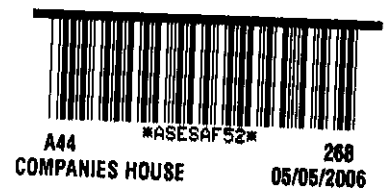


Report of the Directors and
Financial Statements for the Year Ended 31 December 2005
for
Pilling Motor Group Limited



Pilling Motor Group Limited

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for the Year Ended 31 December 2005

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Pilling Motor Group Limited
Company Information
for the Year Ended 31 December 2005

DIRECTORS:	K J Pilling C G Pilling
SECRETARY:	C G Pilling
REGISTERED OFFICE:	London Road Two Waters Hemel Hempstead Hertfordshire HP3 9AA
REGISTERED NUMBER:	00993353 (England and Wales)
AUDITORS:	Trevor Jones Registered Auditor & Chartered Accountants Sutton House Acorn Business Park Heaton Lane Stockport Cheshire SK4 1AS
BANKERS:	National Westminster Bank Plc 501 Silbury Boulevard Saxon Gate East Central Milton Keynes Milton Keynes MK9 3ER
SOLICITORS:	Pictons Keystone 60 London Road St Albans Hertfordshire AL1 1NG

Pilling Motor Group Limited
Report of the Directors
for the Year Ended 31 December 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of motor retailers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

During the year the company ceased trading at the Luton site and the property was subsequently sold. The trade from Luton was then transferred to the other sites.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2005.

DIRECTORS

The directors during the year under review were:

K J Pilling
C G Pilling

The beneficial interests of the directors holding office on 31 December 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05
Ordinary £1 shares		
K J Pilling	125,850	125,850
C G Pilling	124,150	124,150

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £550.

STATEMENT OF 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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

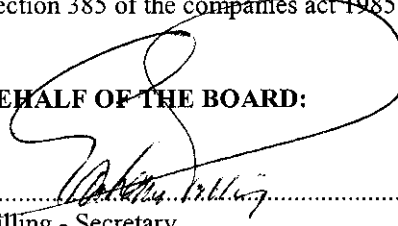
Pilling Motor Group Limited

Report of the Directors
for the Year Ended 31 December 2005

AUDITORS

The auditors, Trevor Jones, having been appointed during the year will be proposed for re-appointment in accordance with section 385 of the companies act 1985.

ON BEHALF OF THE BOARD:


.....
C G Pilling - Secretary

Date: 21st April 2006

Report of the Independent Auditors to the Shareholders of
Pilling Motor Group Limited

We have audited the financial statements of Pilling Motor Group Limited for the year ended 31 December 2005 on pages five to twenty. These financial statements have been prepared under 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 auditors' 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 directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 if, in our opinion, the Report of the Directors 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 information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

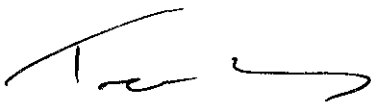
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



Trevor Jones
Registered Auditor & Chartered Accountants
Sutton House
Acorn Business Park
Heaton Lane
Stockport
Cheshire
SK4 1AS

Date: 21.4.06

Pilling Motor Group Limited

Profit and Loss Account
for the Year Ended 31 December 2005

	Notes	31.12.05 £	31.12.04 £
TURNOVER		72,465,092	55,868,043
Cost of sales		<u>62,977,909</u>	<u>47,775,884</u>
GROSS PROFIT		9,487,183	8,092,159
Administrative expenses		<u>8,946,967</u>	<u>7,518,446</u>
OPERATING PROFIT	3	540,216	573,713
Interest receivable and similar income		<u>-</u>	<u>419,445</u>
		540,216	993,158
Interest payable and similar charges	5	<u>823,251</u>	<u>608,102</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(283,035)	385,056
Tax on (loss)/profit on ordinary activities	6	<u>(84,725)</u>	<u>130,870</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(198,310)	254,186
(DEFICIT)/RETAINED PROFIT FOR THE YEAR		<u>(198,310)</u>	<u>254,186</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

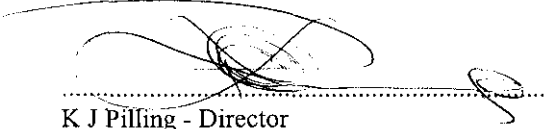
The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

