

**IAN ALLAN GROUP LIMITED**

**REGISTERED NUMBER 00739567**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2006**

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**DIRECTORS AND ADVISORS**

**CHAIRMAN**

**D I Allan**

**DIRECTORS**

**M E Allan  
Ian Allan OBE  
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**

The directors have pleasure in presenting their report and the financial statements for the year ended 30 November 2006

**Principal activities and business review**

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

With the exception of the publishing company, all the group businesses produced acceptable profits for the year. Printing returned to profitability with an increase in sales to external customers. Sales of organic horticultural products increased by 10% in the year. The motor company generated higher profits though turnover was down on 2005.

Publishing's products have been well received by the trade, but performance has been hampered by late deliveries. Magazines have outperformed others in their sectors but suffered from reduced advertising income. Book shops performed strongly, but the mail order business was affected by a lack of suitable titles available from other publishers.

**Future Developments**

Changes are being made to the publishing company's operational methods and product lines, and it is the intention to expand the chain of bookshops. Changes in the travel industry are being closely monitored, and the directors will continue to carefully control costs and further investments will be made in technology during 2007 in order to remain competitive.

**Results and dividends**

The loss for the year, after taxation, amounted to £79,000 (2005: £66,000). Particulars of dividends paid are detailed in note 5 to the financial statements.

**Close company status**

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

**Financial risk management objectives and policies**

There are no matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the Group.

**Directors and their interests in the shares of the company**

The directors' interests in the capital of the Group at 1 December 2005 and at 30 November 2006 as recorded in the register maintained by the Group in accordance with the provisions of the Companies Act 1985, were as follows:

	30 November 2006		1 December 2005	
	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	-	-	-	-
A D Watkins	-	-	-	-

**REPORT OF THE DIRECTORS****Directors (continued)**

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

The directors who served the company during the year are listed on page 1

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

**Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

In so far as the directors are aware

- there is no relevant audit information of which the Group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

**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 2006

**Charitable and political contributions**

During the year the Group made the following contributions

	2006 £	2005 £
Charitable	6,729	1,405
No contributions were made for political purposes		

**Disabled persons**

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

**REPORT OF THE DIRECTORS**

**Employee involvement**

During the year, the policy of providing employees with information about the Group has continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

**Auditors**

A resolution to re-appoint Menzies as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'D A Hart', is written over a horizontal line.

**D A Hart F C A**

Secretary

3 April 2007

**TO THE MEMBERS OF IAN ALLAN GROUP LIMITED**

We have audited the group and parent company financial statements ("the financial statements") of Ian Allan Group Limited for the year ended 30 November 2006, which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group 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 members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of 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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 the information in the financial statements.

## TO THE MEMBERS OF IAN ALLAN GROUP LIMITED

**Qualified opinion arising from disagreement about accounting treatment**

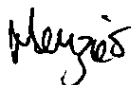
Included in fixed assets shown on the balance sheet is an amount of £2,834,000 being the carrying value of freehold investment properties. As stated in the accounting policies, the properties are not accounted for in accordance with Statement of Standard Accounting Practice 19 which requires such properties to be stated at market value. We are unable to quantify the financial effect of the non-compliance with this accounting standard.

Except for the absence of revaluation of freehold investment properties, in our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the group at 30 November 2006 and of the group's and parent company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

3/4/07

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 2006

	Notes	2006 £000	2005 (restated) £000
<b>Turnover</b>	2	55,473	55,395
<b>Cost of sales</b>		44,871	45,178
<b>Gross profit</b>		10,602	10,217
<b>Operating expenses</b>			
Distribution		(792)	(735)
Administration		(9,947)	(9,574)
<b>Profit on sale of fixed assets</b>		54	3
<b>Other operating income</b>		173	85
<b>Operating profit (loss)</b>		90	(4)
<b>Interest receivable</b>	3	7	20
<b>Interest payable</b>	3	(43)	(48)
<b>Profit (loss) on ordinary activities before taxation</b>	2	54	(32)
<b>Taxation on profit on ordinary activities</b>	4	133	34
<b>Retained loss for the financial year</b>	18	(79)	(66)

