financial statements.

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.

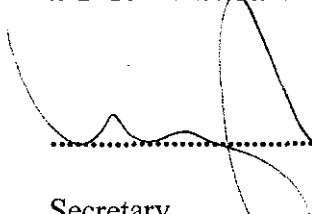
SMALL COMPANY PROVISIONS

In preparing these financial statements the directors have taken advantage of the special provisions relating to small companies within Part VII of the Companies Act 1985.

AUDITORS

The Auditors, Norman Brisk & Co. were appointed during the year and have expressed their willingness to continue in office. A resolution to reappoint the auditors will be put to the members at the Annual General Meeting in accordance with Section 385 Companies Act 1985.

BY ORDER OF THE BOARD



.....L H Westgarth

Secretary
Little Densole Farm
Canterbury Road
Densole
Folkestone
Kent CT18 7BJ

5th November 2002

MOTOR MALL LIMITED

REPORT OF THE AUDITORS To the members of Motor Mall Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention, modified to include Freehold Property at professional valuation and the accounting policies set out in note 1 on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

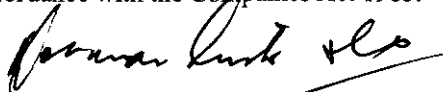
Basis of opinion

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 28th February 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



NORMAN BRISK & COMPANY
Chartered Certified Accountants and Registered Auditors
Lyminge

5th November 2002

MOTOR MALL LIMITEDProfit and Loss Account for the year ended 28 February 2002

		<u>2002</u>	<u>2001</u>
	Note	£	£
GROSS PROFIT		72,621	55,500
Administrative expenses		116,967	176,350
OPERATING (LOSS) FOR THE YEAR	2(b)	<u>(44,346)</u>	<u>(120,850)</u>
Other income	3	76,222	34,950
		<u>31,876</u>	<u>(85,900)</u>
Profit on sale of tangible fixed assets		-	2,210
Interest payable and similar charges	4	(28,234)	(51,214)
NET PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>3,642</u>	<u>(134,904)</u>
TAXATION	6	(50)	-
NET PROFIT/ (LOSS) FOR THE YEAR AFTER TAXATION	13	<u>3,592</u>	<u>(134,904)</u>
BALANCE CARRIED FORWARD	13	<u><u>3,592</u></u>	<u><u>(134,904)</u></u>

The notes on pages 8 to 13 form part of these accounts.

MOTOR MALL LIMITED
STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 28TH FEBRUARY 2002

	2002 £	2001 £ As restated
Profit/(loss) for the financial year	3,642	(193,835)
Total recognised gains and losses relating to the year	<u>3,642</u>	<u>(193,835)</u>
Prior year adjustment	(58,931)	
TOTAL GAINS AND LOSSES SINCE LAST REPORT	<u>(55,289)</u>	

DETAILS OF PRIOR YEAR ADJUSTMENT	2002 £
Fixed assets scrapped	17,047
Additional costs - cost of sales prior years	11,500
Trade debtor balances relating to former car sales venture	30,384
	<u>58,931</u>

MOTOR MALL LIMITED

Balance Sheet as at 28 February 2002

		<u>2002</u>		<u>2001</u>	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	1,7		706,288		721,164
CURRENT ASSETS					
Stock	1,8	2,130		22,573	
Debtors	9	19,300		52,582	
Amounts due - fellow subsidiaries	10	2,480		2,480	
Amounts due - parent company	11	244		244	
		<u>24,154</u>		<u>77,879</u>	
CURRENT LIABILITIES					
Creditors - Amounts falling due within one year	12	136,599		261,088	
Creditors - fellow subsidiaries		89,957		86,424	
		<u>226,556</u>		<u>347,512</u>	
NET CURRENT (LIABILITIES)			(202,402)		(269,633)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>503,886</u>		<u>451,531</u>
CREDITORS					
Amounts falling due after more than one year	12		290,370		189,644
NET ASSETS			<u>213,516</u>		<u>261,887</u>
SHAREHOLDERS' FUNDS					
Profit and loss Account	13		(334,067)		(285,696)
Called up share capital	14		14,545		14,545
Realised surplus account	15		242,137		242,137
Unrealised surplus account	16		290,901		290,901
			<u>213,516</u>		<u>261,887</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Approved by the Board of Directors on 5th November 2002.

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D T Westgarth

MOTOR MALL LIMITED

Notes forming part of the Financial Statements for the year ended 28 February 2002

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Company's financial statements are as follows:

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include Freehold Property at professional valuation.

Investment property

The Director has not provided depreciation in order that the accounts give a true and fair view.

