

MARANELLO SALES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

Registered in England and Wales No. 1443371

Registered Office:
Suite 3
Rushmoor Court
Croxley Business Park
Hatters Lane
Watford
Herts
WD18 8PY



MARANELLO SALES LIMITED

Report of the directors

The Directors submit their report together with the audited accounts for the year ended 31 December 2004.

1. Principal activity and review of the year

The principal activity of the Company, during the year under review, is the sale and servicing of new and used specialist cars.

During the period under review the company's principal trading partner, Ferrari, made the decision to assume control of all importing of new vehicles into the United Kingdom, resulting in a loss of some recurring service business. Following this, a provision was made to recognise the estimated cost of this loss of revenue (see note 17 of the accounts), and the leasehold premises used to operate the service centre were written down to their revised estimated realisable value (see note 12).

There were no discontinued activities during the year. Both the level of business and the year end position were satisfactory, and the directors do not foresee any significant changes in the Company or its activities during 2005.

2. Results and Dividend

The Company's loss for the financial year is £1,690,000 (2003: profit £273,000) as disclosed in the profit and loss account on page 6.

The Directors do not recommend the payment of a dividend (2003: £Nil). No interim dividend was declared or paid during the year (2003: £Nil)

3. Directors and their interests

The directors who held office throughout the year, except as noted, were:

Mr G J Potts
Mr P A Roberts (resigned 11 March 2005)
Mr M P Wheatley (appointed 9 August 2004)
Mr S Lock (appointed 9 August 2004)
Mr R Hazelwood (resigned 31 October 2004)

No Director of the Company had any interest in the shares of the Company (or any of its subsidiary undertakings), at either 1 January 2004 or 31 December 2004.

Mr G J Potts is a director of the ultimate parent undertaking Inchcape plc. His interests in the ordinary shares of 150p each of Inchcape plc are disclosed in the accounts of that company.

The table below shows the beneficial interests, other than share options, including family interests, on the dates indicated, in the ordinary shares of 150.0p each of Inchcape plc, the ultimate parent undertaking, of the persons who were Directors at 31 December 2004.

Ordinary shares of 150.0p each		
	31 December 2004	1 January 2004 (or date of appointment, if later)
M P Wheatley	1,528	2,778
S Lock	1,134	2,037

MARANELLO SALES LIMITED

Report of the directors

4. Directors' share options

Details of share options held by Directors, including under the Inchcape 1999 Share Option Plan and the Inchcape SAYE Share Option Scheme, together with details of awards under the Inchcape Deferred Bonus Plan, are shown below:-

	Held at 31.12.04	Granted during the year	Exercised or lapsed during the year	Held at 1.1.04 (or date of appointment, if later)	Exercise Price (c)	Exercisable Between
M P Wheatley	-	-	5,208 (a)	5,208 (a)	384.0p	Mar 2004 - Mar 2011
	2,919 (a)	-	-	2,919 (a)	685.0p	Mar 2005 - Mar 2012
	1,371 (b)	-	-	1,371 (b)	554.0p	Jun 2005 - Nov 2005
	2,099 (a)	-	-	2,099 (a)	762.0p	Mar 2006 - Mar 2013
	309 (b)	-	-	309 (b)	610.0p	Jun 2006 - Nov 2006
	2,862 (a)	-	-	2,862 (a)	1572.0p	May 2007 - May 2014
P A Roberts	-	-	5,208 (a)	5,208 (a)	384.0p	Mar 2004 - Mar 2011
	2,919 (a)	-	-	2,919 (a)	685.0p	Mar 2005 - Mar 2012
	1,714 (b)	-	-	1,714 (b)	554.0p	Jun 2005 - Nov 2005
	2,107 (a)	-	-	2,107 (a)	762.0p	Mar 2006 - Mar 2013
	3,021 (a)	3,021 (a)	-	-	1572.0p	May 2007 - May 2014
S Lock	-	-	5,208 (a)	5,208 (a)	384.0p	Mar 2004 - Mar 2011
	2,919 (a)	-	-	2,919 (a)	685.0p	Mar 2005 - Mar 2012
	2,427 (a)	-	-	2,427 (a)	762.0p	Mar 2006 - Mar 2013
	8,905 (a)	-	-	8,905 (a)	1572.0p	May 2007 - May 2014
	804 (b)	-	-	804 (b)	1171.0p	Jun 2007 - Dec 2007

- a) Under the Inchcape 1999 Share Option Plan
- b) Under the Inchcape SAYE Share Option Scheme
- c) Exercise prices are determined in accordance with the Rules of the relevant share option scheme.