Pilling Motor Group Limited

**Balance Sheet
31 December 2005**

	Notes	31.12.05 £	£	31.12.04 £	£
FIXED ASSETS					
Intangible assets	7		354,621		491,888
Tangible assets	8		7,740,599		8,586,055
Investments	9		<u>1</u>		<u>1</u>
			8,095,221		9,077,944
CURRENT ASSETS					
Stocks	10	12,176,513		12,097,571	
Debtors	11	3,274,114		1,572,739	
Cash in hand		<u>1,036</u>		<u>1,765</u>	
		15,451,663		13,672,075	
CREDITORS					
Amounts falling due within one year	12	<u>17,932,984</u>		<u>17,223,124</u>	
NET CURRENT LIABILITIES			<u>(2,481,321)</u>		<u>(3,551,049)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,613,900		5,526,895
CREDITORS					
Amounts falling due after more than one year	13		(3,068,312)		(2,804,997)
PROVISIONS FOR LIABILITIES	17		<u>(167,000)</u>		<u>(145,000)</u>
			<u>2,378,588</u>		<u>2,576,898</u>
CAPITAL AND RESERVES					
Called up share capital	18		250,000		250,000
Revaluation reserve	19		627,422		627,422
Profit and loss account	19		<u>1,501,166</u>		<u>1,699,476</u>
SHAREHOLDERS' FUNDS	24		<u>2,378,588</u>		<u>2,576,898</u>

ON BEHALF OF THE BOARD:


K J Pilling - Director

Approved by the Board on 21st APRIL 2006

Pilling Motor Group Limited

Cash Flow Statement
for the Year Ended 31 December 2005

	Notes	31.12.05 £	£	31.12.04 £	£
Net cash inflow from operating activities	1		107,275		1,933,823
Returns on investments and servicing of finance	2		(823,251)		(188,657)
Taxation			(106,500)		(81,620)
Capital expenditure	2		<u>528,090</u>		<u>(1,818,488)</u>
			(294,386)		(154,942)
Financing	2		<u>244,161</u>		<u>(238,924)</u>
Decrease in cash in the period			<u>(50,225)</u>		<u>(393,866)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period			(50,225)		(393,866)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing			<u>(317,160)</u>		<u>171,983</u>
Change in net debt resulting from cash flows			<u>(367,385)</u>		<u>(221,883)</u>
Movement in net debt in the period			<u>(367,385)</u>		<u>(221,883)</u>
Net debt at 1 January			<u>(5,538,853)</u>		<u>(5,316,970)</u>
Net debt at 31 December			<u>(5,906,238)</u>		<u>(5,538,853)</u>

The notes form part of these financial statements

Pilling Motor Group Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2005

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.05	31.12.04
	£	£
Operating profit	540,216	573,713
Depreciation charges	519,618	434,416
(Profit)/Loss on disposal of fixed assets	(4,459)	252
Increase in stocks	(78,941)	(2,694,063)
Increase in debtors	(1,595,149)	(55,458)
Increase in creditors	725,990	3,674,963
Net cash inflow from operating activities	<u>107,275</u>	<u>1,933,823</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.05	31.12.04
	£	£
Returns on investments and servicing of finance		
Interest received	-	419,445
Interest paid	(820,704)	(608,102)
Interest element of hire purchase payments	(2,547)	-
Net cash outflow for returns on investments and servicing of finance	<u>(823,251)</u>	<u>(188,657)</u>
 Capital expenditure		
Purchase of tangible fixed assets	(458,996)	(1,836,394)
Sale of tangible fixed assets	987,086	17,906
Net cash inflow/(outflow) for capital expenditure	<u>528,090</u>	<u>(1,818,488)</u>
 Financing		
New loans in year	760,000	370,000
Loan repayments in year	(395,156)	(541,983)
Capital repayments in year	(14,212)	-
Amount withdrawn by directors	(12,471)	(66,941)
Net cash inflow/(outflow) from financing	<u>338,161</u>	<u>(238,924)</u>

Pilling Motor Group Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2005

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.05 £	Cash flow £	At 31.12.05 £
Net cash:			
Cash at bank and in hand	1,765	(729)	1,036
Bank overdraft	<u>(2,259,466)</u>	<u>(49,496)</u>	<u>(2,308,962)</u>
	<u>(2,257,701)</u>	<u>(50,225)</u>	<u>(2,307,926)</u>
Debt:			
Hire purchase	-	(46,315)	(46,315)
Debts falling due within one year	(476,155)	(33,001)	(509,156)
Debts falling due after one year	<u>(2,804,997)</u>	<u>(237,844)</u>	<u>(3,042,841)</u>
	<u>(3,281,152)</u>	<u>(317,160)</u>	<u>(3,598,312)</u>
Total	<u>(5,538,853)</u>	<u>(367,385)</u>	<u>(5,906,238)</u>