Depreciation

Depreciation is provided on all tangible fixed assets other than the freehold property held as an Investment Property, at annual rates calculated to write off the cost of each asset over its expected useful life as follows:-

Freehold property	- 2% on cost of freehold buildings
Equipment, furniture & fittings	- 15% on net book value
Motor vehicles	- 25% on net book value

Turnover

Turnover comprises invoiced value excluding VAT of goods and services supplied to third parties excluding invoiced to finance houses.

Stock and work in progress

Stock and work in progress have been valued at the lower of cost or net realisable value.

Deferred Taxation

No provision has been made in respect of deferred taxation arising from accelerated capital allowances as the directors do not believe a liability will crystallise.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Cash Flow Statement

The director has elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

MOTOR MALL LIMITED

Notes forming part of the Financial Statements for the year ended 28 February 2002

2(a). TURNOVER

The turnover of the Company relates to customers in the United Kingdom in respect of:-

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Car sales & commission	Exempt from disclosure	

2(b). OPERATING PROFIT/ (LOSS)

The operating (loss) has arisen as follows:-

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Car sales & commission	(44,346)	(120,850)

3. OTHER INCOME

Other income is in respect of :

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Rents received	66,222	14,950
Management charges - fellow subsidiary company	10,000	20,000
	<u>76,222</u>	<u>34,950</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Interest Payable - Bank loans and overdrafts and other loans repayable within five years	-	26,219
Hire purchase contracts	806	7,836
Mortgage interest	27,428	17,159
	<u>28,234</u>	<u>51,214</u>

5. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss) on Ordinary Activities has been arrived at after (crediting)/charging:-

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Depreciation of fixed assets	5,138	8,319
Profit on sale of plant	-	(2,210)
Equipment & motor vehicle leasing & hire	1,793	10,755
Director's emoluments	29,620	26,895
Auditors remuneration	2,500	4,500

6. TAXATION

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Corporation Tax - Rate: 10%	50	-

No taxation has been provided on the unrealised surplus on the adoption of the professional valuation as the director has no decision to sell the property is imminent.

MOTOR MALL LIMITED

Notes forming part of the Financial Statements for the year ended 28 February 2002

7. TANGIBLE FIXED ASSETS

	<u>Freehold</u>	<u>Equipment, Furniture & Fittings (see</u>	<u>Total</u>
<u>Cost or Valuation</u>	<u>Property</u>	<u>note)</u>	
<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1st March 2001	704,317	42,872	747,189
Additions	-	7,309	7,309
(Disposals)	-	(23,900)	(23,900)
At 28 February 2002	704,317	26,281	730,598
 <u>Depreciation</u>			
At 1st March 2001	10,087	15,938	26,025
Disposal adjustments		(6,853)	(6,853)
Charge for year	3,565	1,573	5,138
At 28 February 2002	13,652	10,658	24,310
 <u>Net Book Value</u>			
At 28 February 2002	690,665	15,623	706,288
At 28 February 2001	694,230	26,934	721,164

Freehold Property of £81,740 included above is an Investment Property and no depreciation has been provided.

Freehold Property at Chartham has been included as at professional valuation made on 13th December 1999. This has given rise to an unrealised surplus on land of £290,901. No taxation has been provided on the unrealised surplus (see Taxation note 6).

Depreciation on the freehold buildings has been provided at 2% on cost.

The disposal of £23,900 relates to fixtures, fittings and equipment which were scrapped during the year.

MOTOR MALL LIMITED

Notes forming part of the Financial Statements for the year ended 28 February 2002

8.	STOCKS & PAYMENTS IN ADVANCE FOR CARS IN TRANSIT	<u>2002</u>	<u>2001</u>
		£	£
	Motor vehicles & spare parts	2,130	22,573
9.	DEBTORS	<u>2002</u>	<u>2001</u>
		£	£
	Trade debtors	18,141	38,703
	Other debtors and prepaid	1,159	13,879
		19,300	52,582
10.	FELLOW SUBSIDIARY COMPANIES	<u>2002</u>	<u>2001</u>
	Amounts due from:	£	£
	Canterbury Car Sales Limited	2,480	2,480
		2,480	2,480
11.	PARENT COMPANY	<u>2002</u>	<u>2001</u>
		£	£
	Amount due from Motor Mall (Holdings) Limited	244	244
12.	CREDITORS: Amounts falling due within one year	<u>2002</u>	<u>2001</u>
		£	£
	Mortgage	50,569	35,450
	Hire purchase & finance leases	-	7,743
	Bank overdraft	10,454	129,596
	Director's loans	36,892	25,068
	Trade and other sundry creditors	13,739	36,600
	Accruals	14,407	-
	Corporation Tax	50	786
	Taxation and Social Security	10,488	25,845
		136,599	261,088
	CREDITORS -	<u>2002</u>	<u>2001</u>
	Amounts due to Fellow Subsidiary Company	£	£
	- Canterbury Service Station Limited	89,957	86,424
	CREDITORS - Amounts falling due outside one year	<u>2002</u>	<u>2001</u>
		£	£
	Amount due to Fellow Subsidiary Company - Canterbury Car Services Ltd	37,527	37,527
	Mortgage	252,843	152,117
		290,370	189,644
	Borrowings: Due within one year	<u>2002</u>	<u>2001</u>
		£	£
	Bank loans and overdrafts	10,454	129,596
	Mortgage	50,569	35,450
	Obligations under hire purchase and finance leases	-	7,743
		61,023	172,789

