

IAN ALLAN GROUP LIMITED

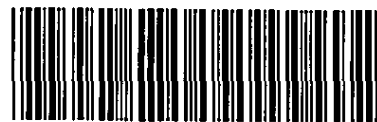
REGISTERED NUMBER 00739567

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

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COMPANIES HOUSE

DIRECTORS AND ADVISORS

CHAIRMAN	D.I. Allan
DIRECTORS	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 LLP King's House 12 - 42 Wood Street Kingston upon Thames Surrey KT1 1TG
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 2008.

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.

Contrary to expectations, Peugeot did not serve notice on the franchise agreement in 2008, but the dealership failed to improve on its 2007 performance. The Saab dealership continued to trade profitably until the latter part of the year, when there was a sharp decline in car sales as a consequence of limited availability of credit and the general economic climate.

The overall performance of the publishing company was disrupted during the year by the discovery of financial irregularities concerning the activities of the managing director, and as a consequence his employment was terminated on the grounds of gross misconduct.

Magazine sales increased by 20.8% over 2007 and trading profit increased by 53.8% over 2007, with continued strong sales of the Hornby Magazine.

Bookshops also performed well with trading profit up by 107.5% on 2007.

Mail order and internet retailing was severely affected by competition from Amazon. The department was reorganised during the year to outsource stockholding, packing and delivery, incurring reorganisation costs of £30k. Sales of the department were 16.5% below 2007 and trading losses increased by 23.3%.

Book publishing sales increased by 4% on 2007. Because of the specialist nature of the subjects, titles typically remain in the catalogues for several years. In view of the current economic climate, and the market in the USA where the strength of sterling also had an adverse affect, the directors have decided to write down the book value of a number of older lines by £414,000 in order to accelerate the sale of these books and reduce stockholding.

Printing turnover increased during the year by expanding the customer base, thus reducing its reliance on work from its associated publishing company. Total sales increased by 4.2% whilst third party sales increased by 20.5%.

The travel management company achieved ISO14001 Environmental Management Standard accreditation during the year, which will provide a competitive advantage over many competitors.

Future Developments

The directors are taking steps to further reduce overhead costs across the Group.

The Saab dealership has acquired the rights to sell and service Cadillac cars following the closure of another dealership. The impact of Saab's application for protection from creditors and possible disposal by General Motors is unknown at present.

The directors intend to renew the lease of the printing press, which expires in 2009.

A managing director has been recruited to fill the vacancy at Ian Allan Publishing. It is expected that opportunities will arise in this company's overseas markets as a result of the fall in the value of the pound.

Whereas the economic situation is certain to affect all businesses, particularly the motor dealerships, a number of areas are performing better than might have been expected. Given the underlying strength of the balance sheet and the renewal of the bank facilities, the directors are confident of meeting the challenges ahead.

Results and dividends

The loss for the year, after taxation, amounted to £829,000 (2007: profit of £7,000). No dividends were paid during the year.

Close company status

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

REPORT OF THE DIRECTORS**Risks and uncertainties****Interest rate risk**

The Company's banking arrangements form part of an overall Group facility, which has been renewed with the principal group bankers for a further year from 1st March 2009. Under the group's banking arrangement there is a right of set off between all bank balances. Interest is charged on the net position at a rate which moves with the bank base rate and wherever possible deposited funds are maximised to reduce the interest rate exposure.

Credit risk

The Group's policy is to trade only with recognised, credit worthy third parties. It is the policy of the Group that all clients who wish to trade on credit terms are subject to regular credit verification procedures involving established credit agencies, with the objective of minimising the exposure to bad debts.

Liquidity risk

The funding needs of the Group are monitored by the Directors and facilities are made available to operating companies out of the group's banking facility to meet debts as they fall due.

Commercial risk

The present economic uncertainties expose the Group to the risk of realising a loss, due to a reduction in business activity, which cannot be matched with a corresponding fall in expenditure in a similar timescale. The Directors monitor activity levels on a continuous basis in order to minimise the impact of a decrease in business activity and are constantly reviewing the cost base of the Group and continuing the reorganisation of loss making departments.

Directors

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

Mrs M.E. Allan retired as a director on 20 November 2008.

Mrs G.S. Allan and Mr I. 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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial Statements are required by law to give a true and fair view of the of the state of affairs of the company and of the profit or loss of the company for the 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.

