

102316

**R N Smith Holdings Limited**

Report and Financial Statements

Year Ended

31 October 2002



**Contents**

**Page:**

2	Report of the directors
5	Report of the independent auditors
7	Consolidated profit and loss account
8	Consolidated statement of total recognised gains and losses and note of historical cost profits and losses
9	Consolidated balance sheet
11	Company balance sheet
12	Consolidated cash flow statement
13	Notes forming part of the financial statements

---

**Directors**

D N Smith  
R G Smith  
A M Spiby

**Secretary and registered office**

R G Smith, Station House, Station Road, Kendal, Cumbria. LA9 6RY

**Company number**

702316

**Auditors**

Bowmans, Station House, Station Road, Kendal, LA9 6RY

**Bankers**

National Westminster Bank plc, 2 High Street, Windermere, Cumbria. LA23 1AF

**Business address**

Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere, Cumbria. LA23 3DN

The directors present their report together with the audited financial statements for the year ended 31 October 2002.

**Results and dividends**

The profit and loss account is set out on page 7 and shows the loss for the year.

No dividends were paid during the year and no recommendation is made as to dividends.

**Principal activities, review of business and future developments**

The principal activities of the company and its subsidiaries in the year under review were:-

R N Smith Holdings Limited - Holding and service company.

R Smith (Windermere) Limited - Motor engineers and garage proprietors.

Honeywise Limited, Lakeland Finance Co Limited, Rayrigg Motors Limited, Loweside Investments, Windermere Engineering Limited, R Smith (Bowness) Limited and Newby Bridge Service Station Limited - Dormant.

The company owns 100% of the ordinary share capital of all its subsidiaries.

No significant changes in the nature of these activities occurred during the year.

*Review of the business*

We are pleased to be able to report that our Morecambe branch, which opening in November 2001 has made a worthwhile contribution to our results for the year. Motor dealers' margins were relatively stable and operating profit was £164,976, even after the increased overhead costs associated with the first year of the new site. We envisage a steady improvement in operating profits now that the opening costs of Morecambe have been absorbed.

*Future developments*

All branches continue to preform well in the first five months of 2003 and despite the uncertainty caused by the war in Iraq and a perceived economic slowdown in the UK, we remain optimistic that we can continue to grow the business this year and beyond.

Press reports on the performance of our major suppliers, MG Rover and Fiat Auto, continue to make our trading more difficult than it should be. We look forward to the new models that both manufacturers are about to release, which we hope will lead to a more settled future for them and improvements in sales and margins for us.

**Directors**

The directors of the company during the year were:

D N Smith  
R G Smith  
A M Spiby

No director had any beneficial interest in the share capital of the company.

A R Reed, a partner in Bowmans, the company's auditors, is a Trustee of a Trust which held 15,000 Ordinary £1 shares in the company at 31 October 2001 and 1 November 2000.

No rights to subscribe for shares or debentures in the company have been granted during the financial year and there were no rights to subscribe for shares or debentures outstanding at the end of the financial year.

**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 group and company and of the profit or loss of the group for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

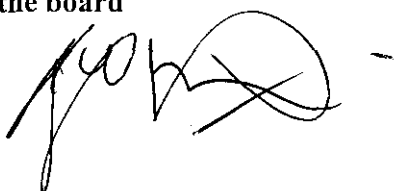
**Auditors**

After the year end BDO Stoy Hayward Preston, Blackpool and Kendal firm changed its name to Bowmans.

Bowmans have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**By order of the board**

X  
R G Smith



**Secretary**

Date: 25 June 2003

**To the shareholders of R N Smith Holdings Limited**

We have audited the financial statements of R N Smith Holdings Limited for the year ended 31 October 2002 on pages 7 to 36 which have been prepared under the accounting policies set out on pages 13 to 15.

*Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 group 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 and other members of the group is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

*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 group'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 group's and the company's affairs as at 31 October 2002 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Bowmans*

**BOWMANS**

*Chartered Accountants  
and Registered Auditors*  
Kendal

Date: 25 June 2003

## Consolidated profit and loss account for the year ended 31 October 2002

	Note	2002 £	2001 As restated £
Turnover	2	19,548,407	14,953,510
Cost of sales		17,241,133	13,503,513
<b>Gross profit</b>		<b>2,307,274</b>	<b>1,449,997</b>
Administrative expenses		2,196,887	1,625,212
		<b>110,387</b>	<b>(175,215)</b>
Other operating income		54,589	41,766
<b>Group operating profit/(loss)</b>	3	<b>164,976</b>	<b>(133,449)</b>
Other interest receivable and similar income		1,925	5,870
Amounts written off investments		(95,732)	-
Interest payable and similar charges		(72,028)	(71,694)
<b>Loss on ordinary activities before taxation</b>		<b>(859)</b>	<b>(199,273)</b>
Taxation on loss on ordinary activities	7	(17,264)	(24,289)
<b>Loss on ordinary activities after taxation</b>		<b>(18,123)</b>	<b>(223,562)</b>

All amounts relate to continuing activities.

The profit and loss account for the year ended 31 October 2001 has been restated for fundamental errors (see note 27).

The notes on pages 13 to 36 form part of these financial statements.



**Consolidated statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 October 2002**

	2002 £	2001 As restated £
<b>Consolidated statement of total recognised gains and losses</b>		
Loss for the financial year	(18,123)	(223,562)
Unrealised surplus on revaluation of properties	-	514,467
	<u>          </u>	<u>          </u>
<b>Total recognised gains and losses for the financial year</b>	<b>(18,123)</b>	<b>290,905</b>
Prior year adjustment	(59,179)	<u>          </u>
	<u>          </u>	
<b>Total gains and losses recognised since last financial statements</b>	<b>(77,302)</b>	
	<u>          </u>	
	2002 £	2001 As restated £
<b>Note of historical cost profits and losses</b>		
Reported loss on ordinary activities before taxation	(859)	(199,273)
Realisation of property revaluation gains of previous years	2,722	2,722
	<u>          </u>	<u>          </u>
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<b>1,863</b>	<b>(196,551)</b>
	<u>          </u>	<u>          </u>
<b>Retained historical cost loss for the year after taxation, minority interest and dividends</b>	<b>(15,401)</b>	<b>(220,840)</b>
	<u>          </u>	<u>          </u>

The statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 October 2001 have been restated for fundamental errors (see note 27).

## Consolidated balance sheet at 31 October 2002

	Note	2002	2002	2001	2001
		£	£	As restated	As restated
				£	£
<b>Fixed assets</b>					
Tangible assets	9		2,424,922		2,300,658
Fixed asset investments	10		34,375		34,375
			<u>2,459,297</u>		<u>2,335,033</u>
<b>Current assets</b>					
Stocks	11	1,647,323		1,114,231	
Debtors	12	846,136		599,246	
Investments	13	47,063		139,194	
Cash at bank and in hand		518		1,040	
		<u>2,541,040</u>		<u>1,853,711</u>	
<b>Creditors: amounts falling due within one year</b>	14	2,820,759		2,011,183	
<b>Net current liabilities</b>			<u>(279,719)</u>		<u>(157,472)</u>
<b>Total assets less current liabilities</b>			2,179,578		2,177,561
<b>Creditors: amounts falling due after more than one year</b>	15	447,425		427,500	
<b>Provision for liabilities and charges</b>	16	215		-	
		<u>447,640</u>		<u>427,500</u>	
			<u>1,731,938</u>		<u>1,750,061</u>

The notes on pages 13 to 36 form part of these financial statements.