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



## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 NOVEMBER 2006

	2006 £000	2005 (restated) £000
Loss for the financial year attributable to shareholders	(79)	(66)
Total recognised gains and losses relating to the year	(79)	(66)
Prior year adjustment (as explained in note 6)	80	78
Total gains and losses recognised since the last annual report	1	12

## CONSOLIDATED BALANCE SHEET

30 NOVEMBER 2006

		2006		2005 (restated)	
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	9		458		612
Tangible assets	10		11,431		11,541
			<hr/>		<hr/>
			11,889		12,153
<b>Current assets</b>					
Stock and work in progress	12	6,061		6,214	
Debtors	13	4,249		3,800	
Cash at bank		492		234	
			<hr/>		<hr/>
			10,802		10,248
<b>Creditors</b> amounts falling due within one year	14	6,390		6,050	
			<hr/>		<hr/>
<b>Net current assets</b>			4,412		4,198
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			16,301		16,351
<b>Creditors</b> amounts falling due after more than one year	15		230		230
<b>Provisions for liabilities and charges</b>	16		124		95
			<hr/>		<hr/>
			15,947		16,026
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	17		50		50
Share premium account			79		79
Profit and loss account	18		15,818		15,897
			<hr/>		<hr/>
<b>Shareholders' funds</b>	19		15,947		16,026
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors on 3 April 2007

Directors:

D.I. Allan



E P Allan

## BALANCE SHEET


30 NOVEMBER 2006

	Notes	2006 £000	2006 £000	2005 £000	2005 £000
<b>Fixed assets</b>					
Tangible assets	10		78		80
Investments	11		1,110		2,481
			<hr/>	<hr/>	
			1,188		2,561
<b>Current assets</b>					
Debtors	13	13,122		12,163	
Cash in hand		-		1	
		<hr/>		<hr/>	
			13,122		12,164
<b>Creditors</b> amounts falling due within one year	14	7,012		7,857	
		<hr/>		<hr/>	
<b>Net current assets</b>			6,110		4,307
			<hr/>	<hr/>	
<b>Total assets less current liabilities</b>			7,298		6,868
<b>Creditors</b> amounts falling due after more than one year	15		230		230
			<hr/>	<hr/>	
			7,068		6,638
			<hr/>	<hr/>	
<b>Capital and reserves</b>					
Called up share capital	17		50		50
Share premium account			79		79
Profit and loss account	18		6,939		6,509
			<hr/>	<hr/>	
<b>Shareholders' funds</b>			7,068		6,638
			<hr/>	<hr/>	

The financial statements were approved by the Board of Directors on 3 April 2007

Directors

D I Allan



E.P. Allan

## CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2006

	Notes	2006 £000	2005 (restated) £000
<b>Cash (outflow)/inflow from operating activities</b>	a	(79)	648
<b>Returns on investments and servicing of finance</b>	b	(36)	(28)
<b>Taxation</b>		(15)	(195)
<b>Capital expenditure and financial investment</b>	b	(360)	(423)
<b>Equity dividends paid</b>		(6)	-
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>		(496)	2
<b>Management of liquid resources</b>			
Net movements in short term deposits		-	-
<b>(Decrease)/Increase in cash in the period</b>		(496)	2
<b>Reconciliation of net cash flow to movements in net funds</b>			
(Decrease)/Increase in cash in the period		(496)	2
Cash outflow from change in liquid resources		-	-
<b>Change in net (debt)/funds resulting from cash flows</b>		(496)	2
<b>Movement in net (debt)/funds in the period</b>		(496)	2
Net funds at 1 December 2005		185	183
<b>Net (debt)/funds at 30 November 2006</b>	c	(311)	185

