

IAN ALLAN GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003



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IAN ALLAN GROUP LIMITED

REGISTERED NUMBER 00739567

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

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DIRECTORS AND ADVISORS

CHAIRMAN	Ian Allan OBE
DIRECTORS	M.E. Allan D.I. Allan E.P. Allan G.S. Allan A.D. Watkins FCA
SECRETARY	D.A. Hart FCA
REGISTERED OFFICE	Terminal House Station Approach Shepperton Middlesex TW17 8AS
AUDITORS	Menzies Ashby House 64 High Street Walton-on-Thames Surrey KT12 1BW
PRINCIPAL BANKER	Barclays Bank plc 8-12 Church Street Walton-on-Thames Surrey KT12 2QS

REPORT OF THE DIRECTORS**Financial statements**

The directors submit their report and the audited financial statements for the year ended 30 November 2003.

Review of business and future developments

The Group's principal activities during the year were the selling and servicing of new and used motor vehicles, publishing and retailing of books and magazines, printing, property management, business travel management, operating miniature railways and the marketing of organic seeds and horticultural products.

The directors are pleased to report that all the companies within the group have operated at a profit during the year but the overall financial result has been disappointing. Ongoing uncertainties stemming from the threat of terrorism, the war in Iraq, the SARS epidemic and a hot summer have affected some of the core businesses. All companies are being closely monitored and an improved performance is anticipated in 2004.

In the opinion of the directors, all companies within the group are 'close' companies.

Profits and dividend

The directors recommend a dividend of £3,315.

Fixed assets

The directors do not consider it practicable to quantify any difference between the market value and net book value of the group's interest in land at 30 November 2003.

Charitable and political contributions

The Group made charitable contributions during the year of £1,635.

Employment of disabled persons

In accordance with its general policy of equal opportunity in employment practice the Group supports the employment of disabled persons wherever possible, both in recruitment and by retention of those who become disabled during their employment.

REPORT OF THE DIRECTORS

Directors

The directors' interests in the capital of the Group at 1 December 2002 and at 30 November 2003 as recorded in the register maintained by the Group in accordance with the provisions of the Companies Act 1985, were as follows:

	30 November 2003		1 December 2002	
	Ordinary Shares of £1 each	Founders Shares of 25p each	Ordinary Shares of £1 each	Founders Shares of 25p each
Ian Allan	190	-	190	-
M.E. Allan	116	-	116	-
D.I. Allan	6,407	25,725	6,407	25,725
E.P. Allan	6,407	25,725	6,407	25,725
G.S. Allan	-	-	-	-
J.B. Allan	-	-	-	-
A.D. Watkins	-	-	-	-

In addition, D.I. Allan and his family and E.P. Allan and his family each have an interest in 26,775 founders shares and 5,281 ordinary shares by being beneficiaries of settlements.

Partners in Menzies are trustees of settlements holding 53,550 founders shares and 10,562 ordinary shares in the company.

The directors in office at 30 November 2003 are listed on page 2.

Mrs J.B. Allan resigned as a director on 20 February 2003.

Mr D.I. Allan and Mr E.P. Allan retire by rotation and, being eligible, offer themselves for re-election.

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 of the profit or loss of the Group 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 Group will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and 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.

REPORT OF THE DIRECTORS

Auditors

Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'D.A. Hart', is positioned above the printed name.

D.A. HART F.C.A.

Secretary

10 March 2004

TO THE MEMBERS OF IAN ALLAN GROUP LIMITED

We have audited the financial statements of Ian Allan Group Limited for the year ended 30 November 2003 which comprise the Consolidated Profit and Loss Account, Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention, and the accounting policies set out therein.

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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the 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 contained within the Directors Report.

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 the information specified by law regarding directors' remuneration and transactions with 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.

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 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state affairs of the company and the group at 30 November 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

15 March 2004

Ashby House
64 High Street
Walton-on-Thames
Surrey KT12 1BW


Menzies
Chartered Accountants and
Registered Auditor

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 NOVEMBER 2003

	Notes	2003 £000	2002 £000
Turnover	2	55,322	58,063
Cost of sales		44,420	47,834
Gross profit		10,902	10,229
Operating expenses			
Distribution		(681)	(626)
Administration		(10,139)	(9,369)
Other operating income	2	154	243
Operating profit		236	477
Profit on ordinary activities before interest		236	477
Interest receivable	3	16	19
Interest payable	3	(53)	(46)
Profit on ordinary activities before taxation	2	199	450
Taxation on profit on ordinary activities	4	111	172
Profit on ordinary activities after taxation		88	278
Dividends	5	3	3
Retained profit for the financial year	17	85	275

All amounts above are derived from continuing operations. The Group has no recognised gains or losses other than the profit for the financial years detailed above.