Pilling Motor Group Limited

Notes to the Financial Statements
for the Year Ended 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2.5% on cost
Plant and machinery	- Between 20% - 33% on cost
Fixtures and fittings	- Between 10% - 20% on cost
Motor vehicles	- Between 20% - 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	31.12.05	31.12.04
	£	£
Wages and salaries	3,914,168	3,584,534
Social security costs	531,541	415,458
Other pension costs	54,854	47,300
	<u>4,500,563</u>	<u>4,047,292</u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

2. STAFF COSTS - continued

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

	31.12.05	31.12.04
Production	40	63
Selling and distribution	108	81
Management and administration	65	50
	<hr/> 213 <hr/>	<hr/> 194 <hr/>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.05	31.12.04
	£	£
Depreciation - owned assets	374,421	297,149
Depreciation - assets on hire purchase contracts	7,930	-
(Profit)/Loss on disposal of fixed assets	(4,459)	252
Goodwill amortisation	137,267	137,267
Auditors' remuneration	30,000	28,750
	<hr/> 288,000 <hr/>	<hr/> 229,020 <hr/>
Directors' emoluments	288,000	229,020

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2
	<hr/> 2 <hr/>	<hr/> 2 <hr/>

Information regarding the highest paid director is as follows:

	31.12.05	31.12.04
	£	£
Emoluments etc	144,000	114,510
	<hr/> 144,000 <hr/>	<hr/> 114,510 <hr/>

4. EXCEPTIONAL ITEMS

The exceptional item included in 2004 in the sum of £265,971 was as a result of a VAT reclaim, together with interest in the sum of £419,445.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.05	31.12.04
	£	£
Bank interest	314,728	218,677
Other interest payable and similar charges	505,976	389,425
Hire purchase	2,547	-
	<hr/> 823,251 <hr/>	<hr/> 608,102 <hr/>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	31.12.05	31.12.04
	£	£
Current tax:		
UK corporation tax	-	94,870
Corporation tax refund due	(82,840)	-
Overprovision in prior year	(23,885)	-
	<hr/>	<hr/>
Total current tax	(106,725)	94,870
Deferred tax	<hr/> 22,000	<hr/> 36,000
Tax on (loss)/profit on ordinary activities	<hr/> (84,725)	<hr/> 130,870

Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.05	31.12.04
	£	£
(Loss)/profit on ordinary activities before tax	<hr/> (283,035)	<hr/> 385,056
(Loss)/profit on ordinary activities		
multiplied by the standard rate of corporation tax		
in the UK of 0% (2004 - 30%)	-	115,517
Effects of:		
Expenses not deductible for tax purposes	-	19,688
Capital allowances for the period in excess of depreciation	-	(18,345)
Marginal relief	-	(9,155)
Other timing differences	-	(705)
Adjustments to tax charge in respect of previous periods	(23,885)	(12,130)
Carry back of tax losses	<hr/> (82,840)	<hr/> -
Current tax (credit)/charge	<hr/> (106,725)	<hr/> 94,870

Pilling Motor Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2005**

7. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2005	
and 31 December 2005	<u>686,351</u>
AMORTISATION	
At 1 January 2005	194,463
Amortisation for year	<u>137,267</u>
At 31 December 2005	<u>331,730</u>
NET BOOK VALUE	
At 31 December 2005	<u>354,621</u>
At 31 December 2004	<u>491,888</u>

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2005	8,134,421	1,053,506	502,450	343,647	10,034,024
Additions	135,414	125,274	76,030	182,805	519,523
Disposals	<u>(1,014,970)</u>	<u>(37,888)</u>	<u>(34,666)</u>	<u>(76,535)</u>	<u>(1,164,059)</u>
At 31 December 2005	<u>7,254,865</u>	<u>1,140,892</u>	<u>543,814</u>	<u>449,917</u>	<u>9,389,488</u>
DEPRECIATION					
At 1 January 2005	347,366	755,927	206,406	138,271	1,447,970
Charge for year	92,749	143,878	52,337	93,387	382,351
Eliminated on disposal	<u>(87,375)</u>	<u>(35,728)</u>	<u>(26,356)</u>	<u>(31,973)</u>	<u>(181,432)</u>
At 31 December 2005	<u>352,740</u>	<u>864,077</u>	<u>232,387</u>	<u>199,685</u>	<u>1,648,889</u>
NET BOOK VALUE					
At 31 December 2005	<u>6,902,125</u>	<u>276,815</u>	<u>311,427</u>	<u>250,232</u>	<u>7,740,599</u>
At 31 December 2004	<u>7,787,055</u>	<u>297,579</u>	<u>296,044</u>	<u>205,376</u>	<u>8,586,054</u>