Notes on share options

- (i) All options were granted for nil consideration.
- (ii) The table shows Directors' options over ordinary shares of 150.0p of Inchcape plc at 1 January 2004 (or date of appointment if later) and 31 December 2004. The mid-market price of the shares at 31 December 2004 was 1955.0p. The price range during the year was 1287.0p to 1955.0p.
- (iii) Options under the Inchcape 1999 Share Option Plan are granted on a discretionary basis to certain other full time senior executives based within and outside the UK including the Executive Directors of Inchcape plc. Such options are normally exercisable between three and ten years of grant.
- (iv) Options may normally be exercised only if the performance target has been met. For all options granted in 1999 to 2003 inclusive under the Inchcape 1999 Share Option Plan, growth in Inchcape plc's, the ultimate parent undertaking, earnings per share over a three year period must exceed the increase on the UK Retail Prices Index over the same period by 3% per annum. Options granted after Inchcape plc's 2004 AGM, when the performance criteria was changed, vest according to a sliding scale: 25.0% of the award will vest if EPS growth of RPI +3.0% per annum is achieved over the initial three year period, with all of the award vesting if EPS growth is RPI +8.0% per annum. Awards will vest on a stepped line basis between these points and there is no opportunity to re-test.

MARANELLO SALES LIMITED

Report of the directors

- (v) The Inchcape SAYE Share Option Scheme is open to employees in the UK with at least three months service. Participants make monthly savings for a three-year period. At the end of the savings period options become exercisable within a six-month period.
- (vi) No options were cancelled or waived during the year.

5. Deferred Bonus Plan

The number of ordinary shares of 150p each of Inchcape plc awarded to directors under the Inchcape Deferred Bonus Plan are :

	Awarded ordinary shares exercised during the year	Awarded ordinary shares awarded during the year	Awarded ordinary shares 1.1.04 (or date of appointment if later)	Market value of shares awarded	Exercise period
S Lock	1,506	-	1,506	1647.0p	Jun 2007 - Dec 2007

- (i) The executive will become entitled to the awarded ordinary shares if he remains employed by the Inchcape Group for three years and retains the ordinary shares purchased with his bonus throughout that period. The awards made will normally vest within three years of award. Special rules apply on termination of employment and on change of control.

6. Transactions with directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2004, or occurred during the year for any director (2003 : £nil).

7. Directors' responsibility in respect of the preparation of accounts

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit or loss for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004. The Directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

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 the Company's system of internal control and for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MARANELLO SALES LIMITED

Report of the directors

8. Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group Intranet "the Pulse" and UK in-house magazine "Ignition" facilitate communication with employees throughout the world. Employees are regularly consulted upon matters concerning their employment.

Information is given on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc savings share option scheme, subject to the rules of that scheme. Employees are also offered Inchcape Colleague Advantages to promote their well-being.

9. Employment and training policy

The Company is an equal opportunities employer and it is committed, where practicable and safe to do so, to the employment of disabled staff. The Company is committed to the training and development of its staff. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

10. Creditor payment policy

The company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the company's suppliers are conducted. While the company does not follow any single external code or standard, in line with Inchcape Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

The number of days' purchases outstanding as at 31 December 2004, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year, was 15 days (2003 - 5 days).

11. Auditors

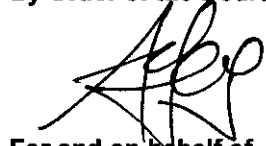
Pursuant to Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, PricewaterhouseCoopers LLP have indicated their willingness to remain in office.

12. Elective resolutions

In addition to the aforementioned election to dispense with the obligation to appoint auditors annually, further elective resolutions passed by the members, remain in force. These resolutions remove the requirement for the company to:-

- (i) Hold Annual General Meetings; and
- (ii) Lay Report and Accounts before a General Meeting

By Order of the Board



For and on behalf of
Inchcape UK Corporate Management Limited
Company Secretary
Date: 31 October 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARANELLO SALES LIMITED

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is *not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.*

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

Pricewaterhouse Coopers LLP
Chartered Accountants and Registered Auditors
London

Date: 31/10/05

MARANELLO SALES LIMITED

Profit and loss account For the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover - continuing activities	1	60,891	52,958
Cost of sales		(58,810)	(50,325)
GROSS PROFIT		<u>2,081</u>	<u>2,633</u>
Net operating expenses (includes exceptional income £Nil; 2003: £35,000)	2	(3,891)	(2,371)
Operating (loss)/profit - continuing activities	2	<u>(1,810)</u>	<u>262</u>
Interest payable	6	(37)	-
Interest receivable (includes exceptional interest £Nil; 2003: £22,000)	7	-	54
		<u></u>	<u></u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,847)	316
Tax credit/(charge) on profit on ordinary activities	9	157	(43)
		<u></u>	<u></u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,690)	273
Dividends	10	-	-
		<u></u>	<u></u>
RETAINED (LOSS)/PROFIT FOR THE YEAR		(1,690)	273
Profit and loss account brought forward		<u>7,628</u>	<u>7,355</u>
Profit and loss account carried forward		<u><u>5,938</u></u>	<u><u>7,628</u></u>

There are no recognised gains or losses in either the current or previous financial years other than the loss for the financial year and therefore no statement of total recognised gains and losses is required.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historical cost equivalents.