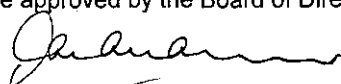
CONSOLIDATED BALANCE SHEET

30 NOVEMBER 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Intangible assets	8	933	927
Tangible assets	9	11,605	11,859
		<hr/>	<hr/>
		12,538	12,786
Current assets			
Stock and work in progress	11	6,045	4,993
Debtors	12	4,510	4,915
Cash at bank		154	167
		<hr/>	<hr/>
		10,709	10,075
Creditors: amounts falling due within one year	13	7,648	7,339
		<hr/>	<hr/>
Net current assets		3,061	2,736
		<hr/>	<hr/>
Total assets less current liabilities		15,599	15,522
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	14	230	220
		<hr/>	<hr/>
Provisions for liabilities and charges	15	72	90
		<hr/>	<hr/>
		15,297	15,212
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	50	50
Share premium account		79	79
Profit and loss account	17	15,168	15,083
		<hr/>	<hr/>
Shareholders' funds	18	15,297	15,212
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 10 March 2004.

Directors:



E.P. Allan



D.I. Allan



BALANCE SHEET

30 NOVEMBER 2003

	Notes	2003 £000	2003 £000	2002 £000	2002 £000
Fixed assets					
Tangible assets	9		61		65
Investments	10		2,481		2,481
			<hr/>		<hr/>
			2,542		2,546
Current assets					
Debtors	12	11,607		11,763	
Cash in hand		1		1	
		<hr/>		<hr/>	
		11,608		11,764	
Creditors: amounts falling due within one year	13	6,790		6,728	
		<hr/>		<hr/>	
Net current assets			4,818		5,036
			<hr/>		<hr/>
Total assets less current liabilities			7,360		7,582
Creditors: amounts falling due after more than one year	14		230		220
			<hr/>		<hr/>
			7,130		7,362
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		50		50
Share premium account			79		79
Profit and loss account	17		7,001		7,233
			<hr/>		<hr/>
Shareholders' funds	18		7,130		7,362
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors on 10 March 2004.

Directors:

E.P. Allan

D.I. Allan

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2003

	Notes	2003 £000	2002 £000
Cash inflow from operating activities	a	500	218
Returns on investments and servicing of finance	b	(37)	(27)
Taxation		(281)	(141)
Capital expenditure and financial investment	b	(430)	(576)
Acquisitions	d		
Purchase of subsidiary undertaking			(649)
Bank balances acquired with subsidiaries		-	312
			(337)
Equity dividends paid		(3)	(53)
Cash (outflow) inflow before use of liquid resources and financing		(251)	(916)
Management of liquid resources			
Net movements in short term deposits		-	-
(Decrease) increase in cash in the period		(251)	(916)
Reconciliation of net cash flow to movements in net funds			
(Decrease) increase in cash in the period		(251)	(916)
Cash outflow from change in liquid resources		-	-
Change in net funds resulting from cash flows		(251)	(916)
Movement in net funds (debt) in the period		(251)	(916)
Net funds (debt) at 1 December 2002		(715)	201
Net funds at 30 November 2003	c	(966)	(715)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2003

a Reconciliation of operating profit to operating cash flows

	2003 £000	2002 £000
Operating profit	236	477
Increase in stocks	(1,052)	(688)
Decrease (increase) in debtors	405	(524)
Increase in creditors	233	107
(Decrease) increase in provision	(34)	34
Depreciation and amortisation	738	857
Net profit on disposal of tangible fixed assets	(26)	(45)
Net cash inflow from operating activities	500	218

b Analysis of cash flows for items netted in the cash flow statement

	2003 £000	2002 £000
Returns on investments and servicing of finance		
Interest paid	(53)	(46)
Interest received	16	19
Net cash outflow for returns on investments and servicing of finance	(37)	(27)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(151)	-
Purchase of tangible fixed assets	(344)	(690)
Sale of tangible fixed assets	31	148
Purchase of investment	34	(34)
Net cash outflow for capital expenditure and financial investment	(430)	(576)

c Analysis of net funds

	At 1 Dec 2002 £000	Cash flow £000	At 30 Nov 2003 £000
Cash at bank and in hand	(715)	(251)	(966)

d Purchase of subsidiary undertaking

	2003 £000	2002 £000
Net assets acquired		
Tangible fixed assets	-	12
Debtors	-	456
Cash at bank and in hand	-	312
Creditors	-	(434)
Goodwill	-	303
Satisfied by cash	-	649

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

1. Accounting policies

The principal accounting policies of the Group are set out below.

