PENDRAGON ORIENT LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

Registered Number 1994002

PENDRAGON ORIENT LIMITED

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PENDRAGON ORIENT LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2010

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 4
The directors do not recommend the payment of a dividend (2009 £nil)

BUSINESS REVIEW

The Company is a wholly-owned subsidiary of Pendragon PLC and operates as part of the Stratstone division

The Company's principal activity is that of motor retailers and parts distributors in the UK There have not been any significant changes in the Company's principal activities in the year under review The Directors are not at the date of this report aware of any likely major changes in the Company's activities in the next year

As shown in the Company's profit and loss account on page 4, turnover decreased by 2 2% from £42,583,000 in the prior year to £41 657,000 in the current year and the loss for the financial year was £865 000 compared to the prior year profit of £155 000
The main reason for the decrease in turnover and profitability was a fall in the number of new and used vehicles sold in the current year compared to the prior year

Pendragon PLC manages its operations on a divisional basis For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development performance or position of the business The performance of Stratstone division which includes the Company is discussed in the 2010 financial statements of Pendragon PLC

The balance sheet on page 5 of the financial statements shows that the net assets of the Company have decreased by 865 000 This was due to the loss in the year

One of the main risks facing the business is the year on year decline in new car registrations in the United Kingdom This risk is partly mitigated by the sale of used cars and aftersales services Other risks to the business include fluctuations in general economic conditions such as interest rate increases environmental concerns and legislation and the loss of key personnel These risks are significant to the group and are also detailed in the group financial statements

The Company is a member of a funded group wide pension scheme (Pendragon Pension Plan) providing benefits based on final pensionable pay, which closed to future benefits from 30 September 2006 and employees were offered membership of a defined contribution scheme As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 Retirement benefits' the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme At 31 December 2010 the scheme had a deficit on an FRS 17 basis of £26 874 000 (2009 £40 207 000)

Details of the number of employees and related costs can be found in note 5 to the financial statements
The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters

Pendragon Orient Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities The Company operates in accordance with Pendragon PLC policies as noted in Pendragon PLC s annual report, which does not form part of this report Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste recycling and reducing energy consumption

The majority of the Pendragon Group s borrowing facilities expire on 30 April 2012 The Group has begun preliminary discussions on renewal of these facilities At this stage, the expectation is that the facilities will be renewed in 2011 Current forecasts and projections taking account of potential changes in market circumstances show that the Group should be able to operate within the level of the current facilities

The directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

The directors are satisfied that the Company is well positioned to take advantage of future opportunities

DIRECTORS

The directors who held office during the year were as follows

T G Finn
T P Holden
M S Casha
H C Sykes
Pendragon Management Services Limited

EMPLOYMENT OF DISABLED PERSONS

The Company recognises its responsibilities in employing and training disabled persons If any employee becomes disabled it is standard practice, in all but the most extreme circumstances to offer an alternative job and provide retraining where necessary

EMPLOYEE INVOLVEMENT

Regular contact and exchanges of information are maintained to keep employees informed of the progress of the business

PAYMENTS TO SUPPLIERS

The Company's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to ensure the suppliers are aware of those terms and abide by those terms (provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions) The Company does not follow any code or standard on payment practice

The number of days' purchases outstanding for payment by the Company at 31 December 2010 was 20 days (2009 16 days)

POLITICAL AND CHARITABLE DONATIONS

The Company made charitable donations of £65 during the year (2009 £517)

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company s auditors are aware of that information

On behalf of the Board

H C Sykes
Secretary

Loxley House
Little Oak Drive
Annesley
Nottinghamshire
NG15 0DR
15 April 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR S REPORT TO THE MEMBERS OF PENDRAGON ORIENT LIMITED

We have audited the financial statements of Pendragon Orient Limited for the year ended 31 December 2010 set out on pages 4 to 12 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

G H Watts

G Watts (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

15 April 2011

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

Note		2010 £000	2009 £000
2	TURNOVER	41,657	42,583
3	Cost of sales	(36,753)	(36 875)
	GROSS PROFIT	4,904	5 708
3	Net operating expenses	(5,280)	(5 395)
4	OPERATING (LOSS) / PROFIT	(376)	313
6	Interest payable	(98)	(83)
7	Interest receivable	71	8
	(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(403)	238
8	Taxation on (loss) / profit on ordinary activities	(462)	(83)
16	(LOSS) / PROFIT FOR THE FINANCIAL YEAR	(865)	155