Consolidated balance sheet at 31 October 2002 (Continued)

	Note	2002 £	2002 £	2001 £	2001 £
<b>Capital and reserves</b>					
Called up share capital	17		15,000		15,000
Revaluation reserve	18		1,202,092		1,204,814
Other reserves	18		14,169		14,169
Profit and loss account	18		500,677		516,078
<b>Equity shareholders' funds</b>	19		<b>1,731,938</b>		<b>1,750,061</b>

The financial statements were approved by the Board on

25 June

2003.

   
D N Smith  
Director

   
R G Smith  
Director

The balance sheet for the year ended 31 October 2001 has been restated for fundamental errors (see note 27)

The notes on pages 13 to 36 form part of these financial statements.

Company balance sheet at 31 October 2002

	Note	2002 £	2002 £	2001 £	2001 £
<b>Fixed assets</b>					
Tangible assets	9		325,000		325,000
Fixed asset investments	10		13,961		13,961
			<u>338,961</u>		<u>338,961</u>
<b>Current assets</b>					
Debtors	12	127,318		127,273	
		<u>127,318</u>		<u>127,273</u>	
<b>Creditors: amounts falling due within one year</b>	14	115,300		115,400	
		<u>115,300</u>		<u>115,400</u>	
<b>Net current assets</b>			12,018		11,873
			<u>12,018</u>		<u>11,873</u>
<b>Total assets less current liabilities</b>			<u>350,979</u>		<u>350,834</u>
			<u>350,979</u>		<u>350,834</u>
<b>Capital and reserves</b>					
Called up share capital	17		15,000		15,000
Revaluation reserve	18		181,392		181,392
Profit and loss account	18		154,587		154,442
			<u>350,979</u>		<u>350,834</u>
<b>Equity shareholders' funds</b>	19		350,979		350,834
			<u>350,979</u>		<u>350,834</u>

The financial statements were approved by the Board on

25 June 2003

D N Smith  
Director

R G Smith  
Director

The notes on pages 13 to 36 form part of these financial statements.

Cash flow statement for the year ended 31 October 2002

	Note	2002 £	2001 £
Net cash inflow/(outflow) from operating activities	23	608,570	(257,842)
Returns on investments and servicing of finance	24	(70,103)	(65,824)
Taxation	24	(99)	(8,775)
Capital expenditure and financial investment	24	(189,378)	(55,043)
Cash inflow/(outflow) before use of liquid resources and financing		<u>348,990</u>	<u>(387,484)</u>
Management of liquid resources	24	(3,601)	-
Financing	24	(4,843)	68,659
Increase/(decrease) in cash	25	<u><u>340,546</u></u>	<u><u>(318,825)</u></u>

The cash flow statement for the year ended 31 October 2001 has been restated for fundamental errors (see note 27).

## 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings and are in accordance with applicable accounting standards

In preparing these financial statements the group has adopted the following Financial Reporting Standards for the first time:

FRS 18 - Accounting policies  
FRS 19 - Deferred taxation

There is no material effect on the prior year in adopting these standards for the first time.

The following principal accounting policies have been applied:

### *Basis of consolidation*

The consolidated financial statements incorporate the results of R N Smith Holdings Limited and all of its subsidiary undertakings as at 31 October 2002 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax.

### *Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 2% on cost/valuation on buildings used for trading purposes
Leasehold property	- 2% on cost/valuation on buildings used for trading purposes
Plant and machinery	- 20% or 33% on straight line basis
Motor vehicles	- 25% reducing balance

### *Investment properties*

In accordance with SSAP 19 the investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

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

*Valuation of investments*

Investments held as fixed and current assets are stated at cost less any provision for impairment. Dividends are recognised in the profit and loss account when receivable.

*Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

*Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

*Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

*Pension costs*

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

**1 Accounting policies (continued)**

*Impairment of fixed assets and goodwill*

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

**2 Turnover**

	2002 £	2001 As restated £
Analysis by class of business:		
Vehicle sales and services	19,517,337	14,922,440
Other income receivable as turnover	31,070	31,070
	<u>19,548,407</u>	<u>14,953,510</u>

Turnover arises solely within the United Kingdom.