Accounting Convention

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

Basis of consolidation

All subsidiary companies are consolidated and all companies in the Group make up their financial statements to 30 November 2003. No profit and loss account is presented for the holding company as provided for by Section 230(3) of the Companies Act 1985.

A loss of £229,000 (2002 - £624,000 profit) before dividends payable has been dealt with in the accounts of Ian Allan Group Limited.

Deferred taxation

Deferred taxation 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 exceptions that 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.

Depreciation

Depreciation is charged on the following bases to reduce the cost of the Group's tangible fixed assets to their net realisable values over their estimated useful lives at the following rates.

Freehold land	- nil
Freehold buildings	- on straight line basis over expected economic life
Leasehold property	- on a straight line basis over the term of the lease
Vehicles	- 25% per annum on cost
Plant and equipment:	
Computers and computer based equipment	- 20-33% per annum on cost
Printing presses	- 20% per annum on cost
Telephone systems	- 20% per annum on cost
Other	- 15% per annum on net book value, or 10 - 20% on cost

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

1. Accounting policies (Continued)

Goodwill

Goodwill on the acquisition of subsidiary undertakings is amortised over a period of ten years on a straight line basis.

Purchased goodwill has been fully written-down over the expected useful life.

Intangible fixed assets - Research and development

Expenditure on research is charged to the profit and loss account in the year in which the expenditure is incurred.

The purchase of backlist titles for further development and expenditure on further back projects is capitalised and deferred to future periods in accordance with Statement of Standard Accounting Practice 13.

The cost, less estimated residual value, of the company's intangible fixed assets is amortised over their estimated useful lives to the business as follows:

Development costs - 20% per annum on cost

Stocks and Work in Progress

Stocks have been valued, as in previous years at cost and net realisable value, whichever is the lower, less an adjustment to cover wastage, spoilt work, shortages and deteriorated stock in the hands of representatives.

Cost of bringing each product to its present location comprises purchase cost of goods, direct labour and those overheads related to production based on a normal activity level.

Net realisable value is based on estimated selling price.

Consignment stock is recognised in the balance sheet of the Group with a corresponding liability once vehicles are delivered to the Group's premises. Consignment stock held at third party premises is disclosed as a financial commitment.

Turnover

Turnover is the total amount receivable by the Group for goods supplied and services provided, excluding value added tax and trade discounts. In so far as travel facilities are concerned the turnover included in these accounts represents the gross sales effected.

Short term deposits

Short term deposits are bank deposit accounts where the notice period is greater than 24 hours.

Pension scheme arrangements

The Group operates defined contribution pension schemes for the benefit of eligible employees and the funds of the schemes are administered by trustees and are separate from the Group funds. Pension costs are charged against profits as are the amount of contributions payable to the pension schemes in respect of the accounting period. The costs paid are charged to the profit and loss account as incurred

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

1. Accounting policies (Continued)**Lease and hire purchase commitments**

Payments under operating leases are charged to the profit and loss account as incurred.

Assets financed under hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives.

Assets financed under finance leases are capitalised in the balance sheet at their fair value and are depreciated over the shorter of the term of the lease and their estimated useful economic lives.

Finance charges and interest in connection with finance leases and hire purchase contracts are charged to the profit and loss account on the sum of the digits basis.

Foreign currencies

Monetary assets expressed in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. Revenues and costs are translated at the rate ruling on the date on which the transactions occur.

2. Turnover and profit on ordinary activities before taxation

Turnover was contributed as follows.