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2006

## a Reconciliation of operating profit to operating cash flows

	2006 £000	2005 (restated) £000
Operating profit/(loss)	90	(4)
Decrease/(increase) in stocks	153	(364)
(Increase)/decrease in debtors	(449)	681
(Decrease) in creditors	(497)	(359)
Increase/(decrease) in provision	-	-
Depreciation and amortisation	678	697
Net profit on disposal of tangible fixed assets	(54)	(3)
<b>Net cash inflow from operating activities</b>	<b>(79)</b>	<b>648</b>

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

	2006 £000	2005 (restated) £000
<b>Returns on investments and servicing of finance</b>		
Interest paid	(43)	(48)
Interest received	7	20
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(36)</b>	<b>(28)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(7)
Purchase of tangible fixed assets	(450)	(421)
Sale of tangible fixed assets	90	5
<b>Net cash (inflow) outflow for capital expenditure and financial investment</b>	<b>(360)</b>	<b>(423)</b>

## c Analysis of net funds (debt)

	At 1 Dec 2005 £000	Cash flow £000	At 30 Nov 2006 £000
Cash at bank and in hand	185	(496)	(311)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**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

**Changes in accounting policies**

There has been a change to the group's accounting policy in respect of commission earned on volume related business

Previously this income was recognised on a received basis. The directors of the group have assessed that it is most appropriate to the company's circumstances to recognise this income on a receivable basis

This change in accounting policy has resulted in a decrease in gross profit for the current year of £533 less than would have been recognised under the previous accounting policy. Gross profit for the year ended 30 November 2005 has been restated and is £1,735 higher than previously stated. A prior year adjustment has been necessary to increase the cumulative profits recognised to 30 November 2005 by £80,187

**Basis of consolidation**

All subsidiary companies are consolidated and all companies in the Group make up their financial statements to 30 November 2006. 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 £363,000 (2005 - £198,000) 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider 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.

**Investment properties**

Investment properties are stated at historic cost and subject to annual depreciation in accordance with the policy stated above. This is not in accordance with Statement of Standard Accounting Practice 19 which requires such properties to be stated at market value and not subject to depreciation. The directors are of the opinion that the costs of obtaining professional valuations would outweigh the benefits to the company.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

## 1. Accounting policies (Continued)

## 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 term of lease
Vehicles	- 25% per annum on cost
Plant and equipment	
Computers and electronic 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

## 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
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## 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

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**1 Accounting policies (Continued)****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.

**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.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2 Turnover and profit (loss) on ordinary activities before taxation**

Turnover was contributed as follows

	2006	2005
	£000	(restated) £000
Vehicle sales and servicing	11,730	11,837
Printing and publishing sales	10,785	11,003
Travel sales	29,906	29,694
Property rentals and other operations	992	990
Horticultural product sales	2,060	1,871
	<hr/>	<hr/>
	55,473	55,395
	<hr/>	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

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

Profit (loss) before tax was contributed as follows

	2006 £000	2005 (restated) £000
Vehicle sales and servicing	107	50
Printing and publishing sales	(445)	(292)
Travel sales	361	368
Property rentals and other operations	277	100
Horticultural product sales	150	78
Holding company	1,734	(198)
	<hr/>	<hr/>
	2,184	106
Reconciling items		
Dividends from group undertakings	(2,000)	-
Amortisation of goodwill on acquisition	(130)	(138)
	<hr/>	<hr/>
	54	(32)

Net assets, excluding inter company balances, were employed as follows

	2006 £000	2005 (restated) £000
Vehicle sales and servicing	1,563	1,373
Printing and publishing sales	4,386	4,709
Travel sales	6,401	7,454
Property rentals and other operations	9,609	8,961
Horticultural product sales	760	1,017
Holding company	(6,772)	(7,488)
	<hr/>	<hr/>
	15,947	16,026

Profit (loss) is stated after charging

	2006 £000	2005 (restated) £000
Depreciation and amortisation	678	697
Auditors' remuneration - audit	73	62
Auditors' remuneration - non audit	33	16
Operating lease rentals - plant and machinery	176	174
Operating lease rentals - land and buildings	290	155
	<hr/>	<hr/>
and after crediting		
Other operating income		
Profit on disposal of fixed assets	54	3
Other sundry income	173	85
	<hr/>	<hr/>
	227	88