REPORT OF THE DIRECTORS

Directors' responsibilities (continued)

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 company 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 company'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 2008.

Charitable and political contributions

During the year the Group made the following contributions:

	2008 £	2007 £
Charitable	2,722	3,553

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.

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

On 1 July 2008, Menzies, the Company's auditors, transferred its business to Menzies LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treat the appointment of Menzies as extending to Menzies LLP with effect from 1 July 2008 under the provisions of section 26(5) of the Companies Act 1989.

Accordingly, a resolution approving the re-appointment of Menzies LLP will be proposed at the forthcoming annual general meeting.



D.A. Hart F.C.A.

Secretary
27 March 2009

TO THE SHAREHOLDERS 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 2008 on pages 7 to 27, which have been prepared on the basis of the accounting policies set out on pages 12 to 14.

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 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.

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. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we 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 other transactions 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 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 SHAREHOLDERS 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 £2,683,907 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 the group and parent company's affairs at 30 November 2008 and of the 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.

30 March 2009

King's House
12 - 42 Wood Street
Kingston upon Thames
Surrey KT1 1TG

Menzies LLP

Menzies LLP
Chartered Accountants and
Registered Auditor

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 NOVEMBER 2008

	Notes	2008 £000	2007 £000
Turnover	2	58,457	58,417
Cost of sales		48,748	47,818
Gross profit		9,709	10,599
Operating expenses			
Distribution		(954)	(835)
Administration		(9,827)	(10,259)
Profit on sale of fixed assets		14	335
Other operating income		116	219
Operating (loss)/ profit		(942)	59
Interest receivable	3	4	12
Interest payable	3	(46)	(52)
(Loss)/ profit on ordinary activities before taxation	2	(984)	19
Taxation on (loss)/ profit on ordinary activities	4	(155)	12
Retained (loss)/ profit for the financial year	17	(829)	7

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 BALANCE SHEET

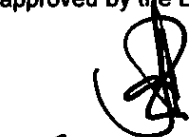
30 NOVEMBER 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Intangible assets	8	157	308
Tangible assets	9	10,958	11,145
		<hr/>	<hr/>
		11,115	11,453
Current assets			
Stock and work in progress	11	6,196	6,683
Debtors	12	4,989	4,316
Cash at bank		390	350
		<hr/>	<hr/>
		11,575	11,349
Creditors: amounts falling due within one year	13	7,295	6,499
		<hr/>	<hr/>
Net current assets		4,280	4,850
		<hr/>	<hr/>
Total assets less current liabilities		15,395	16,303
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	14	270	230
		<hr/>	<hr/>
Provisions for liabilities and charges	15	-	119
		<hr/>	<hr/>
		15,125	15,954
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	50	50
Share premium account		79	79
Profit and loss account	17	14,996	15,825
		<hr/>	<hr/>
Shareholders' funds	18	15,125	15,954
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 27 March 2009.

Directors:

D.I. Allan




E.P. Allan

BALANCE SHEET

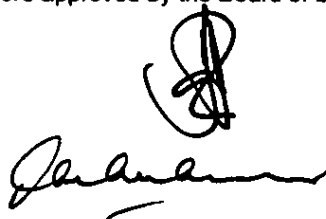
30 NOVEMBER 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	9	45	58
Investments	10	1,110	1,110
		<u>1,155</u>	<u>1,168</u>
Current assets			
Debtors	12	13,854	14,076
Cash in hand		1	1
		<u>13,855</u>	<u>14,077</u>
Creditors: amounts falling due within one year	13	8,439	8,161
Net current assets		<u>5,416</u>	<u>5,916</u>
Total assets less current liabilities		<u>6,571</u>	<u>7,084</u>
Creditors: amounts falling due after more than one year	14	270	230
		<u>6,301</u>	<u>6,854</u>
Capital and reserves			
Called up share capital	16	50	50
Share premium account		79	79
Profit and loss account	17	6,172	6,725
Shareholders' funds		<u>6,301</u>	<u>6,854</u>

The financial statements were approved by the Board of Directors on 27 March 2009.

