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REGISTERED NUMBER: 00993353 (England and Wales)

**Report of the Directors and**  
**Financial Statements for the Year Ended 31 December 2008**  
**for**  
**Pilling Motor Group Limited**

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**Pilling Motor Group Limited**

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**for the Year Ended 31 December 2008**

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**Pilling Motor Group Limited**  
**Company Information**  
**for the Year Ended 31 December 2008**

<b>DIRECTORS:</b>	K J Pilling C G Pilling
<b>SECRETARY:</b>	C G Pilling
<b>REGISTERED OFFICE:</b>	London Road Two Waters Hemel Hempstead Hertfordshire HP3 9AA
<b>REGISTERED NUMBER:</b>	00993353 (England and Wales)
<b>AUDITORS:</b>	ASE Audit LLP Registered Auditor & Chartered Accountants Rowan Court Concord Business Park Manchester Greater Manchester M22 0RR
<b>BANKERS:</b>	National Westminster Bank Plc 501 Silbury Boulevard Saxon Gate East Central Milton Keynes Milton Keynes MK9 3ER
<b>SOLICITORS:</b>	S A Law Keystone 60 London Road St Albans Hertfordshire AL1 1NG

**Pilling Motor Group Limited**  
**Report of the Directors**  
**for the Year Ended 31 December 2008**

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

**PRINCIPAL ACTIVITY**

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

**REVIEW OF BUSINESS**

After a better than expected group performance in the first quarter of 2008, general economic conditions and particularly the car market deteriorated rapidly. Ongoing losses in the Skoda Franchise became unsustainable and the franchise was terminated in quarter 3. Negotiations with a suitable alternative manufacturer were progressed.

Overall cost cutting measures during the year included staff reductions of 20 through both natural wastage and some redundancies. A group wide reduction in vehicle fleet and consolidation on to single DMS brought additional savings. Payroll reductions of £584,000 annualised were achieved by year end with further cuts planned during quarter 1 of 2009. During quarters 3 and 4 losses of £185,000 were incurred through one-off stock write downs. Group vehicle stock was reduced by 25% achieving ongoing stocking interest savings of £140,000 on an annual basis. In quarter 4 it was decided the sale and lease back of one property would beneficially reduce overall bank debt by £800,000 in 2009.

The directors are confident that with the cost saving measures implemented during 2008 and planned restructuring during 2009 the group is well placed to weather what is likely to be a very challenging year ahead.

**DIVIDENDS**

An interim dividend of 50p per share was paid on 1 July 2008. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2008 will be £125,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

K J Pilling  
C G Pilling

**FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES**

The company uses a number of financial instruments which include loans, cash, equity investments and other various items such as trade debtors and trade creditors which arise directly from its operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The significant risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for the management of each of these risks which are noted below. These policies are consistent with those from the previous year.

**Interest rate risk**

The company's liquidity position does not place reliance on short term borrowings, and hence such perceived risk is considered to be minimal.

**Liquidity risk**

The company makes efforts to manage the financial risk by the monitoring of cashflow to ensure that the company is able to meet its foreseeable debts as they fall due and to invest any cash assets profitably.

**Credit Risk**

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited and therefore the principal credit risk arises from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed regularly by the directors together with the aged debtors and collection history.

**Pilling Motor Group Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2008**

**STATEMENT OF 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 state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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.

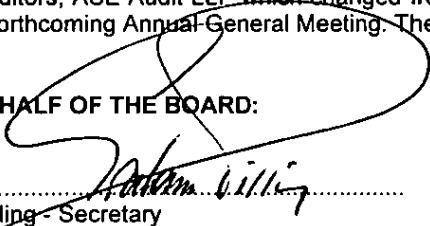
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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.

**AUDITORS**

The auditors, ASE Audit LLP which changed from Trevor Jones on 1 August 2009, will be proposed for re-appointment at the forthcoming Annual General Meeting. The audit report will be signed by ASE Audit LLP.

**ON BEHALF OF THE BOARD:**

  
.....  
C G Pilling - Secretary

Date: 20/12/2009

**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 2008 on pages five to eighteen. 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 a Report of the Auditors 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**

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 on page three.