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**3 Interest**

	2006 £	2005 (restated) £
Interest receivable		
On bank deposit	2	2
Other	5	18
	<u>7</u>	<u>20</u>
Interest payable		
On bank overdraft	18	19
On other loans	25	29
	<u>43</u>	<u>48</u>

**4 Tax on profit (loss) on ordinary activities**

## (a) Analysis of charge for the year

	2006 £	2005 (restated) £
Current tax		
UK Corporation tax on profits for the year	77	52
Adjustment in respect of prior years	27	(18)
	<u>104</u>	<u>34</u>
Total current tax (note 4b)		
Deferred tax		
Origination and reversal of timing differences	29	-
	<u>133</u>	<u>34</u>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**4 Tax on profit (loss) on ordinary activities (continued)****(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

	2006 £	2005 (restated) £
Profit (loss) on ordinary activities before tax	54	(32)
Profit (loss) on ordinary activities before tax multiplied by the rate of Corporation Tax of 30% (2005 30%)	16	(10)
Expenses not deductible for tax purposes	16	(15)
Depreciation in excess of capital allowances	63	84
Profit on disposal of fixed assets	-	(1)
Adjustments in respect of prior years	27	(18)
Other timing differences	1	9
Marginal relief	(19)	-
Differences in group tax rates	-	(15)
Current tax charge for the year	104	34

**(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 £1,388,000

**5 Dividends**

	2006 £000	2005 (restated) £000
Amounts recognised as distributions to equity shareholders in the period		
Final dividend on ordinary shares of 14p per share	-	3
	-	3

**6. Prior year adjustment**

A prior year adjustment has been made due to a change of the company's accounting policy in respect of commission earned on volume related business, as outlined in note 1, changes in accounting policies

The effect of the change in policy has been to restate the opening profit and loss reserve by an increase of £80,000 at 1 December 2005 (1 December 2004 £78,000)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

## 7. Staff costs

Staff costs, including directors remuneration, were as follows

	2006 £000	2005 (restated) £000
Wages and salaries	6,798	6,612
Social security costs	724	699
Redundancy costs	31	3
Pension costs	77	77

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7,630	7,391
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The average monthly number of employees during the year was as follows

	No	No
Production	46	46
Sales	157	160
Administrative	101	99

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304	305
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## 8 Directors

	2006 £000	2005 (restated) £000
Remuneration		
All directors		
Aggregate emoluments	712	722
Company pension contributions to money purchase schemes	40	40

Highest paid director

Aggregate emoluments	260	273
Company pension contributions to money purchase schemes	-	-

Amount of rights to emoluments waived by three directors

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14	-
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Retirement benefits accrued to four directors under money purchase pension schemes during the year (2005 - five)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**9 Intangible fixed assets****Group**

	Goodwill £000	Development costs £000	Other £000	Total £000
<b>Cost</b>				
At 1 December 2005	396	7	1,436	1,839
At 30 November 2006	396	7	1,436	1,839
<b>Amortisation</b>				
At 1 December 2005	239	7	981	1,227
Charge for the year	24	-	130	154
At 30 November 2006	263	7	1,111	1,381
<b>Net book amount</b>				
At 30 November 2005	157	-	455	612
At 30 November 2006	133	-	325	458

"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 2006

## 10. Tangible fixed assets

Group	Freehold Land and Buildings £000	Vehicles Plant and Equipment £000	Total £000
Cost			
At 1 December 2005	10,832	2,852	13,684
Additions	4	446	450
Disposals	(11)	(499)	(510)
At 30 November 2006	10,825	2,799	13,624
Depreciation			
At 1 December 2005	279	1,864	2,143
Charge for the year	55	469	524
Released on disposals	(1)	(473)	(474)
At 30 November 2006	333	1,860	2,193
Net book value			
At 30 November 2005	10,553	988	11,541
At 30 November 2006	10,492	939	11,431