Directors:

D.I. Allan



E.P. Allan

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2008

	Notes	2008 £000	2007 £000
Cash inflow /(outflow) from operating activities	a	(477)	418
Returns on investments and servicing of finance	b	(42)	(40)
Taxation		(8)	(100)
Capital expenditure and financial investment	b	(217)	114
Equity dividends paid		-	-
Cash inflow /(outflow) before use of liquid resources and financing		(744)	392
Management of liquid resources			
Net movements in loans		(40)	-
Increase /(decrease) in cash in the period		(784)	392
Reconciliation of net cash flow to movements in net funds			
(Decrease)/ increase in cash in the period		(784)	392
Cash outflow from change in liquid resources		-	-
Change in net funds /(debt) resulting from cash flows		(784)	392
Reclassification of other creditors as debt		-	(230)
Movement in net funds /(debt) in the period		(784)	162
Net (debt)/ funds at 1 December 2007		(149)	(311)
Net debt at 30 November 2008	c	(933)	(149)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2008

a Reconciliation of operating profit to operating cash flows

	2008 £000	2007 £000
Operating (loss)/ profit	(942)	59
Decrease/(increase) in stocks	487	(622)
(Increase) in debtors	(650)	(67)
(Decrease)/increase in creditors	73	726
Depreciation and amortisation	569	657
Net profit on disposal of tangible fixed assets	(14)	(335)
Net cash inflow /(outflow) from operating activities	(477)	418

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

	2008 £000	2007 £000
Returns on investments and servicing of finance		
Interest paid	(46)	(52)
Interest received	4	12
Net cash outflow for returns on investments and servicing of finance	(42)	(40)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(242)	(381)
Sale of tangible fixed assets	25	495
Net cash inflow /(outflow) for capital expenditure and financial investment	(217)	114

c Analysis of net funds /(debt)

	At 1 Dec 2007 £000	Cash flow £000	At 30 Nov 2008 £000
Net cash:			
Cash at bank and in hand	350	40	390
Overdrafts	(269)	(784)	(1,053)
	81	(744)	(663)
Debt:			
Other creditors	(230)	(40)	(270)
	(230)	(40)	(270)
	(149)	(784)	(933)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

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 2008. 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 £553,000 (2007 - loss of £214,000) 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

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 2008

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.

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:

	2008 £000	2007 £000
Vehicle sales and servicing	7,910	10,397
Printing and publishing sales	11,359	10,961
Travel sales	36,065	33,806
Property rentals and other operations	1,090	1,132
Horticultural product sales	2,033	2,121
	<hr/>	<hr/>
	58,457	58,417
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

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

(Loss)/profit before tax was contributed as follows:

	2008 £000	2007 £000
Vehicle sales and servicing	(245)	(51)
Printing and publishing sales	(834)	(405)
Travel sales	50	120
Property rentals and other operations	256	566
Horticultural product sales	165	201
Holding company	(246)	(282)
	<hr/>	<hr/>
	(854)	149
Reconciling items		
Amortisation of goodwill on acquisition	(130)	(130)
	<hr/>	<hr/>
	(984)	19
	<hr/>	<hr/>

Net assets, net of inter company balances, were employed as follows:

	2008 £000	2007 £000
Vehicle sales and servicing	1,372	1,480
Printing and publishing sales	3,348	4,040
Travel sales	6,693	6,544
Property rentals and other operations	10,958	10,753
Horticultural product sales	1,262	1,055
Holding company	(8,508)	(7,918)
	<hr/>	<hr/>
	15,125	15,954
	<hr/>	<hr/>

(Loss)/profit is stated after charging:

	2008 £000	2007 £000
Depreciation and amortisation	569	657
Auditors' remuneration - audit	81	79
Auditors' remuneration - non audit	23	25
Operating lease rentals - plant and machinery	192	179
Operating lease rentals - land and buildings	148	161
	<hr/>	<hr/>
and after crediting		
Other operating income		
	<hr/>	<hr/>
Profit on disposal of fixed assets	14	335
Other sundry income	116	219
	<hr/>	<hr/>
	130	554
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

3. Interest

	2008 £000	2007 £000
Interest receivable		
On bank deposit	4	2
Other	-	10
	<hr/> 4	<hr/> 12
Interest payable		
On bank overdraft	19	20
On other loans	27	32
	<hr/> 46	<hr/> 52

4. Tax on (loss)/profit on ordinary activities

(a) Analysis of charge for the year

	2008 £000	2007 £000
Current tax:		
UK Corporation tax on profits for the year	(12)	21
Adjustment in respect of prior years	(1)	(4)
	<hr/> (13)	<hr/> 17
Total current tax (note 4b)		
Deferred tax:		
Origination and reversal of timing differences	(142)	(5)
	<hr/> (155)	<hr/> 12