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 Report of the Directors 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 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 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

*ASE Audit LLP*

ASE Audit LLP  
Registered Auditor & Chartered Accountants  
Rowan Court  
Concord Business Park  
Manchester  
Greater Manchester  
M22 0RR

Date: 20.10.09

**Pilling Motor Group Limited**

**Profit and Loss Account**  
**for the Year Ended 31 December 2008**

	Notes	31.12.08 £	31.12.07 £
<b>TURNOVER</b>		55,846,356	63,934,105
Cost of sales		<u>48,904,271</u>	<u>55,301,657</u>
<b>GROSS PROFIT</b>		6,942,085	8,632,448
Administrative expenses		<u>7,231,560</u>	<u>8,042,591</u>
		(289,475)	589,857
Other operating income		<u>39,399</u>	<u>281,403</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	(250,076)	871,260
Interest payable and similar charges	4	<u>737,971</u>	<u>843,624</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(988,047)	27,636
Tax on (loss)/profit on ordinary activities	5	<u>(76,643)</u>	<u>50,359</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>(911,404)</u>	<u>(22,723)</u>

**CONTINUING OPERATIONS**

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

**Pilling Motor Group Limited**

**Statement of Total Recognised Gains and Losses**  
**for the Year Ended 31 December 2008**

	31.12.08 £	31.12.07 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	(911,404)	(22,723)
Revaluation during year	1,807,485	-
<b>TOTAL RECOGNISED GAINS AND LOSSES</b>		
<b>RELATING TO THE YEAR</b>	<u>896,081</u>	<u>(22,723)</u>

**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.

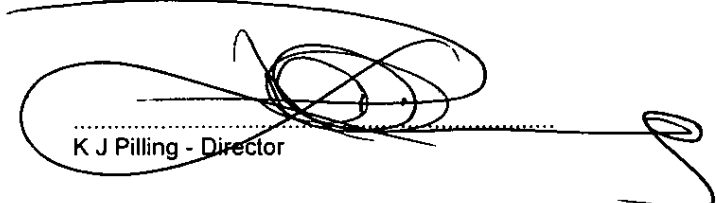


**Pilling Motor Group Limited**

**Balance Sheet**  
**31 December 2008**

	Notes	31.12.08 £	£	31.12.07 £	£
<b>FIXED ASSETS</b>					
Intangible assets	7		-		80,087
Tangible assets	8		9,254,949		7,442,891
Investments	9		1		1
			<u>9,254,950</u>		<u>7,522,979</u>
<b>CURRENT ASSETS</b>					
Stocks	10	8,383,806		9,977,433	
Debtors	11	1,274,910		2,091,470	
Cash in hand		142,327		1,683	
		<u>9,801,043</u>		<u>12,070,586</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	12	13,733,109		14,471,218	
<b>NET CURRENT LIABILITIES</b>			<u>(3,932,066)</u>		<u>(2,400,632)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,322,884		5,122,347
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		(2,410,594)		(2,907,223)
<b>PROVISIONS FOR LIABILITIES</b>	17		-		(73,915)
<b>NET ASSETS</b>			<u>2,912,290</u>		<u>2,141,209</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		250,000		250,000
Revaluation reserve	19		2,434,907		627,422
Profit and loss account	19		227,383		1,263,787
<b>SHAREHOLDERS' FUNDS</b>	23		<u>2,912,290</u>		<u>2,141,209</u>

The financial statements were approved by the Board of Directors on 22/12/2009 and were signed on its behalf by:

  
K J Pilling - Director

**Pilling Motor Group Limited**

**Cash Flow Statement**  
**for the Year Ended 31 December 2008**

	Notes	31.12.08 £	£	31.12.07 £	£
<b>Net cash inflow from operating activities</b>	1		858,157		1,164,343
<b>Returns on investments and servicing of finance</b>	2		(737,971)		(843,624)
<b>Taxation</b>			58,275		-
<b>Capital expenditure</b>	2		(224,982)		(233,285)
<b>Equity dividends paid</b>			(125,000)		-
			(171,521)		87,434
<b>Financing</b>	2		(402,761)		(121,994)
<b>Decrease in cash in the period</b>			<u>(574,282)</u>		<u>(34,560)</u>

**Reconciliation of net cash flow to movement in net debt**

	3		
Decrease in cash in the period		(574,282)	(34,560)
Cash outflow from decrease in debt and lease financing		<u>502,318</u>	<u>148,698</u>
Change in net debt resulting from cash flows		(71,964)	114,138
<b>Movement in net debt in the period</b>		(71,964)	114,138
<b>Net debt at 1 January</b>		<u>(5,057,147)</u>	<u>(5,171,285)</u>
<b>Net debt at 31 December</b>		<u><u>(5,129,111)</u></u>	<u><u>(5,057,147)</u></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 2008**