MOTOR MALL LIMITED

Notes forming part of the Financial Statements for the year ended 28 February 2002

12. CREDITORS (continued)	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
<u>Borrowings: Due outside one year</u>		
<u>Wholly repayable within five years</u>		
Mortgage	252,843	150,000
<u>Wholly repayable over five years (see below)</u>		
Long Term Loan	37,527	37,527
Mortgage	50,569	2,117
	88,096	39,644
Total borrowings	340,939	362,433

Bank borrowings are secured by a first legal charge over the company's freehold properties and a debenture over the fixed and floating assets of the company. Fixed rate mortgages are repayable over seven years and the unexpired term is six years.

13. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<u>Share</u>	<u>Realised</u>	<u>Unrealised</u>	<u>Profit &</u>	
	<u>Capital</u>	<u>Surplus A/c</u>	<u>Surplus</u>	<u>Loss Account</u>	<u>Total</u>
At 1 March 2001 as previously stated	14,545	242,137	290,901	(285,696)	261,887
Prior year adjustment				(58,931)	(58,931)
At 1 March 2001 as restated	14,545	242,137	290,901	(344,627)	202,956
Profit for the year (after taxation)				3,592	3,592
Corporation Tax refund				6,968	6,968
At 28 February 2002	14,545	242,137	290,901	(334,067)	213,516

14. SHARE CAPITAL	<u>2002</u>	<u>2001</u>
<u>Authorised</u>	<u>£</u>	<u>£</u>
50,000 Ordinary shares of £1 each	50,000	50,000

<u>Issued and Fully Paid</u>		
14,545 Ordinary shares of £1 each	14,545	14,545

15. REALISED SURPLUS ACCOUNT	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Realised surplus brought forward	242,137	302,137
Dividend paid	-	(60,000)
Realised surplus carried forward	242,137	242,137

16. UNREALISED SURPLUS ACCOUNT	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Unrealised surplus brought forward	290,901	290,901
Arising in year on professional revaluation on freehold property	-	-
Unrealised surplus carried forward	290,901	290,901

No provision has been made in respect of the taxation that would be chargeable if the property is disposed of.

MOTOR MALL LIMITED

Notes forming part of the Financial Statements for the year ended 28 February 2002

17. CAPITAL EXPENDITURE & CAPITAL COMMITMENTS

The director has not authorised any capital expenditure or entered into any capital commitments which are not reflected in these financial statements.

18. STAFF COSTS

Staff costs, including directors, during the period amounted to:

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Wages and salaries	42,400	124,034
Social Security costs	5,081	11,177
	<u>47,481</u>	<u>135,211</u>

Directors Remuneration included in the above was:

	<u>2002</u>	<u>2001</u>
Salaries	29,620	24,000
Social Security costs	3,525	2,895
	<u>33,145</u>	<u>26,895</u>

The average weekly number of employees during the year was made up as follows:

	<u>2002</u>	<u>2001</u>
Directors	1	1
Production	1	4
Sales	-	2
Administrative	-	1
	<u>2</u>	<u>8</u>

The emoluments of the Chairman, who was also the highest paid director, was £29,620 [2001: £26,895]

The emoluments of all directors fall within the following ranges:

	<u>2002</u>	<u>2001</u>
£25,001 - £30,000	1	1

19. COMMITMENTS AND CONTINGENT LIABILITIES

The company has given a first legal charge over the freehold property and a fixed and floating charge over all current and future assets of the Company to their bankers.

20. ULTIMATE HOLDING COMPANY

The Parent and Ultimate Holding Company is Motor Mall (Holdings) Limited, incorporated in England.