Cost or valuation at 31 December 2005 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1997	1,750,000	-	-	-	1,750,000
Cost	<u>5,504,865</u>	<u>1,140,892</u>	<u>543,814</u>	<u>449,917</u>	<u>7,639,488</u>
	<u>7,254,865</u>	<u>1,140,892</u>	<u>543,814</u>	<u>449,917</u>	<u>9,389,488</u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

8. TANGIBLE FIXED ASSETS - continued

If land and buildings had not been revalued they would have been included at the following historical cost:

	31.12.05	31.12.04
	£	£
Cost	1,122,578	1,122,578
Aggregate depreciation	224,512	196,448

During 1997, the freehold property at Hemel Hempstead was revalued on an existing use basis, assuming vacant possession by Messrs Aitchinsons.

The company has adopted the transitional provisions allowed under FRS 15 not to update the above revaluation.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST OR VALUATION	
Additions	76,125
At 31 December 2005	76,125
DEPRECIATION	
Charge for year	7,930
At 31 December 2005	7,930
NET BOOK VALUE	
At 31 December 2005	68,195

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2005 and 31 December 2005	1
NET BOOK VALUE	
At 31 December 2005	1
At 31 December 2004	1

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

9. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following:

Pilling (Luton) Limited

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.05	31.12.04
		£	£
Aggregate capital and reserves		<u>(57,800)</u>	<u>(57,800)</u>

The subsidiary company is dormant and therefore group accounts have not been prepared.

These financial statements therefore present information about the company as an individual undertaking and not about its group.

10. STOCKS

	31.12.05	31.12.04
	£	£
Stocks	11,599,983	11,329,200
Parts and WIP	386,836	580,337
Consignment stock	189,694	188,034
	<u>12,176,513</u>	<u>12,097,571</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.05	31.12.04
	£	£
Trade debtors	1,154,834	686,309
Other debtors	1,216,979	579,018
Related party loan	444,868	-
Tax	106,225	-
Prepayments and accrued income	351,208	307,412
	<u>3,274,114</u>	<u>1,572,739</u>

Pilling Motor Group Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2005**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.05	31.12.04
	£	£
Bank loans and overdrafts (see note 14)	2,704,118	2,654,621
Other loans (see note 14)	114,000	81,000
Hire purchase contracts (see note 15)	20,844	-
Trade creditors	13,508,256	12,880,463
Tax	-	107,000
Social security and other taxes	475,331	145,827
New vehicle funding	189,694	188,034
Other creditors	303,106	576,637
Directors' current accounts	69,223	81,694
Accruals and deferred income	548,412	507,848
	<u>17,932,984</u>	<u>17,223,124</u>

Consignment Vehicles

Consignment vehicles which bear interest are regarded effectively as being under the control of the company and, in accordance with FRS 5, are included within stocks on the balance sheet, although legal title has not passed to the company. The corresponding liability is included as new vehicle funding and is secured directly on these vehicles.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.05	31.12.04
	£	£
Bank loans (see note 14)	2,880,841	2,515,997
Other loans (see note 14)	162,000	289,000
Hire purchase contracts (see note 15)	25,471	-
	<u>3,068,312</u>	<u>2,804,997</u>

14. LOANS

An analysis of the maturity of loans is given below:

	31.12.05	31.12.04
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	2,308,962	2,259,466
Bank loans	395,156	395,155
Other loans	114,000	81,000
	<u>2,818,118</u>	<u>2,735,621</u>
Amounts falling due between one and two years:		
Bank loans	395,156	395,155
Other loans	162,000	289,000
	<u>557,156</u>	<u>684,155</u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

14. LOANS - continued

	31.12.05	31.12.04
	£	£
Amounts falling due between two and five years:		
Bank loans	<u>1,101,135</u>	<u>1,185,465</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>1,384,550</u>	<u>935,377</u>

The bank loans are repayable in equal monthly instalments ending January 2010, April 2010 and September 2013 respectively. Interest is charged on all the loans at the rate of 1.875% above the National Westminster Bank Plc base rate.