All freehold land and buildings are included at historical cost

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

## 10. Tangible fixed assets (Continued)

Company	Vehicles Plant and Equipment £000
Cost	
At 1 December 2005	244
Additions	41
Disposals	(73)
	<hr/>
At 30 November 2006	212
	<hr/>
Depreciation	
At 1 December 2005	164
Charge for the year	41
Disposals	(71)
	<hr/>
At 30 November 2006	134
	<hr/>
Net book value	
At 30 November 2005	80
	<hr/>
At 30 November 2006	78
	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

## 11. Investments

Company	2006 £000	2005 £000
Shares in group companies		
Cost		
At 1 December 2005	2,481	2,481
At 30 November 2006	2,481	2,481
Provision		
Provided in year	1,371	-
At 30 November 2006	1,371	-
Net book value		
At 30 November 2006	1,110	2,481

The principal subsidiary undertakings wholly owned by the group at 30 November 2006 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.

## 12. Stock and work in progress

Group	2006 £000	2005 (restated) £000
Work in progress	53	173
New and used motor vehicles	1,142	1,261
Raw materials	242	54
Finished goods	4,624	4,726
	6,061	6,214



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

## 12. Stock and work in progress (continued)

The above amounts include consignment stock of £61,000 (2005 - £56,000) 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

## 13. Debtors

	Group		Company	
	2006	2005 (restated)	2006	2005
	£000	£000	£000	£000
Trade debtors	3,603	3,262	-	-
Amounts due from group undertakings	-	-	13,089	12,132
Other debtors	241	154	8	12
Prepayments and accrued income	405	384	25	19
	<u>4,249</u>	<u>3,800</u>	<u>13,122</u>	<u>12,163</u>

All amounts included above are considered receivable within one year

## 14. Creditors

Amounts falling due within one year

	Group		Company	
	2006	2005 (restated)	2006	2005
	£000	£000	£000	£000
Bank overdrafts	803	49	6,691	7,472
Trade creditors	3,141	3,450	8	12
Amounts due to group undertakings	-	-	133	133
Current corporation tax	104	15	-	-
Social security and other taxes	328	310	59	98
Other creditors	345	410	8	27
Accruals and deferred income	1,669	1,810	113	109
Proposed dividend	-	6	-	6
	<u>6,390</u>	<u>6,050</u>	<u>7,012</u>	<u>7,857</u>

## 15. Creditors

Amounts falling due after more than one year

	Group		Company	
	2006	2005 (restated)	2006	2005
	£000	£000	£000	£000
Other creditors	230	230	230	230

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**16 Provisions for liabilities and charges**

Deferred taxation

**Group**

	2006 £	2005 (restated) £
Accelerated capital allowances	124	122
Other short term timing differences	0	(27)
	<u>124</u>	<u>95</u>

Movements during the year were as follows

	2006 £	2005 (restated) £
At 1 December 2005	95	95
Deferred tax asset released	29	-
	<u>124</u>	<u>95</u>

**17 Called up share capital**

	2006 £000	2005 (restated) £000
Authorised Equity		
23,750 ordinary shares of £1 each	24	24
105,000 founders shares of 25p each	26	26
	<u>50</u>	<u>50</u>
Allotted, called up and fully paid Equity		
23,682 ordinary shares of £1 each	24	24
105,000 founders shares of 25p each	26	26
	<u>50</u>	<u>50</u>

The ordinary shares carry one vote per share. These shares have a preferential right to any dividend declared by the directors 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.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

## 17 Called up share capital (continued)

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.