	2003 £000	2002 £000
Vehicle sales and servicing	12,793	11,910
Printing and publishing sales	10,559	9,897
Travel sales	28,967	33,814
Property rentals and other operations	1,415	888
Horticultural product sales	1,588	1,554
	<hr/>	<hr/>
	55,322	58,063
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

2. Turnover and profit on ordinary activities before taxation (continued)

Profit is stated after charging:

	2003 £000	2002 £000
Depreciation and amortisation	738	857
Auditors' remuneration - audit	56	67
Auditors' remuneration - non audit	18	22
Operating lease rentals - plant and machinery	29	13
Operating lease rentals - land and buildings	80	114
Loss on disposal of fixed assets	1	-
	<hr/>	<hr/>
and after crediting		
Other operating income		
Other sundry income	128	198
Profit on disposal of fixed assets	26	45
	<hr/>	<hr/>
	154	243
	<hr/>	<hr/>

3. Interest

	2003 £000	2002 £000
Interest receivable		
On bank deposit	-	8
Other	16	11
	<hr/>	<hr/>
	16	19
	<hr/>	<hr/>
Interest payable		
On bank overdraft	19	7
On other loans	34	39
	<hr/>	<hr/>
	53	46
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

4. Tax on profit on ordinary activities

(a) Analysis of charge for the year

	2003 £	2002 £
Current tax:		
UK Corporation tax on profits for the year	76	232
Adjustment in respect of prior years	53	1
	<hr/>	<hr/>
Total current tax (note 4b)	129	233
Deferred tax:		
Origination and reversal of timing differences	(18)	(61)
	<hr/>	<hr/>
	111	172
	<hr/>	<hr/>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of Corporation Tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	199	450
	<hr/>	<hr/>
Profit on ordinary activities before tax multiplied by the rate of Corporation Tax of 19% (2002 : 28.9%)	38	130
Expenses not deductible for tax purposes	21	53
Depreciation in excess of capital allowances	16	38
Adjustments in respect of prior years	53	1
Utilisation of losses	-	2
Other timing differences	(12)	9
Differences in group tax rates	13	-
	<hr/>	<hr/>
Current tax charge for the year	129	233
	<hr/>	<hr/>

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on chargeable gains which have been rolled into certain of the company's fixed assets on the grounds that the directors have no intention of disposing of those assets without further reinvestment. The potential tax liability relating to the rolled over gain amounts to £1,377,326.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

5. Dividends

	2003 £000	2002 £000
Ordinary shares		
Final dividend proposed of 14p per share	3	3
	<hr/>	<hr/>
Total proposed final dividend	3	3
	<hr/>	<hr/>

6. Staff costs

Staff costs, including directors remuneration, were as follows

	2003 £000	2002 £000
Wages and salaries	6,517	6,250
Social security costs	643	574
Redundancy costs	26	18
Pension costs	209	104
	<hr/>	<hr/>
	7,395	6,946
	<hr/>	<hr/>

The average monthly number of employees during the year was as follows

	No.	No.
Production	41	35
Sales	178	164
Administrative	104	118
	<hr/>	<hr/>
	323	317
	<hr/>	<hr/>

7. Directors

	2003 £000	2002 £000
Remuneration		
All directors		
Aggregate emoluments	695	739
Company pension contributions to money purchase schemes	140	32
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

7. Directors (continued)

	2003 £000	2002 £000
Highest paid director		
Aggregate emoluments	247	219
Company pension contributions to money purchase schemes	33	-
	<u>280</u>	<u>219</u>
Amount of rights to emoluments waived by three directors	22	70

Retirement benefits accrued to five directors under money purchase pension schemes during the year (2002 - five).

8. Intangible fixed assets

Group

	Goodwill £000	Development costs £000	Other £000	Total £000
Cost				
At 1 December 2002	179	7	1,489	1,675
Additions	210	-	(59)	151
30 November 2003	<u>389</u>	<u>7</u>	<u>1,430</u>	<u>1,826</u>
Amortisation				
At 1 December 2002	152	7	589	748
Charge for the year	22	-	123	145
30 November 2003	<u>174</u>	<u>7</u>	<u>712</u>	<u>893</u>
Net book amount				
At 30 November 2002	<u>27</u>	<u>-</u>	<u>900</u>	<u>927</u>
At 30 November 2003	<u>215</u>	<u>-</u>	<u>718</u>	<u>933</u>

"Other" assets under this heading represent the excess of cost of shares in subsidiary companies over book value of the net assets of these companies at the dates of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

9. Tangible fixed assets

Group	Freehold Land and Buildings £000	Short Leasehold Property £000	Vehicles Plant and Equipment £000	Total £000
Cost				
At 1 December 2002	10,543	159	4,452	15,154
Additions	157	-	187	344
Disposals	-	-	(441)	(441)
At 30 November 2003	10,700	159	4,198	15,057
Depreciation				
At 1 December 2002	125	134	3,036	3,295
Charge for the year	51	25	517	593
Released on disposals	-	-	(436)	(436)
At 30 November 2003	176	159	3,117	3,452
Net book value				
At 30 November 2002	10,418	25	1,416	11,859
At 30 November 2003	10,524	-	1,081	11,605