**1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.08	31.12.07
	£	£
Operating (loss)/profit	(250,076)	871,260
Depreciation charges	311,879	403,811
Profit on disposal of fixed assets	(11,383)	(4,061)
Decrease in stocks	1,593,627	419,696
Decrease/(increase) in debtors	761,013	(171,949)
Decrease in creditors	(1,546,903)	(354,414)
<b>Net cash inflow from operating activities</b>	<b>858,157</b>	<b>1,164,343</b>

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

	31.12.08	31.12.07
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest paid	(737,971)	(841,342)
Interest element of hire purchase payments	-	(2,282)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(737,971)</b>	<b>(843,624)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(271,501)	(271,583)
Sale of tangible fixed assets	46,519	38,298
<b>Net cash outflow for capital expenditure</b>	<b>(224,982)</b>	<b>(233,285)</b>
<b>Financing</b>		
Loan repayments in year	(496,632)	(127,772)
Capital repayments in year	(5,686)	(20,926)
Amount introduced by directors	224,000	150,000
Amount withdrawn by directors	(124,443)	(123,296)
<b>Net cash outflow from financing</b>	<b>(402,761)</b>	<b>(121,994)</b>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.08	Cash flow	At
	£	£	31.12.08
			£
<b>Net cash:</b>			
Cash at bank and in hand	1,683	140,644	142,327
Bank overdraft	(1,649,286)	(714,926)	(2,364,212)
	<u>(1,647,603)</u>	<u>(574,282)</u>	<u>(2,221,885)</u>
<b>Debt:</b>			
Hire purchase	(5,686)	5,686	-
Debts falling due within one year	(496,635)	3	(496,632)
Debts falling due after one year	<u>(2,907,223)</u>	<u>496,629</u>	<u>(2,410,594)</u>
	<u>(3,409,544)</u>	<u>502,318</u>	<u>(2,907,226)</u>
<b>Total</b>	<b><u>(5,057,147)</u></b>	<b><u>(71,964)</u></b>	<b><u>(5,129,111)</u></b>

The notes form part of these financial statements

**Pilling Motor Group Limited**  
**Notes to the Financial Statements**  
**for the Year Ended 31 December 2008**

**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.

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.

**Deferred tax**

Deferred tax 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 accrued at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in period different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued, unless by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

**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.

Rentals paid under operating lease contracts are expensed to the profit and loss account on a straight line basis over the period of the lease.

**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2008**

**1. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**2. STAFF COSTS**

	31.12.08	31.12.07
	£	£
Wages and salaries	3,271,167	3,584,682
Social security costs	394,991	356,984
Other pension costs	26,278	27,199
	<u>3,692,436</u>	<u>3,968,865</u>

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

	31.12.08	31.12.07
Production	61	62
Selling and distribution	70	69
Management and administration	47	53
	<u>178</u>	<u>184</u>

**3. OPERATING (LOSS)/PROFIT**

The operating loss (2007 - operating profit) is stated after charging/(crediting):

	31.12.08	31.12.07
	£	£
Depreciation - owned assets	231,792	245,044
Depreciation - assets on hire purchase contracts	-	21,500
Profit on disposal of fixed assets	(11,383)	(4,061)
Goodwill amortisation	80,087	137,267
Auditors' remuneration	27,230	26,800
	<u>235,606</u>	<u>288,000</u>
Directors' emoluments	10,000	-
Directors' pension contributions to money purchase schemes	<u>10,000</u>	<u>-</u>

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

	2	2
Money purchase schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director is as follows:

	31.12.08	31.12.07
	£	£
Emoluments etc	117,942	144,000
Pension contributions to money purchase schemes	5,000	-
	<u>122,942</u>	<u>144,000</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.08	31.12.07
	£	£
Bank interest	316,949	359,597
Other interest payable and similar charges	421,022	481,745
Hire purchase	-	2,282
	<u>737,971</u>	<u>843,624</u>