There are no matenal differences between the (loss) / profit as shown in the profit and loss account above and their histoncal cost equivalents
All current year amounts relate to continuing operations
Movements in reserves are shown in note 16
The notes on pages 7 to 12 form part of these financial statements
There are no recognised gains and losses in either year other than the result for that year

BALANCE SHEET

AT 31 DECEMBER 2010

Note		2010 £000	2009 £000
	FIXED ASSETS		
9	Goodwill		-
10	Tangible assets	596	428
		596	428
	CURRENT ASSETS		
11	Stocks	3,533	2,480
12	Debtors	3,192	2,799
	Cash at bank and in hand		729
		6,725	6,008
13	**CREDITORS** amounts falling due within one year	(4,640)	(2 890)
	NET CURRENT ASSETS	2,085	3 118
	NET ASSETS	2,681	3 546
	CAPITAL AND RESERVES		
15	Called up share capital	5,000	5 000
16	Profit and loss account	(2,319)	(1 454)
	SHAREHOLDERS' FUNDS	2,681	3,546

Approved by the Board of Directors on 15 April 2011 and signed on its behalf by

T P Holden
Director

Registered Company Number 1994002

The notes on pages 7 to 12 form part of these financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2010

	2010 £000	2009 £000
(Loss) / profit for the financial year	(865)	155
Net (decrease) / increase in shareholders' funds	(865)	155
Opening shareholders funds	3,546	3,391
Closing shareholders' funds	2,681	3 546

The notes on pages 7 to 12 form part of these financial statements

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

(a) Accounting convention The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention The financial statements have been prepared on a going concern basis

The Company's business activities together with the factors likely to affect its future development and position are set out in the Business Review section of the Directors Report on page 1

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future The Company participates in the Pendragon group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The majority of the Pendragon Group s borrowing facilities expire on 30 April 2012 The Group has begun preliminary discussions on renewal of these facilities At this stage the expectation is that the facilities will be renewed in 2011 Current forecasts and projections taking account of potential changes in market circumstances show that the Group should be able to operate within the level of the current facilities

The directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

(b) Turnover Turnover from the sale of goods is recognised in the profit and loss account, net of discounts when the significant risks and rewards of ownership have been transferred to the buyer In general this occurs when vehicles or parts have been supplied or when service has been completed Turnover from services rendered is recognised in the profit and loss account in proportion to the stage of completion of the transaction at the reporting date The stage of completion is assessed by surveys of work performed or by reference to time expended on services that are charged on labour rate basis

Incentives received from manufacturers in respect of target achievements are accounted for as a deduction from the cost of the vehicles or parts to which they relate

(c) Tangible fixed assets and depreciation Depreciation is provided to write off the cost less the estimated residual value of other tangible fixed assets by equal instalments over their estimated useful economic life as follows

Leasehold properties - 2% per annum or over the period of the lease if less than 50 years
Plant and equipment - 10 to 33% per annum
Motor vehicles - 20 to 25% per annum

(d) Stocks
(i) Motor vehicles and parts stocks are stated at the lower of cost and net realisable value
(ii) Consignment vehicles are new unregistered vehicles owned by the manufacturers, mainly located at the Company's premises and insured by the Company
New consignment vehicles in respect of which finance charges are levied are regarded as being effectively under the control of the Company and, in accordance with FRS 5 are included within stocks on the balance sheet even though legal title has not yet passed to the Company The corresponding liability is included in creditors

Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal
Provision is made for obsolete slow moving or defective items where appropriate

(e) Taxation Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date

Deferred taxation Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed reversed at the balance sheet date except as follows
(i) deferred tax is not recognised on the difference between book values and fair values of non-monetary assets arising on acquisitions unless there is a binding agreement to sell such an asset and the gain or loss expected to arise has been recognised, and
(ii) deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered

Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date

(f) Cash flow statement Pendragon Orient Limited is a wholly owned subsidiary of Pendragon PLC The Company's results are included in the consolidated financial statements of Pendragon PLC which are publicly available the Company has relied upon the exemption in FRS 1 (revised) and has not included a cash flow statement as part of these financial statements

(g) The Company participates in a group wide defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement benefits', accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

(h) Leases Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

(i) Related parties As the Company is a wholly owned subsidiary of Pendragon PLC the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group

The Company has a related party relationship with Reg Vardy (VMC) Limited which is a joint venture undertaking between Pendragon PLC and General Motors (UK) Limited During the year no amounts were received from or paid to related parties At the year end no amounts were due to or receivable from related parties