All freehold land and buildings are included at historical cost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

9. Tangible fixed assets (Continued)

Company

Vehicles
Plant and
Equipment
£000

Cost

At 1 December 2002

246

Additions

36

Disposals

(61)

At 30 November 2003

221

Depreciation

At 1 December 2002

181

Charge for the year

39

Disposals

(60)

At 30 November 2003

160

Net book value

At 30 November 2002

65

At 30 November 2003

61

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

10. Investments

Group		
	2003 £000	2002 £000
Unlisted investment		
Net book value at 1 December 2002	-	-
Additions	-	34
Disposals	(34)	
Provision	34	(34)
	<hr/>	<hr/>
Net book value at 30 November 2003	-	-
	<hr/>	<hr/>
Company		
	2003 £000	2002 £000
Shares in group companies		
At 1 December 2002	2,481	2,481
	<hr/>	<hr/>
At 30 November 2003	2,481	2,481
	<hr/>	<hr/>

The principal subsidiary undertakings wholly owned by the group at 30 November 2003 are listed below. All the undertakings are registered in England and Wales.

	<u>Nature of business</u>
Ian Allan Publishing Limited	Publishers and booksellers
Ian Allan Motors Limited	Car sales and service
Ian Allan Travel Limited	Business travel managers
Ian Allan (Printing) Limited	Printers
Ian Allan (Miniature Railway Supplies) Limited	Miniature railway operator
Tennay Properties Limited	Property managers
Chase Organics (Great Britain) Limited	Horticultural products

Details of other subsidiary undertakings not listed here will be annexed to the company's next annual return.

11. Stock and work in progress

Group		
	2003 £000	2002 £000
Work in progress	165	264
New and used motor vehicles	1,886	1,224
Raw materials	76	82
Finished goods	3,918	3,423
	<hr/>	<hr/>
	6,045	4,993
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

11. Stock and work in progress (continued)

The above amounts include consignment stock of £94,799 (2002 - £228,000) delivered to the group's premises and recognised in the balance sheet of the group in accordance with FRS 5.

There are no significant differences between the replacement cost and the values disclosed for all categories of stock.

12. Debtors

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Trade debtors	3,917	3,409	-	-
Amounts due from group undertakings		-	11,578	10,918
Other debtors	183	1,113	11	827
Prepayments and accrued income	410	393	18	18
	<u>4,510</u>	<u>4,915</u>	<u>11,607</u>	<u>11,763</u>

All amounts included above are considered receivable within one year.

13. Creditors:

Amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Bank overdrafts	1,120	882	6,368	6,061
Trade creditors	3,738	3,339	7	5
Amounts due to group undertakings		-	133	133
Current corporation tax	46	198	-	13
Social security and other taxes	334	266	111	91
Other creditors	367	574	13	161
Accruals and deferred income	2,040	2,077	155	261
Proposed dividend	3	3	3	3
	<u>7,648</u>	<u>7,339</u>	<u>6,790</u>	<u>6,728</u>

14. Creditors:

Amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Other creditors	230	220	230	220

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

15. Provisions for liabilities and charges

Deferred taxation

Group

	2003 £	2002 £
Accelerated capital allowances	99	90
Other short term timing differences	(27)	-
	<hr/> 72	<hr/> 90

Movements during the year were as follows:

	2003 £	2002 £
At 1 December 2002	90	151
Amount released	(18)	(61)
	<hr/> 72	<hr/> 90

16. Called up share capital

	2003 £000	2002 £000
Authorised		
Non-equity		
23,750 ordinary shares of £1 each	24	24
Equity		
105,000 founders shares of 25p each	26	26
	<hr/> 50	<hr/> 50
Alotted, called up and fully paid		
Non-equity		
23,682 ordinary shares of £1 each	24	24
Equity		
105,000 founders shares of 25p each	26	26
	<hr/> 50	<hr/> 50

The ordinary shares carry one vote per share. These shares have a preferential right to a dividend of up to 14% of the amount of the issued share capital, but no further rights to dividends. On a winding up the holders of the ordinary shares have a preferential right to repayment of the amount paid up with no rights to participate in any surplus over this amount.