**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2008**

**5. TAXATION**

**Analysis of the tax (credit)/charge**

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

	31.12.08 £	31.12.07 £
Current tax:		
UK corporation tax	-	685
Overprovision in prior year	(2,728)	-
Underprovision in prior year	-	26,333
Total current tax	(2,728)	27,018
Deferred tax	(73,915)	23,341
Tax on (loss)/profit on ordinary activities	<u>(76,643)</u>	<u>50,359</u>

**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:

	31.12.08 £	31.12.07 £
(Loss)/profit on ordinary activities before tax	<u>(988,047)</u>	<u>27,636</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 0% (2007 - 19.750%)	-	5,458
Effects of:		
Capital allowances for the year in excess of depreciation	-	(14,338)
Expenses not deductible for tax purposes	-	9,565
Underprovision in prior year	-	26,333
Overprovision in prior year	(2,728)	-
Current tax (credit)/charge	<u>(2,728)</u>	<u>27,018</u>

**6. DIVIDENDS**

	31.12.08 £	31.12.07 £
Ordinary shares of £1 each		
Interim	<u>125,000</u>	<u>-</u>

**7. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 January 2008 and 31 December 2008	<u>686,351</u>
<b>AMORTISATION</b>	
At 1 January 2008	606,264
Amortisation for year	80,087
At 31 December 2008	<u>686,351</u>
<b>NET BOOK VALUE</b>	
At 31 December 2008	<u>-</u>
At 31 December 2007	<u>80,087</u>

**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2008**

**8. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>					
At 1 January 2008	7,294,781	1,231,168	568,245	528,632	9,622,826
Additions	19,741	102,099	5,174	144,487	271,501
Disposals	-	(13,660)	(1,970)	(64,266)	(79,896)
Revaluations	1,295,219	-	-	-	1,295,219
At 31 December 2008	8,609,741	1,319,607	571,449	608,853	11,109,650
<b>DEPRECIATION</b>					
At 1 January 2008	512,266	1,075,677	337,046	254,946	2,179,935
Charge for year	-	79,573	52,059	100,160	231,792
Eliminated on disposal	-	(4,871)	(1,971)	(37,918)	(44,760)
Revaluation adjustments	(512,266)	-	-	-	(512,266)
At 31 December 2008	-	1,150,379	387,134	317,188	1,854,701
<b>NET BOOK VALUE</b>					
At 31 December 2008	8,609,741	169,228	184,315	291,665	9,254,949
At 31 December 2007	6,782,515	155,491	231,199	273,686	7,442,891

Cost or valuation at 31 December 2008 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1997	1,750,000	-	-	-	1,750,000
Valuation in 2007	6,840,000	-	-	-	6,840,000
Cost	19,741	1,319,607	571,449	608,853	2,519,650
	8,609,741	1,319,607	571,449	608,853	11,109,650

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

	31.12.08 £	31.12.07 £
Cost	6,687,100	6,667,359
Aggregate depreciation	818,695	677,945

Freehold land and buildings were valued on an open market basis on 7 November 2007 by Aitchison Raffety.

**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2008**

**8. TANGIBLE FIXED ASSETS - continued**

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

	Motor vehicles £
<b>COST OR VALUATION</b>	
At 1 January 2008	76,125
Transfer to ownership	(76,125)
	<hr/>
At 31 December 2008	-
	<hr/>
<b>DEPRECIATION</b>	
At 1 January 2008	48,460
Transfer to ownership	(48,460)
	<hr/>
At 31 December 2008	-
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2008	-
	<hr/>
At 31 December 2007	27,665
	<hr/>

**9. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2008 and 31 December 2008	1
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2008	1
	<hr/>
At 31 December 2007	1
	<hr/>

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

	% holding		
Class of shares:	100.00		
Ordinary		31.12.08	31.12.07
		£	£
Aggregate capital and reserves		(57,800)	(57,800)
		<hr/>	<hr/>

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**

	31.12.08	31.12.07
	£	£
Stocks	7,703,023	9,113,931
Parts and WIP	314,991	367,767
Consignment stock	365,792	495,735
	<hr/>	<hr/>
	8,383,806	9,977,433
	<hr/>	<hr/>