**3 Operating profit/(loss)**

	2002 £	2001 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	65,114	52,943
Hire of plant and machinery - operating leases	11,897	17,034
Group - audit services	5,900	7,203
	<u>          </u>	<u>          </u>

Included in the group audit fee is an amount of £1,500 (2001 - £1,403) in respect of the company.

**4 Employees**

Staff costs (including directors) consist of:

	2002 £	2001 £
Wages and salaries	1,105,669	850,531
Social security costs	139,803	95,979
Other pension costs	12,118	12,539
	<u>1,257,590</u>	<u>959,049</u>



**4 Employees (*continued*)**

The average number of employees (including directors) during the year was 72 (2001 - 57).

**5 Directors' remuneration**

	2002 £	2001 £
Directors' emoluments	143,757	157,161
Company contributions to money purchase pension schemes	12,118	12,539
	<u>          </u>	<u>          </u>

There were 2 directors in the company's defined contribution pension scheme during the year (2001 - 2).

**6 Interest payable and similar charges**

	2002 £	2001 As restated £
Bank loans and overdrafts	55,536	47,485
On other loans	15,692	22,609
Other interest	800	1,600
	<u>          </u>	<u>          </u>
	72,028	71,694
	<u>          </u>	<u>          </u>

## 7 Taxation on loss on ordinary activities

	2002 £	2001 As restated £
<i>UK Corporation tax</i>		
Current tax on profits of the year	17,050	24,320
Adjustment in respect of previous periods	(1)	(31)
	<hr/>	<hr/>
Total current tax	17,049	24,289
<i>Deferred tax</i>		
Origination and reversal of timing differences	215	-
	<hr/>	<hr/>
Taxation on loss on ordinary activities	17,264	24,289
	<hr/>	<hr/>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 As restated £
Loss on ordinary activities before tax	(859)	(199,273)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 22.71 (2001 - 20.05)	(195)	(39,954)
Effect of:		
Expenses not deductible for tax purposes	20,329	60,940
Capital allowances for period in excess of depreciation	(2,550)	3,440
Adjustment to tax charge in respect of previous periods	(1)	(31)
Non taxable income	(534)	(106)
	<hr/>	<hr/>
Current tax charge for period	17,049	24,289
	<hr/>	<hr/>

*Factors that may affect future tax charges*

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total unprovided amount is £200,000 (2001 - £200,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

The standard rate of tax represents the effective rate of corporation tax applicable to the company in the year under review.

**8 Profit for the financial year**

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax and before dividends of £145 (2001 - £926) which is dealt with in the financial statements of the parent company.

## 9 Tangible fixed assets

## Group

	Freehold land and buildings £	Long Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost or valuation</i>					
At 1 November 2001	1,885,000	325,000	521,994	59,864	2,791,858
Additions	27,540	26,900	142,504	2,434	199,378
Disposals	-	-	(10,000)	-	(10,000)
At 31 October 2002	<b>1,912,540</b>	<b>351,900</b>	<b>654,498</b>	<b>62,298</b>	<b>2,981,236</b>
<i>Depreciation</i>					
At 1 November 2001	-	-	472,361	18,839	491,200
Provided for the year	11,860	4,300	40,265	8,689	65,114
At 31 October 2002	<b>11,860</b>	<b>4,300</b>	<b>512,626</b>	<b>27,528</b>	<b>556,314</b>
<i>Net book value</i>					
At 31 October 2002	<b>1,900,680</b>	<b>347,600</b>	<b>141,872</b>	<b>34,770</b>	<b>2,424,922</b>
At 31 October 2001	1,885,000	325,000	49,633	41,025	2,300,658

**9 Tangible fixed assets (continued)**

**Company**

**Freehold  
land and  
buildings  
£**

*Cost or valuation*

At 31 October 2002

**325,000**

Included in freehold land and buildings of the company and the group are investment properties with a net book value of £325,000 (2001 - £325,000).