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

4. Tax on (loss)/profit 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:

	2008 £000	2007 £000
(Loss)/profit on ordinary activities before tax	(984)	19
(Loss)/profit on ordinary activities before tax multiplied by the rate of Corporation Tax of 20.67% (2007 : 30%)	(203)	6
Expenses not deductible for tax purposes	14	14
Depreciation in excess of capital allowances	102	85
Profit on disposal of fixed assets	(3)	(70)
Adjustments in respect of prior years	(1)	(4)
Marginal relief	-	(14)
Losses carried forward	78	-
Current tax charge for the year	(13)	17

(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

No distributions were made to equity shareholders in the period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

6. Staff costs

Staff costs, including directors remuneration, were as follows

	2008 £000	2007 £000
Wages and salaries	7,019	6,926
Social security costs	721	730
Redundancy costs	29	25
Pension costs	77	75
	<hr/>	<hr/>
	7,846	7,756
	<hr/>	<hr/>

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

	No.	No.
Production	43	44
Sales	134	146
Administrative	95	105
	<hr/>	<hr/>
	272	295
	<hr/>	<hr/>

7. Directors

	2008 £000	2007 £000
Remuneration		
All directors		
Aggregate emoluments	682	703
Company pension contributions to money purchase schemes	39	40
	<hr/>	<hr/>
Highest paid director		
Aggregate emoluments	269	263
Company pension contributions to money purchase schemes	-	-
	<hr/>	<hr/>
Amount of rights to emoluments waived by three directors	-	5
	<hr/>	<hr/>

Retirement benefits accrued to four directors under money purchase pension schemes during the year (2007 - four).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

8. Intangible fixed assets

Group

	Goodwill £000	Development costs £000	Other £000	Total £000
Cost				
At 1 December 2007	275	7	1,436	1,718
At 30 November 2008	275	7	1,436	1,718
Amortisation				
At 1 December 2007	163	7	1,240	1,410
Charge for the year	21	-	130	151
At 30 November 2008	184	7	1,370	1,561
Net book amount				
At 30 November 2007	112	-	196	308
At 30 November 2008	91	-	66	157

"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 2008

9. Tangible fixed assets

Group	Freehold Land and Buildings £000	Vehicles Plant and Equipment £000	Total £000
Cost			
At 1 December 2007	10,723	2,991	13,714
Additions	-	242	242
Disposals	-	(233)	(233)
	<hr/>	<hr/>	<hr/>
At 30 November 2008	10,723	3,000	13,723
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 December 2007	389	2,180	2,569
Charge for the year	55	363	418
Released on disposals	-	(222)	(222)
	<hr/>	<hr/>	<hr/>
At 30 November 2008	444	2,321	2,765
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 November 2007	10,334	811	11,145
	<hr/>	<hr/>	<hr/>
At 30 November 2008	10,279	679	10,958
	<hr/>	<hr/>	<hr/>

All freehold land and buildings are included at historical cost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

9. Tangible fixed assets (Continued)

Company	Vehicles Plant and Equipment £000
Cost	
At 1 December 2007	193
Additions	17
Disposals	(17)
	<hr/>
At 30 November 2008	193
	<hr/>
Depreciation	
At 1 December 2007	135
Charge for the year	30
Disposals	(17)
	<hr/>
At 30 November 2008	148
	<hr/>
Net book value	
At 30 November 2007	58
	<hr/>
At 30 November 2008	45
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

10. Investments

Company	2008 £000	2007 £000
Shares in group companies		
Cost		
At 1 December 2007	2,481	2,481
At 30 November 2008	2,481	2,481
Provision		
At 1 December 2007	1,371	1,371
At 30 November 2008	1,371	1,371
Net book value		
At 30 November 2007	1,110	1,110
At 30 November 2008	1,110	1,110

The principal subsidiary undertakings wholly owned by the group at 30 November 2008 are listed below. All the undertakings are registered in England and Wales.