The notes on pages 8 to 15 form part of these financial statements.

MARANELLO SALES LIMITED

Balance sheet As at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	11	200	250
Tangible assets	12	<u>769</u>	<u>2,243</u>
		969	2,493
Current Assets			
Stocks	13	13,399	6,435
Debtors	14	<u>3,079</u>	<u>2,379</u>
		16,478	8,814
Current Liabilities			
Creditors - amounts falling due within one year	16	(10,914)	(3,674)
Net current assets		<u>5,564</u>	<u>5,140</u>
Total assets less current liabilities		6,533	7,633
Provisions for liabilities and charges	17	(595)	(5)
Net assets		<u>5,938</u>	<u>7,628</u>
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Profit and loss account	19	<u>5,938</u>	<u>7,628</u>
EQUITY SHAREHOLDERS' FUNDS	20	<u>5,938</u>	<u>7,628</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 31 October 2005.

Signed on behalf of the Board of Directors



S Lock
Director

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are as described below:

Turnover

Turnover represents the invoiced value of goods and services provided after deducting trade discounts and Value Added Tax. The turnover is attributable to the principal activities of the Company, and is wholly derived in the United Kingdom.

Intangible fixed assets

Goodwill represents the difference between the fair value of the consideration and the identifiable net assets at the date of acquisition, and is written off on a straight line basis over the directors' estimate of its useful economic life of five years. The carrying value of goodwill is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Depreciation is provided at the following annual rates, in order to write off each asset on a straight line basis over its estimated useful economic life.

Plant and equipment	10% - 33% on cost
Motor vehicles	20% - 33% on cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks. Cost in the case of work in progress includes raw materials, labour and overhead recovery.

Deferred taxation

Deferred taxation is provided for in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in the future except as otherwise required by FRS19. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.

Leases

All leases are treated as operating leases. Rentals payable under operating leases are written off to the profit and loss account, on a straight line basis over the term of the lease.

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

Post-retirement benefits

Liabilities under defined contribution pension schemes were charged when incurred. The company participated in the Inchcape Motors Pension Scheme on behalf of its employees. These contributions were based on triennial actuarial valuations. Pension charges in the profit and loss account were calculated at a substantially level percentage of current and expected future pensionable payroll, with variations from regular costs spread over the expected remaining service lives of employees.

Other post retirement benefits were accounted for on a similar basis to defined benefit pension schemes.

FRS 8: Related party transactions

The directors regard Inchcape plc, a company registered in England and Wales, as the ultimate controlling party. Therefore the Company has applied the exemption in paragraph 3 of FRS 8 "Related Party Disclosure". This exemption permits the non-disclosure of transactions and balances with related parties that are included in the consolidated financial statements of Inchcape plc. The directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS 8.

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

2. Operating (loss)/profit

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

	2004 £'000	2003 £'000
Employee costs (see Note 3)	3,976	3,737
Amortisation of goodwill	50	-
Depreciation of tangible fixed assets	451	347
Impairment of leasehold property	463	-
Closure provision (see note 17)	567	-
VAT recovered (see note 8)	-	(35)
Loss/(profit) on disposal of fixed assets	60	(7)
Auditors' remuneration	14	13
Operating lease rentals - land and buildings	661	492
- plant and machinery	144	135

In the prior year net VAT recovered of £35,000, after fees, has been treated as exceptional income. The £22,000 of associated interest was included as exceptional interest income (see note 7)

3. Employees

Staff costs during the year amounted to:

	2004 £'000	2003 £'000
Salaries and wages	3,430	3,360
Social security costs	342	295
Pension costs	204	82
	<u>3,976</u>	<u>3,737</u>

The average number of persons employed by the Company throughout the year was made up as follows:

	2004	2003
Selling	27	25
Servicing	65	85
Administration & management	7	11
	<u>99</u>	<u>121</u>

4. Directors' emoluments

No directors' remuneration was paid by the Company in the year (2003: £Nil)

5. Pensions and other post retirement benefits

Pensions - UK schemes

The company participates in the Inchcape Motors Pension Scheme on behalf of its employees.