(j) Goodwill Goodwill represents the excess of the fair value of consideration given over the fair value of the identifiable net assets acquired Goodwill arising on acquisitions is capitalised and amortised to nil by equal instalments over its estimated useful life

2 TURNOVER

All turnover arises in the United Kingdom from the Company's principal activities

3 TURNOVER COST OF SALES AND NET OPERATING EXPENSES

	2010 £000	2009 £000
Turnover	41,657	42,583
Cost of sales	(36,753)	(36,875)
Gross profit	4,904	5,708
Net operating expenses		
Distribution costs	(3,218)	(3,173)
Administrative expenses	(2,062)	(2,222)
	(5,280)	(5 395)
Operating (loss) / profit	(376)	313

All current year amounts relate to continuing operations

4 OPERATING (LOSS) / PROFIT

Operating (loss) / profit has been arrived at after charging

	2010 £000	2009 £000
Depreciation of tangible fixed assets - owned	180	149
Audit of these financial statements	5	5
Operating lease charges - Land & Buildings	446	568

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent Pendragon PLC

5 EMPLOYEES

The average number employed by the Company in the following areas was

	2010 Number	2009 Number
Sales	25	26
After sales	46	47
Administration	30	30
	101	103

Costs incurred in respect of these employees were

	2010 £000	2009 £000
Wages and salaries	2,602	2,833
Social security costs	255	282
Other pension costs	29	42
	2,886	3 157

No director of the Company received or waived any remuneration for services to the Company during the year (2009 £nil)

The directors are employed by Pendragon PLC and full details of their remuneration can be found in the Directors Remuneration Report section of that company s annual report Due to the large number of subsidiary undertakings of the Pendragon group it is impracticable to make any meaningful apportionments of the directors remuneration for the Company

6 INTEREST PAYABLE

	2010 £000	2009 £000
Interest payable on loans wholly repayable within five years		
Intra group Interest payable	-	27
Stocking loans	98	56
Total interest payable	98	83

7 INTEREST RECEIVABLE

	2010 £000	2009 £000
Interest receivable		
Bank interest receivable	71	8

8 TAXATION

	2010 £000	2009 £000
UK corporation tax at the UK average statutory rate of 28% (2009 28%)		
Adjustments in respect of prior periods	2	572
Total current tax	2	572
Deferred taxation		
Accelerated capital allowances	25	(56)
Other provisions	(1)	125
Effect of decreased rate	4	-
Adjustments in respect of prior periods	432	(558)
Total deferred tax	460	(489)
Tax on (loss) / profit on ordinary activities	462	83

Factors affecting the tax (credit) / charge for the period
The current tax charge for the period is higher (2009 higher) than the standard rate of corporation tax in the UK ((28%) (2009 28%)) The differences are explained below

	2010 £000	2009 £000
(Loss) / profit on ordinary activities before tax	(403)	238
Tax on (loss) / profit at the UK average statutory rate of 28% (2009 28%)	(113)	67
Effects of		
Accelerated capital allowances	(25)	56
Other provisions	1	(125)
Other disallowables	1	2
Derecognised losses	136	-
Adjustments to tax charge in respect of previous periods	2	572
Total current tax charge (see above)	2	572

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate would create an additional reduction in the deferred tax asset of approximately £4 000 This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014 but these changes have not yet been substantively enacted It has not yet been possible to quantify the full anticipated effect of this further 3% rate reduction although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets accordingly

9 GOODWILL

	Goodwill £000
Cost	
At 31 December 2009 and at 31 December 2010	135
Amortisation	
At 31 December 2009 and at 31 December 2010	135
Net book value	
At 31 December 2009 and at 31 December 2010	-

Goodwill on dealerships acquired is amortised over a period of twenty years

10 FIXED ASSETS - TANGIBLE ASSETS

	Short leasehold property £000	Plant & Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 31 December 2009	-	655	182	**837**
Additions	5	72	675	**752**
Disposals	-	(35)	(456)	**(491)**
At 31 December 2010	5	692	401	**1,098**
Depreciation				
At 31 December 2009	-	388	21	**409**
Disposals	-	(32)	(55)	**(87)**
Charge for the year	1	86	93	**180**
At 31 December 2010	1	442	59	**502**
Net book value				
At 31 December 2010	**4**	**250**	**342**	**596**
At 31 December 2009	-	267	161	428