Included in freehold and leasehold land and buildings is land amounting to £1,139,540 (2001 - £1,112,000) which is not depreciated.

The group's freehold and leasehold land and buildings (excluding investment properties) were subject to a full revaluation on 31 October 2001 by Peill & Company, Chartered Surveyors at current open market value. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuations Manual. The amount of the valuation of £1,885,000 has given rise to a surplus of £514,467 which has been credited to the revaluation reserve. The directors are not aware of any material change in the value and therefore the valuations have not been updated.

The company's and group's investment properties were subject to a revaluation on 31 October 2002 by the directors at current open market value. The revaluation did not give rise to any adjustment to the revaluation reserve.

The gross value of freehold land and buildings are stated at:

	<b>Group 2002 £</b>	<b>Group 2001 £</b>	<b>Company 2002 £</b>	<b>Company 2001 £</b>
Cost	<b>896,622</b>	869,082	<b>143,608</b>	143,608
Revaluation surplus	<b>1,015,918</b>	1,015,918	<b>181,392</b>	181,392
	<b>1,912,540</b>	1,885,000	<b>325,000</b>	325,000

**Notes forming part of the financial statements for the year ended 31 October 2002 (Continued)**

**9 Tangible fixed assets (continued)**

The historical cost of freehold and leasehold land and buildings is: is:

	<b>Group 2002 £</b>	<b>Group 2001 £</b>	<b>Company 2002 £</b>	<b>Company 2001 £</b>
Cost	<b>929,323</b>	874,883	<b>143,608</b>	143,608
Accumulated depreciation based on historical cost	<b>41,709</b>	33,364	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Historical cost net book value	<b>887,614</b>	841,519	<b>143,608</b>	143,608
	<hr/>	<hr/>	<hr/>	<hr/>

No depreciation is charged on freehold investment property.

**10 Fixed asset investments****Group**

**Other  
investments  
(other than  
loans)  
£**

*Cost*

At 1 November 2001 and 31 October 2002

34,375

*Net book value*

At 31 October 2001 and 31 October 2002

34,375

The investment represents:-

1,875 'B' ordinary shares of £1 each and 12,500 10% redeemable cumulative preference shares of £1 each in Black i Limited, a vehicle management company incorporated in England and Wales.

20,000 'B' ordinary shares of £1 each in Lakeland Radio Limited, a company incorporated in England and Wales.

In the directors' opinion the market value of these investment is not materially different from the book value.

**Company**

**Group  
undertakings  
£**

*Cost*

At 1 November 2001 and 31 October 2002

37,096

*Provisions*

At 1 November 2001 and 31 October 2002

23,135

*Net book value*

At 31 October 2001 and 31 October 2002

13,961

The details of the subsidiary companies are as disclosed in the directors' report.

## 11 Stocks

	Group 2002 £	Group 2001 As restated £	Company 2002 £	Company 2001 As restated £
Work in progress	2,624	2,925	-	-
Finished goods and goods for resale	1,529,788	1,004,751	-	-
Raw materials and consumables	114,911	106,555	-	-
	<u>1,647,323</u>	<u>1,114,231</u>	<u>-</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

The group held £683,764 (2001 £643,623) of consignment stock at 31 October 2002 which is not recorded on the balance sheet.

The principal terms of the consignment agreements which can generally be terminated by either side, are such that the company can return any or all of the stock to the relevant suppliers without financial or commercial penalties and the supplier can vary stock prices.