Inchcape Motors Pension Scheme

The latest actuarial valuation for this scheme was carried out at 5 April 2003 on a market-related basis.

The main assumptions are weighted average investment return of 6.8%, salary increase of 4.5% and pension increase of 2.5%. The market-related value of the assets covered 90.7% of the benefits that had accrued to members after allowing for expected future salary increases. The market value of the assets at the date of the valuation was £89.1m, and the deficit was £9.6m. The level of contributions has been increased to address this deficit.

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

Pension costs

The net pension cost charged for 2004 was £204,000 (2003: £82,000) all of which relates to schemes of a defined benefit nature, and no amounts (2003: £Nil) relate to defined contribution schemes. A provision of £28,000 (2003: £5,000) is included in provisions for liabilities and charges, being the excess of the pension cost charge over the amount funded. There are no outstanding contributions to defined contribution schemes.

Certain senior executives of the company also participate in the Inchcape Group (UK) Pension Scheme, which is operated by Inchcape plc, the ultimate parent company of Maranello Sales Limited. This scheme is also defined benefit in nature with a separate trust established to meet benefit obligations.

Disclosures under FRS17 for the year ended 31 December 2004

The company continues to report pension cost in accordance with SSAP 24. However, the company is following the extended transitional arrangements under which additional disclosure on retirement benefits is required in the notes to the financial statements under FRS17. These disclosures are set out below. The most recent actuarial valuation of the post retirement and pension schemes was updated by an independent qualified actuarial actuary to take account of the requirements of FRS17 in order to assess the liabilities of the schemes at 31 December 2004. Further FRS17 disclosures, to the extent that they are not given below are given in the Inchcape Group accounts.

As set out above the company is a member of one or more of the group's defined benefit pension schemes. It is not possible to separately identify its share of the underlying assets and liabilities of these schemes. In accordance with FRS17, for accounting purposes, these schemes have been treated as defined benefit contribution schemes. The pension costs, which equate to the contributions payable, are determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method. The contributions paid to the Inchcape plc schemes in 2004 totalled £181,000 (2003: £307,000).

Further details relating to these schemes can be found in the financial statements of Inchcape plc.

6. Interest payable

	2004 £'000	2003 £'000
Interest on bank loans and overdrafts	37	-
	<u>37</u>	<u>-</u>

7. Interest receivable

	2004 £'000	2003 £'000
Bank interest receivable	-	32
Interest on VAT exceptional item	-	22
	<u>-</u>	<u>54</u>

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

8. Exceptional items

In 2003 the company submitted claims to HM Customs & Excise for overpaid VAT relating to the period 1990 to 1994. The majority of the company's claims were agreed in October 2003 and the company received £35,000 in settlement of the claims on 18 February 2004. In addition there was associated interest of £22,000, which was included as exceptional interest income in the 2003 accounts.

9. Taxation

a) Taxation charge/(credit) for the period

The taxation credit based on the results for the year is made up as follows:

	2004 £'000	2003 £'000
UK Corporation Tax at 30% (2003: 30%)	(129)	(14)
Deferred tax: origination and reversal of timing differences	(28)	57
Tax (credit)/charge for the period	<u>(157)</u>	<u>43</u>

b) Factors affecting tax charge/(credit) for the period:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
(Loss)/profit on ordinary activities before tax	<u>(1,847)</u>	<u>316</u>
Tax at 30% (2003: 30%)	(554)	95
<i>Factors affecting charge for the year</i>		
Expenses not deductible for tax purposes	238	49
Capital allowances in excess of depreciation	(16)	(73)
Short term timing differences	17	(66)
Group relief not paid for	186	(19)
Current tax credit for the period (as above)	<u>(129)</u>	<u>(14)</u>

c) Factors that may affect future tax charges

Based upon current capital investment plans the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years, but at a slightly lower level than in the current year.

10. Dividends

No dividends were proposed or paid in 2004 or 2003.

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

11. Intangible fixed assets

	Goodwill £'000
<i>Cost</i>	
At 1 January and 31 December 2004	250
<i>Amortisation</i>	
At 1 January 2004	-
Charge for the year	50
At 31 December 2004	50
<i>Net book value</i>	
At 31 December 2004	200
At 31 December 2003	250

The goodwill on acquisition of the former HR Owen sports car business in St Albans is being amortised on a straight line basis over five years, which is the period that the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets. This purchase of St Albans was completed on 31 October 2003 and was accounted for as an acquisition. The total consideration paid, which was satisfied by cash, was £513,486 for net assets of £263,486. There were no fair value adjustments.