11 STOCKS

	2010 £000	2009 £000
New and used vehicles	**3,317**	2 265
Vehicle parts and other stocks	**216**	215
	3,533	2,480

During the year £123 000 credit was recognised as an expense in respect of the write down of stocks (2009 £263 000 credit)

Consignment vehicles exclude new vehicle stocks held by the manufacturers to the order of the Company which are not capable of bearing a finance charge amounting to £856,000 (2009 £1 003 000)

Consignment stock is held by the Company though legal title remains with the supplier The balance of the consignment stock is subject to interest at commercial rates with an initial interest free period, typically 30 days, being granted In most cases if the stock remains unsold after a set period typically 180 days then the stock is invoiced to the Company These terms can be varied at any time and certain stock lines may be subject to different terms to others No deposits are paid in respect of consignment stock

12 DEBTORS

	2010 £000	2009 £000
Trade debtors	**437**	375
Amounts owed by group undertakings	**2,148**	1 560
Deferred taxation (see note 14)	**98**	558
Other debtors	**339**	151
Prepayments	**170**	155
	3,192	2 799

All amounts are due within one year with the exception of deferred tax

13 CREDITORS amounts falling due within one year

	2010 £000	2009 £000
Bank overdraft	1,561	-
Payments received on account	104	70
Trade creditors	2,146	1 736
UK corporation tax	5	5
Other taxation and social security	53	146
Accruals and deferred income	771	933
	4,640	2 890

14 DEFERRED TAX

The movement in the deferred taxation asset in the year is as follows

	Deferred Tax £000
At 31 December 2009	558
Profit and loss account	(460)
At 31 December 2010	98

The amounts of deferred tax provided in the financial statements are as follows

	2010 £000	2009 £000
Fixed asset timing differences	42	76
Other timing differences	56	54
Losses	-	428
Fixed asset timing differences	98	558

The directors believe that the deferred tax asset recognised is recoverable as they expect taxable profits to arise in the foreseeable future

Deferred tax assets are shown in debtors (see note 12)

15 CALLED UP SHARE CAPITAL

	2010 £000	2009 £000
Allotted, called up and fully paid		
5 000 000 (2009 5 000 000) ordinary shares of £1 each	5,000	5,000

16 RESERVES

	Profit and Loss Account £000
At 31 December 2009	(1,454)
Loss for the financial year	(865)
At 31 December 2010	(2,319)

17 OPERATING LEASE COMMITMENTS

Annual lease payments due in 2011 under operating leases of the Company, according to the period in which the lease expires are as follows

Land and Buildings	2010 £000	2009 £000
Between 1 and 5 years	86	86
Over 5 years	360	298
	446	384

18 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH COMPANY IS A MEMBER

The Company's ultimate parent company and ultimate controlling party is Pendragon PLC which is incorporated in England and Wales The largest and smallest group in which the results of the Company are consolidated is that headed by Pendragon PLC Financial statements of Pendragon PLC for the year ended 31 December 2010 are available from the Company Secretary Pendragon PLC Loxley House Little Oak Drive Annesley, Nottinghamshire NG15 0DR

19 CONTINGENT LIABILITIES

The Company is party to multi-lateral cross guarantees in respect of the indebtedness of Pendragon PLC and its UK subsidiaries in favour of certain lenders to the Group

Pendragon PLC has granted security over some of the Company's assets not subject to any other arrangements mainly comprising property, debtors and certain vehicle stocks Pendragon PLC has also granted security over assets in some of its other subsidiaries and if security over the total of all those assets had been granted at 31 December 2010 the Group balance sheet value of those assets would have been £309m

20 PENSIONS

The defined contribution pension scheme was closed at the end of April 2006 and replaced by an alternative defined contribution scheme (group stakeholder arrangement) There were no outstanding or prepaid contributions at either the beginning or end of the financial year

The Company is also a member of a funded group wide pension scheme (Pendragon Pension Plan) providing benefits based on final pensionable pay which closed to future benefits from 30 September 2006 and employees were offered membership of a defined contribution scheme As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis as permitted by FRS 17 Retirement benefits , the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme At 31 December 2009 the scheme had a deficit on an FRS 17 basis of £26,874 000 (2009 £40,207 000)

The latest full actuarial valuation was carried out at 5 April 2009 and was updated for FRS 17 purposes to 31 December 2010 by a qualified independent actuary The defined benefit scheme was closed on 30 September 2006

The pension charge cost in respect of the group stakeholder arrangement for the year was £29,000 (2009 £42 000)