## 12 Debtors

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Amounts receivable within one year				
Trade debtors	670,388	439,532	-	-
Amounts owed by group undertakings	-	-	71,207	72,237
Prepayments and accrued income	92,910	90,851	-	-
Other debtors	79,469	65,494	56,111	55,036
	<u>842,767</u>	<u>595,877</u>	<u>127,318</u>	<u>127,273</u>
Amounts receivable after more than one year				
Other debtors	3,369	3,369	-	-
	<u>846,136</u>	<u>599,246</u>	<u>127,318</u>	<u>127,273</u>



## 13 Current asset investments

	Group 2002 £	Group 2001 As restated £	Company 2002 £	Company 2001 As restated £
Listed investments	47,063	139,194	-	-
Listed investments: Market value	47,063	139,194	-	-

## 14 Creditors: amounts falling due within one year

	Group 2002 £	Group 2001 As restated £	Company 2002 £	Company 2001 As restated £
Bank loans and overdrafts (secured)	472,746	717,488	-	-
Trade creditors	1,221,122	810,128	5,179	5,179
Amounts owed to group undertakings	-	-	110,121	110,121
Corporation tax	48,229	31,279	-	100
Other taxation and social security	87,896	49,426	-	-
Other creditors	872,830	377,935	-	-
Accruals and deferred income	117,936	24,927	-	-
	2,820,759	2,011,183	115,300	115,400

## 14 Creditors: amounts falling due within one year (Continued)

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Bank overdraft secured by a first legal mortgage over Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere and an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company.	2,829	343,895	-	-
Bank loans secured by a second legal charge over Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere and all moveable plant and machinery and equipment and a floating charge over all new and used motor vehicles.	349,950	250,000	-	-
Bank loan secured by a first legal mortgage dated 16 November 1999 over the freehold property at Shap Road, Kendal.	34,288	37,551	-	-
Other loans secured by a legal charge over Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere.	60,000	60,000	-	-
Bank loan secured by a first legal mortgage dated 15 January 2001 over leasehold property known as Plot 3 Furness Business Park, Ironworks Road, Barrow in Furness.	25,681	26,042	-	-
	<u>472,748</u>	<u>717,488</u>	<u>-</u>	<u>-</u>

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

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Bank loans	447,425	397,500	-	-
Loan instalments	-	30,000	-	-
	<u>447,425</u>	<u>427,500</u>	<u>-</u>	<u>-</u>

Maturity of debt:

## Group

	Loans and overdrafts 2002 £	Loans and overdrafts 2001 £
In one year or less, or on demand	472,746	717,488
In more than one year but not more than two years	125,000	93,500
In more than two years but not more than five years	240,000	190,500
In more than five years	82,425	143,500
	<u>447,425</u>	<u>427,500</u>

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Loans	82,425	143,500	-	-

## 15 Creditors: amounts falling due after more than one year (Continued)

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Bank loan secured by a first legal mortgage dated 19 November 1999 over the freehold property at Shap Road, Kendal	233,840	264,000	-	-
Other loans secured by a legal charge over Rayrigg Showrooms, Rayrigg Road, Bowness on Windermere.	105,000	30,000	-	-
Bank loan secured by a first legal mortgage dated 15 January 2001 over leasehold property known as Plot 3 Furness Business Park, Ironworks Road, Barrow in Furness.	108,585	133,500	-	-
	<u>447,425</u>	<u>427,500</u>	<u>-</u>	<u>-</u>

Bank loans amounting to £268,128 (2001: £301,551) are repayable over 6 years by monthly instalments of £4,024 at an interest rate of 1.325% above the bank's base rate.

Bank loans amounting to £134,266 (2001: £159,542) are repayable over 5 years by monthly instalments to achieve full repayment within a seven year term at an interest rate of 1.325% above the bank's base rate.