12. Tangible fixed assets

	Plant and equipment £'000	Motor Vehicles £'000	Total £'000
<i>Cost</i>			
At 1 January 2004	3,232	12	3,244
Additions	540	124	664
Disposals	(1,875)	(80)	(1,955)
At 31 December 2004	1,897	56	1,953
<i>Depreciation</i>			
At 1 January 2004	996	5	1,001
Charged in the year	416	35	451
Impairment recognised in the year	463	-	463
Disposals	(712)	(19)	(731)
At 31 December 2004	1,163	21	1,184
<i>Net book value</i>			
At 31 December 2004	734	35	769
At 31 December 2003	2,236	7	2,243

During the year, the company's principal trading partner, Ferrari, made the decision to assume control of all importing of new vehicles into the United Kingdom, resulting in a loss of service business at the company's service centre. Following this, the leasehold improvements made to the service centre have been written down to their revised estimated realisable value, resulting in an impairment of £463,000.

13. Stocks

	2004 £'000	2003 £'000
Work in progress	41	181
Finished goods - purchased stock	13,358	6,254
	13,399	6,435

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

14. Debtors

	2004 £'000	2003 £'000
Trade debtors	804	922
Amounts owed by group undertakings	1,404	75
Deferred taxation (note 15)	210	182
Corporation tax	129	14
Other taxation and social security costs	142	-
Prepayments and accrued income	390	1,186
	<u>3,079</u>	<u>2,379</u>

15. Deferred taxation

The amount of deferred taxation :

	2004 £'000	2003 £'000
Capital allowances	202	221
Short-term timing differences	8	(39)
Deferred taxation asset	<u>210</u>	<u>182</u>

16. Creditors : amounts falling due within one year

	2004 £'000	2003 £'000
Bank loans and overdrafts	4,797	807
Amounts due to group undertakings	262	266
Deposits received	3,097	1,401
Trade creditors	2,352	673
Other taxation and social security costs	-	80
Accruals and deferred income	406	447
	<u>10,914</u>	<u>3,674</u>

17. Provisions for liabilities and charges

	Pension creditor £'000	Closure provision £'000	Total £'000
At 1 January 2004	5	-	5
Charged to profit and loss account	204	567	771
Utilised in period	(181)	-	(181)
At 31 December 2004	<u>28</u>	<u>567</u>	<u>595</u>

During the year, the company's principal trading partner, Ferrari, made the decision to assume control of all importing of new vehicles into the United Kingdom, resulting in a loss of service business at the company's service centre, and surplus capacity at the workshop. Following this, a provision of £567,000 was made in anticipation of the costs to the company of maintaining these premises for the minimum expected period of exposure, up to and until 27 March 2007. At this date the lease agreement relating to the premises, entered into by a fellow group undertaking, may be exited should that undertaking choose to activate the break clause present in the agreement.

18. Called up share capital

	2004 £	2003 £
Authorised: 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

MARANELLO SALES LIMITED

Notes to the accounts for the year ended 31 December 2004

19. Reserves

	Profit & Loss £'000
At 1st January 2004	7,628
Movements during the year	(1,690)
At 31st December 2004	<u>5,938</u>

20. Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Retained (loss)/profit for the year	(1,690)	273
Opening shareholders' funds	7,628	7,355
Closing shareholders' funds	<u>5,938</u>	<u>7,628</u>

21. Commitments under operating leases

	Land & Buildings		Other	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Within one year	885	-	57	53
Between one and five years	-	-	3	45
After more than five years	-	565	-	-
	<u>885</u>	<u>565</u>	<u>60</u>	<u>98</u>

Total lease commitments relating to land and buildings at 31 December 2004 are stated net of rental costs provide for within the closure provision of £567,000 (see note 17).

22. Capital commitments and contingent liabilities

The Company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £Nil (2003; £743,085).

As at 31 December 2004 and 31 December 2003 the company had not entered into any commitments for capital expenditure.

23. Cash flow statement

The Company's ultimate parent undertaking is Inchcape plc, a company registered in England and Wales. Accordingly, the Company has taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (Revised), Cash Flow Statements and not published its own cash flow statement.

24. Parent Undertaking and Controlling Party

The company's immediate parent is Maranello Concessionaires Limited a company registered in England and Wales.

The Directors regard the ultimate parent undertaking to be Inchcape plc, a company registered in England and Wales.

Both the smallest and the largest group of which the Company is a member and for which Group Accounts are drawn up is that of Inchcape plc. Copies of the Report and Accounts for that company are available from:

The Company Secretary
Inchcape plc
22A St James's Square
London
SW1Y 5LP