## 18 Profit and loss account

	Group		Company	
	2006	2005 (restated)	2006	2005
	£000	£000	£000	£000
Balance brought forward as previously reported	15,817	15,888	6,509	6,680
Prior year adjustment (see note 6)	80	78	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance brought forward restated	15,897	15,966		
Profit (loss) for the financial year	(79)	(66)	430	(168)
Dividends	-	(3)	-	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2006	15,818	15,897	6,939	6,509
	<hr/>	<hr/>	<hr/>	<hr/>

## 19 Reconciliation of movement in shareholders' funds

	2006	2005 (restated)
	£000	£000
Loss for the financial year	(79)	(66)
Dividends	-	3
	<hr/>	<hr/>
Opening shareholders' funds	(79) 16,026	(69) 16,095
	<hr/>	<hr/>
Closing shareholders' funds	15,947	16,026
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**20. Commitments under operating leases**

At 30 November 2006 the group was committed to making the following payments under operating leases over the following twelve months

	2006		2005 (restated)	
	Land and Buildings £000	Other Assets £000	Land and Buildings £000	Other Assets £000
Contracts to expire within one year	16	-	3	-
between two and five years	60	159	44	159
after five years	39	-	38	-
	<hr/>	<hr/>	<hr/>	<hr/>
	115	159	85	159
	<hr/>	<hr/>	<hr/>	<hr/>

**21 Future capital expenditure**

Capital expenditure contracted for but not provided for in the financial statements at 30 November 2006 amounted to £5,000 (2005 - £97,000)

**22 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 2006 of £103,000 (2005 - £111,000)

**23 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 2006 amounted to £75,000 (2005 - £77,000)

**24 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 2006 the group had net bank borrowings with Barclays Bank plc of £804,000 (2005 - £49,000)
- 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 2006 was £54,000 (2005 - £192,000)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

**25 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

	2006 £000	2005 £000
At 1 December 2005	230	230
At 30 November 2006	230	230

- b Included in other debtors is £61,000 due from the Ian Allan Group Ltd Pension Fund relating to refurbishment costs on a property owned by the Pension Fund

**26. Controlling parties**

The directors consider that the ultimate controlling parties are D I Allan and E P Allan, together with their families

**IAN ALLAN GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 30 NOVEMBER 2006**

	2006 £	2005 £
<b>INCOME</b>		
MANAGEMENT SERVICES	978,853	1,043,399
INTEREST RECEIVABLE	1,912	2,123
COMMISSIONS & SUNDRY REVENUES	8,038	6,573
PROFIT ON SALE OF ASSETS	4,132	3,140
DIVIDENDS	2,000,000	-
	<hr/>	<hr/>
	2,992,935	1,055,235
<b>ADMINISTRATIVE &amp; OTHER COSTS</b>		
SALARIES, N I & BENEFITS	901,556	901,188
	44,586	44,483
	3,373	14,938
RENT	50,000	50,000
REPAIRS & MAINTENANCE	766	1,049
INSURANCES	3,492	2,056
POSTAGE	1,208	1,261
COMPUTER SERVICES	24,335	27,096
TELEPHONES	6,429	8,401
PRINTING & STATIONERY	1,884	2,606
TRAVELLING, & ENTERTAINING	37,474	47,675
MOTOR VEHICLE EXPENSES	28,937	28,174
GENERAL EXPENSES	5,750	5,747
AUDIT & ACCOUNTANCY FEES	15,800	13,500
LEGAL & PROFESSIONAL EXPENSES	46,031	26,514
BANK CHARGES	1,656	2,118
DEPRECIATION	41,068	31,359
PUBLICITY & PROMOTION	1,580	4,673
DONATIONS	6,729	1,405
	<hr/>	<hr/>
	1,222,654	1,214,243
	<hr/>	<hr/>
	1,770,281	(159,008)
BANK INTEREST PAYABLE	(17,546)	(19,401)
OTHER INTEREST PAYABLE	(19,014)	(19,276)
	<hr/>	<hr/>
	1,733,721	(197,685)
WRITE OFF OF INVESTMENT	(1,371,110)	
DIVIDEND		(3,315)
	<hr/>	<hr/>
<b>(LOSS) PROFIT</b>	<b>362,611</b>	<b>(201,000)</b>
	<hr/>	<hr/>