16 Provision for liabilities and charges

Group

Deferred  
taxation  
£

Charged to profit and loss account

215

At 31 October 2002

215

*Deferred taxation*

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Accelerated capital allowances	215	-	-	-

17 Share capital

	2002 £	Authorised 2001 £	Allotted, called up and fully paid 2002 £	2001 £
<i>Equity share capital</i>				
15,000 ordinary shares of £1 each	15,000	15,000	15,000	15,000

## 18 Reserves

## Group

	Revaluation reserve £	Capital reserve £	Profit and loss account £
At 1 November 2001 as previously stated	1,204,814	14,169	575,257
Prior year adjustment	-	-	(59,179)
	<hr/>	<hr/>	<hr/>
At 1 November 2001 as restated	1,204,814	14,169	516,078
Loss for the year	-	-	(18,123)
Depreciation on revaluation reserve	(2,722)	-	2,722
	<hr/>	<hr/>	<hr/>
At 31 October 2002	<b>1,202,092</b>	<b>14,169</b>	<b>500,677</b>
	<hr/>	<hr/>	<hr/>

## Company

	Revaluation reserve £	Profit and loss account £
At 1 November 2001	181,392	154,442
Profit for the year	-	145
	<hr/>	<hr/>
At 31 October 2002	<b>181,392</b>	<b>154,587</b>
	<hr/>	<hr/>

The cumulative amount of goodwill resulting from acquisitions in previous years which has been written off is £1,416 (2001 - £1,416).

**19 Reconciliation of movements in shareholders' funds**

	Group 2002 £	Group 2001 As restated £	Company 2002 £	Company 2001 As restated £
Loss for the year	(18,123)	(223,562)	145	926
Other net recognised gains and losses relating to the year	-	514,467	-	-
Net (deductions from)/additions to shareholders' funds	(18,123)	290,905	145	926
Opening shareholders' funds as previously stated	1,809,240	1,478,221	350,834	349,908
Prior year adjustment	(59,179)	(19,065)	-	-
Opening shareholders' funds as restated	1,750,061	1,459,156	350,834	349,908
Closing shareholders' funds	1,731,938	1,750,061	350,979	350,834

**20 Contingent liabilities**

The company has guaranteed bank borrowings of its subsidiaries. At the year end the liabilities covered by these guarantees totalled £920,173 (2001: £1,144,990).

The company has given a guarantee in respect to the granting of direct debit facilities to MVRA Limited, a related party.

**21 Pensions**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £12,118 (2001 - £12,539). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**22 Related party disclosures***Controlling parties*

Throughout the year the company was controlled by its directors. The company's ultimate controlling party is R N Smith Settlement.

*Related party transactions and balances*

During the year the group made a loan of £20,000 (2001: £42,000) to Fairway (Golf Shops) Limited. Fairway (Golf Shops) Limited is a company of which D N Smith (a director) is a director and shareholder. The balance at the year end was £20,000 (2001: £nil).

During the year the group made a loan of £55,000 (2001: £25,000) to MVRA Limited. MVRA Limited is a company of which R G Smith (a director) and D N Smith (a director) are directors and shareholders. The balance at the year end was £nil (2001: £nil).

During the year the group made sales to MVRA Limited on an arms length basis, amounting to £289,429. The balance outstanding at the year end was £48,106 (2001: £nil).

During the year the group received a loan of £178,544 (2001: £118,456) from R Smith (Windermere) Directors Retirement Plan. The R Smith (Windermere) Directors Retirement Plan is a pension scheme of which R G Smith (a director) and D N Smith (a director) are trustees and members. The balance outstanding at the year end was £297,000 (2001: £118,456).

*Loans and transactions concerning directors and officers of the company*

	Balance owed to related party at 31 October 2002	Balance owed to related party at 31 October 2001
	£	£
N E Smith (D N and R G Smith's mother)	62,355	65,496
J C Smith (R G Smith's wife)	20,985	21,308
J I Smith (D N Smith's wife)	29,268	46,858
R G Smith	5,226	-
R N Smith (R G Smith's son)	12,440	2,290
	<u>          </u>	<u>          </u>



## 23 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2002	2001
	£	As restated £
Operating profit/(loss)	164,976	(133,449)
Depreciation of tangible fixed assets	65,114	52,943
Loss on sale of tangible fixed assets	-	571
(Increase)/decrease in stocks	(533,092)	196,802
Increase in debtors	(246,890)	(9,518)
Increase/(decrease) in creditors	1,158,462	(225,997)
Transfer of investments to current asset investments	-	(139,194)
Net cash inflow/(outflow) from operating activities	608,570	(257,842)