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31.12.05	31.12.04
	£	£
Gross obligations repayable:		
Within one year	21,985	-
Between one and five years	<u>27,672</u>	<u>-</u>
	<u>49,657</u>	<u>-</u>
Finance charges repayable:		
Within one year	1,141	-
Between one and five years	<u>2,201</u>	<u>-</u>
	<u>3,342</u>	<u>-</u>
Net obligations repayable:		
Within one year	20,844	-
Between one and five years	<u>25,471</u>	<u>-</u>
	<u>46,315</u>	<u>-</u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	31.12.05	31.12.04	31.12.05	31.12.04
	£	£	£	£
Expiring:				
Within one year	53,000	53,000	-	-
Between one and five years	-	-	64,212	64,212
In more than five years	236,500	236,500	-	-
	<u>289,500</u>	<u>289,500</u>	<u>64,212</u>	<u>64,212</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.05	31.12.04
	£	£
Bank overdrafts	2,308,962	2,259,466
Bank loans	3,275,997	2,911,152
	<u>5,584,959</u>	<u>5,170,618</u>

Stocking finance is secured by a floating charge over all vehicle stocks and by a fixed and floating charge over all property and assets of the company.

Bank loans and overdrafts are secured by a fixed and floating charge over all of the assets of the company, by guarantees given by Pilling (Coachbuilders) Limited, and against directors' life insurance policies.

The company has a £200,000 guarantee bond in favour of Volkswagen Financial Services Limited in relation to vehicle stocking finance for Skoda vehicles.

17. PROVISIONS FOR LIABILITIES

	31.12.05	31.12.04
	£	£
Deferred tax	<u>167,000</u>	<u>145,000</u>
		Deferred tax £
Balance at 1 January 2005		145,000
Increase in provision		<u>22,000</u>
Balance at 31 December 2005		<u><u>167,000</u></u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

17. PROVISIONS FOR LIABILITIES - continued

The deferred tax provision consists of the tax effect of timing differences in respect of:-

	2005		2004	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	170,000	-	145,000	-
Trading losses carried forward	(3,000)	-	-	-
Other timing differences	-	180,000	-	180,000
	<u>167,000</u>	<u>180,000</u>	<u>145,000</u>	<u>180,000</u>

In the opinion of the directors the property is unlikely that the property will be disposed of in the foreseeable future, therefore deferred tax has not been provided on the revaluation and is shown above as unprovided.

18. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.12.05 £	31.12.04 £
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

Allotted and issued:

Number:	Class:	Nominal value:	31.12.05 £	31.12.04 £
250,000	Ordinary	£1	<u>250,000</u>	<u>250,000</u>

19. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2005	1,699,476	627,422	2,326,898
Deficit for the year	(198,310)	-	(198,310)
At 31 December 2005	<u>1,501,166</u>	<u>627,422</u>	<u>2,128,588</u>

20. CONTINGENT LIABILITIES

The company has given unlimited guarantees to the bankers of Pilling (Coachbuilders) Limited covering any liabilities due to the bank. In the opinion of the directors at 31 December 2005 the potential liability was £Nil (2004 £37,391).

21. CAPITAL COMMITMENTS

At 31 December 2005, the company was committed to capital expenditure of £nil (2004 £86,527).

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2005

22. RELATED PARTY DISCLOSURES

During the year the company had the following transactions with Pilling (Coachbuilders) Limited, a company in which K J Pilling and C G Pilling are both directors and shareholders. The trade has been carried out under usual commercial terms (unless otherwise stated), as follows:-

Pilling (Coachbuilders) Limited	31.12.05	31.12.04
	£	£
Sales	234,703	268,736
Purchases	124,344	42,477

The company also had the following balances at 31 December 2005 with its related companies:-

		31.12.05	31.12.04
		£	£
Pilling (MK) Limited	Intercompany creditor	3,775	3,775
Pilling (Coachbuilders) Limited	Trade debtors	31,604	28,372
	Trade creditors	97,284	64,091

23. ULTIMATE CONTROLLING PARTY

K J Pilling is this company's ultimate controlling related party by virtue of his majority shareholding.

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.05	31.12.04
	£	£
(Loss)/Profit for the financial year	(198,310)	254,186
Net (reduction)/addition to shareholders' funds	(198,310)	254,186
Opening shareholders' funds	2,576,898	2,322,712
Closing shareholders' funds	2,378,588	2,576,898
Equity interests	2,378,588	2,576,898