The founders shares carry ten votes per share. No dividend may be received until the dividend rights of the ordinary shareholders have been satisfied, when they have rights to the full amount of the dividend declared. On a winding up the holders of founders shares participate in any surplus after repayment of the amounts paid up on the ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

17. Profit and loss account

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
At 1 December 2002	15,083	14,808	7,233	6,612
Profit (loss) for the financial year	85	275	(232)	621
At 30 November 2003	15,168	15,083	7,001	7,233

18. Reconciliation of movement in shareholders' funds

	2003 £000	2002 £000
Profit for the financial year	88	278
Dividends	3	3
Opening shareholders' funds	15,212	14,937
Closing shareholders' funds	15,297	15,212
Analysis of shareholders' funds		
Non-equity interests	24	24
Equity interests	15,273	15,188
	15,297	15,212

19. Commitments under operating leases

At 30 November 2003 the group was committed to making the following payments under operating leases over the following twelve months.

	Land and Buildings £000	Other Assets £000
Contracts to expire:		
within one year	22	-
between one and five years	54	7
after five years	62	-
	138	7

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2003

20. Future capital expenditure

At 30 November 2003 the directors had authorised capital expenditure as follows.

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Contracted	-	10	-	-

21. Financial commitments

In accordance with normal motor car dealership practice, there is a commitment for vehicles on consignment plan from manufacturers. In accordance with FRS 5 vehicles delivered to the group's premises are recognised in the balance sheet. There were further commitments for vehicles on consignment plans from manufacturers at 30 November 2003 of £111,000 (2002 - £308,000).

22. Pension commitments

The group operates defined contribution pension plans for certain of its employees, the costs of which are calculated annually and charged in the profit and loss account.

Group pension costs for 2003 amounted to £208,000 (2002 - £104,000).

23. Contingent liabilities

- a. The company has provided Barclays Bank plc with guarantees to secure the bank borrowings of other companies within the group. At 30 November 2003 the group had net bank borrowings with Barclays Bank plc of £1,119,549 (2002 - £881,950).
- b. The company has guaranteed the borrowing facility provided by Saab Finance Limited to finance the trading stock of the motor company. The value of the finance outstanding at 30 November 2003 was £802,486 (2002 - £302,000).

24. Related party transactions

- a. The company has throughout the financial year, held a loan from the Ian Allan Group Limited Pension Fund, a scheme established for certain employees of the company. Interest is payable at 3% above base rate.

	2003	2002
	£000	£000
At 1 December 2002	350	350
Repayments	120	-
At 30 November 2003	230	350

- b. The company made a loan to EP Allan, a director and shareholder of the company, to assist the purchase of a property on which the loan was secured. The amount of the loan outstanding at 1st December 2002 was £680,889 and this was the maximum outstanding during the year. It was repaid in full on 25 April 2003.

IAN ALLAN GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 NOVEMBER 2003

	2003 £	2002 £
INCOME		
MANAGEMENT SERVICES	904,718	1,158,290
INTEREST RECEIVABLE	12,268	14,470
COMMISSIONS & SUNDRY REVENUES	10,243	6,117
PROFIT ON SALE OF ASSETS	13,250	5,100
DIVIDEND FROM GROUP COMPANY	-	627,670
	<hr/>	<hr/>
	940,479	1,811,647
ADMINISTRATIVE & OTHER COSTS		
SALARIES, N.I. & BENEFITS	838,242	851,206
PENSIONS	144,200	34,347
STAFF RECRUITMENT & TRAINING	535	4,082
RENT	50,000	50,000
REPAIRS & MAINTENANCE	971	1,165
INSURANCES	3,369	3,149
POSTAGE	1,393	1,422
COMPUTER SERVICES	24,364	20,948
TELEPHONES	10,529	8,425
PRINTING & STATIONERY	2,599	2,623
TRAVELLING, & ENTERTAINING	29,092	28,963
MOTOR VEHICLE EXPENSES	29,075	23,828
GENERAL EXPENSES	4,491	13,542
AUDIT & ACCOUNTANCY FEES	11,950	12,160
LEGAL & PROFESSIONAL EXPENSES	29,447	32,071
BANK CHARGES	1,779	1,677
DEPRECIATION	38,993	44,347
PUBLICITY & PROMOTION	1,939	3,237
DONATIONS	1,635	2,720
	<hr/>	<hr/>
	1,224,603	1,139,912
	<hr/>	<hr/>
	(284,124)	671,735
BANK INTEREST PAYABLE	(18,715)	(7,334)
OTHER INTEREST PAYABLE	(19,634)	(27,104)
DIVIDEND	0	0
	<hr/>	<hr/>
(LOSS) PROFIT	(322,473)	637,297
	<hr/>	<hr/>