## 24 Analysis of cash flows for headings netted in the cash flow statement

	2002 £	2001 £
<b>Returns on investment and servicing of finance</b>		
Interest received	1,925	5,870
Interest paid: other	(72,028)	(71,694)
	<u>(70,103)</u>	<u>(65,824)</u>
<b>Taxation</b>		
Corporation tax paid	(99)	(8,775)
	<u>(99)</u>	<u>(8,775)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(199,378)	(49,247)
Payments to acquire fixed asset investments	-	(20,000)
Receipts from sale of tangible fixed assets	10,000	14,204
	<u>(189,378)</u>	<u>(55,043)</u>
<b>Management of liquid resources</b>		
Purchase of current asset investments	(3,601)	-
	<u>(3,601)</u>	<u>-</u>
<b>Financing</b>		
New loans	174,950	133,500
Loans repaid	(179,793)	(64,841)
	<u>(4,843)</u>	<u>68,659</u>

## 25 Reconciliation of net cash flow to movement in net debt

	2002 £	2001 £
Increase/(decrease) in cash	340,546	(318,825)
Cash outflow/(inflow) from changes in debt	4,843	(68,659)
Cash outflow from changes in liquid resources	3,601	-
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	348,990	(387,484)
Non-cash movements in liquid asset investments	(95,732)	139,194
	<hr/>	<hr/>
Movement in net debt	253,258	(248,290)
Opening net debt	(1,125,848)	(877,558)
	<hr/>	<hr/>
Closing net debt	(872,590)	(1,125,848)
	<hr/>	<hr/>

## 26 Analysis of net debt

	At 1 November 2001 £	Cash flow £	Other non- cash items £	At 31 October 2002 £
Cash at bank and in hand	1,040	(522)	-	518
Bank overdrafts	(343,895)	341,068	-	(2,827)
		<hr/>		
		340,546		
Debt due within one year	(494,687)	4,843	19,925	(469,919)
Debt due after one year	(427,500)	-	(19,925)	(447,425)
Current asset investments	139,194	3,601	(95,732)	47,063
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(1,125,848)	348,990	(95,732)	(872,590)
	<hr/>	<hr/>	<hr/>	<hr/>

**27 Restatement of comparatives**

The directors approved the financial statements for the year ended 31 October 2001 on 22 August 2002. Following their approval it became apparent that the financial statements contained fundamental errors arising from external enquiries.

The adjustments for the periods prior to 31 October 2001 have been reflected in the restated comparatives as follows:

**Balance sheet**

	<b>Company and group</b>	
	<b>Creditors</b>	<b>Shareholders' Funds</b>
	£	£
As previously stated 2001	2,018,964	1,362,244
Value added tax	28,000	(28,000)
Corporation tax	31,179	(31,179)
	<u>2,078,143</u>	<u>1,303,065</u>
	<u><u>2,078,143</u></u>	<u><u>1,303,065</u></u>

**27 Restatement of comparatives**

The directors approved the financial statements for the year ended 31 October 2001 on 22 August 2002. Following their approval it became apparent that the financial statements contained fundamental errors arising from external enquiries.

The adjustments for the periods prior to 31 October 2001 have been reflected in the restated comparatives as follows:

**Balance sheet**

	<b>Company and group</b>	
	<b>Creditors</b>	<b>Shareholders' Funds</b>
	<b>£</b>	<b>£</b>
As previously stated 2001	2,018,964	1,362,244
Value added tax	28,000	(28,000)
Corporation tax	31,179	(31,179)
	<u>2,078,143</u>	<u>1,303,065</u>
	<u><u>2,078,143</u></u>	<u><u>1,303,065</u></u>