**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2008**

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.08	31.12.07
	£	£
Trade debtors	436,656	530,049
Other debtors	127,336	191,156
VAT debtor	-	231,666
Related party loan	396,794	684,057
Tax	-	55,547
Prepayments and accrued income	314,124	398,995
	<u>1,274,910</u>	<u>2,091,470</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.08	31.12.07
	£	£
Bank loans and overdrafts (see note 14)	2,806,844	2,091,921
Other loans (see note 14)	54,000	54,000
Hire purchase contracts (see note 15)	-	5,686
Trade creditors	9,499,237	10,887,312
Social security and other taxes	436,931	371,041
New vehicle funding	365,792	495,735
Other creditors	117,910	155,909
Directors' current accounts	101,030	1,473
Accruals and deferred income	351,365	408,141
	<u>13,733,109</u>	<u>14,471,218</u>

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

	31.12.08	31.12.07
	£	£
Bank loans (see note 14)	2,410,594	2,853,223
Other loans (see note 14)	-	54,000
	<u>2,410,594</u>	<u>2,907,223</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	31.12.08	31.12.07
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	2,364,212	1,649,286
Bank loans	442,632	442,635
Other loans	54,000	54,000
	<u>2,860,844</u>	<u>2,145,921</u>
Amounts falling due between one and two years:		
Bank loans	442,632	442,635
Other loans	-	54,000
	<u>442,632</u>	<u>496,635</u>
Amounts falling due between two and five years:		
Bank loans	<u>1,172,164</u>	<u>1,327,904</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>795,798</u>	<u>1,082,684</u>

**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2008**

**14. LOANS - continued**

The bank loans are repayable in equal monthly instalments ending in November 2013 and November 2021 respectively. Interest is charged on the loans at the rate of 1.5% and 1.875% respectively above the National Westminster Bank Plc base rate.

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts	
	31.12.08	31.12.07
	£	£
Net obligations repayable:		
Within one year	-	5,686
	<u>-</u>	<u>5,686</u>

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

	Land and buildings		Other operating leases	
	31.12.08	31.12.07	31.12.08	31.12.07
	£	£	£	£
Expiring:				
Within one year	-	53,000	9,600	-
Between one and five years	25,000	-	-	-
In more than five years	283,436	257,000	-	-
	<u>308,436</u>	<u>310,000</u>	<u>9,600</u>	<u>-</u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	31.12.08	31.12.07
	£	£
Bank overdrafts	2,364,212	1,649,286
Bank loans	2,853,226	3,295,858
Vehicle funding	8,951,813	10,398,322
	<u>14,169,251</u>	<u>15,343,466</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.

Volvo car finance has a secondary legal charge over all the assets of the company.

**17. PROVISIONS FOR LIABILITIES**

	31.12.08	31.12.07
	£	£
Deferred tax	-	73,915
	<u>-</u>	<u>73,915</u>

**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2008**

**17. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Balance at 1 January 2008	73,915
Decrease in provision	(73,915)
Balance at 31 December 2008	-

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

	31.12.08		31.12.07	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	145,141	-	160,794	-
Trading losses carried forward	(145,141)	-	(86,879)	-
Other timing differences	-	180,000	-	180,000
	-	180,000	73,915	180,000

In the opinion of the directors it 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:	31.12.08	31.12.07
		£1	£	£
500,000	Ordinary		500,000	500,000
Allotted and issued:				
Number:	Class:	Nominal value:	31.12.08	31.12.07
		£1	£	£
250,000	Ordinary		250,000	250,000

**19. RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2008	1,263,787	627,422	1,891,209
Deficit for the year	(911,404)		(911,404)
Dividends	(125,000)		(125,000)
Revaluation during year	-	1,807,485	1,807,485
At 31 December 2008	227,383	2,434,907	2,662,290

**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 2008 the potential liability was £Nil (2007 £Nil).

**Pilling Motor Group Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2008**

**21. 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:-

<b>Pilling (Coachbuilders) Limited</b>	<b>31.12.08</b>	<b>31.12.07</b>
	<b>£</b>	<b>£</b>
Sales	255,420	289,182
Purchases	118,865	157,530

**22. ULTIMATE CONTROLLING PARTY**

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

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31.12.08</b>	<b>31.12.07</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(911,404)	(22,723)
Dividends	(125,000)	-
	<b>(1,036,404)</b>	<b>(22,723)</b>
Other recognised gains and losses relating to the year (net)	1,807,485	-
<b>Net addition/(reduction) to shareholders' funds</b>	<b>771,081</b>	<b>(22,723)</b>
Opening shareholders' funds	2,141,209	2,163,932
<b>Closing shareholders' funds</b>	<b>2,912,290</b>	<b>2,141,209</b>