Nature of business

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	2008 £000	2007 £000
Work in progress	370	367
New and used motor vehicles	1,197	1,430
Raw materials	48	70
Finished goods	4,581	4,816
	6,196	6,683

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

11. Stock and work in progress (continued)

The above amounts include consignment stock of £363,247 (2008 - £261,000) 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	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade debtors	4,302	3,717	-	-
Amounts due from group undertakings	-	-	13,799	14,021
Other debtors	284	171	27	15
Deferred taxation	23	-	-	-
Prepayments and accrued income	380	428	28	40
	<u>4,989</u>	<u>4,316</u>	<u>13,854</u>	<u>14,076</u>

All amounts included above are considered receivable within one year.

13.

Creditors:

Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank overdrafts	1,053	269	8,092	7,831
Trade creditors	3,882	3,953	24	8
Amounts due to group undertakings	-	-	133	134
Current corporation tax	-	21	-	-
Social security and other taxes	304	324	106	58
Other creditors	377	402	6	3
Accruals and deferred income	1,679	1,530	78	127
	<u>7,295</u>	<u>6,499</u>	<u>8,439</u>	<u>8,161</u>

14.

Creditors:

Amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Other creditors	270	230	270	230

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

15. Provisions for liabilities and charges

Deferred taxation

Group

	2008 £	2007 £
Accelerated capital allowances	(23)	119
Other short term timing differences	-	-
	<u>(23)</u>	<u>119</u>

Movements during the year were as follows:

	2008 £	2007 £
At 1 December 2007	119	124
Deferred tax asset released	(142)	(5)
	<u>(23)</u>	<u>119</u>

16. Called up share capital

	2008 £000	2007 £000
Authorised Equity		
23,750 ordinary shares of £1 each	-	24
105,000 founders shares of 25p each	-	26
100,000 'D' ordinary shares of 25p each	25	-
100,000 'P' ordinary shares of 25p each	25	-
	<u>50</u>	<u>50</u>
Allotted, called up and fully paid Equity		
23,682 ordinary shares of £1 each	-	24
105,000 founders shares of 25p each	-	26
99,864 'D' ordinary shares of 25p each	25	-
99,864 'P' ordinary shares of 25p each	25	-
	<u>50</u>	<u>50</u>

On 30 March 2008 the share capital was converted and divided into 100,000 'D' ordinary shares and 100,000 'P' ordinary shares of 25p each. Both classes of share have equal voting rights.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

17. Profit and loss account

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Balance brought forward	15,825	15,818	6,725	6,939
(Loss)/profit for the financial year	(829)	7	(553)	(214)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2008	14,996	15,825	6,172	6,725
	<hr/>	<hr/>	<hr/>	<hr/>

18. Reconciliation of movement in shareholders' funds

	2008 £000	2007 £000
(Loss)/profit for the financial year	(829)	7
Dividends	-	-
	<hr/>	<hr/>
	(829)	7
Opening shareholders' funds	15,954	15,947
	<hr/>	<hr/>
Closing shareholders' funds	15,125	15,954
	<hr/>	<hr/>

19. Commitments under operating leases

At 30 November 2008 the group was committed to making the following payments under operating leases over the following twelve months.

	2008		2007	
	Land and Buildings £000	Other Assets £000	Land and Buildings £000	Other Assets £000
Contracts to expire:				
within one year	-	106	35	1
in two to five years	25	23	25	180
after five years	74	-	74	2
	<hr/>	<hr/>	<hr/>	<hr/>
	99	129	134	183
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

20. Future capital expenditure

Capital expenditure contracted for but not provided for in the financial statements at 30 November 2008 amounted to £ nil (2007 - £5,000)

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 2008 of £84,000 (2007 - £295,000).

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 2008 amounted to £77,000 (2007 - £75,000).

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 2008 the group had net bank borrowings with Barclays Bank plc of £1,053,000 (2007 - £269,000).

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.

	2008 £000	2007 £000
At 1 December 2007	230	230
At 30 November 2008	230	230

- b. The company holds loans from the David and Paul Allan's Children's Trusts. Interest is payable at 1% above base rate.

	2008 £000	2007 £000
At 1 December 2007	-	-
Loans received	42	-
Loans repaid	(2)	-
At 30 November 2008	40	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2008

24. Related party transactions (continued)

- c. Included in other creditors is £19,000 (At 30 November 2007 £24,000 debtor) due to the Ian Allan Group Ltd Pension Fund relating to rent collected on behalf of the Pension Fund.

25. Controlling parties

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

26. Post balance sheet event

The directors of the Company have agreed to waive a further £300,000 of the amount owed by Ian Allan Publishing Limited following the year end.