

Registered number : 2424659

MNA LEASING LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE 52 WEEKS ENDED
31st DECEMBER 2005



MNA LEASING LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2005

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MNA LEASING LIMITED

DIRECTORS' REPORT

The Directors present their report and the accounts for the year (52 weeks) ended 31st December 2005.

ACTIVITIES AND BUSINESS REVIEW

Throughout the year the principal activity of the company has been that of vehicle leasing. The trading results for the year are reflected in the profit and loss account as shown on page 6. No future changes in the current activity levels are envisaged and future prospects are considered satisfactory.

RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £177,220 (2004 – £208,122). The Directors paid a dividend of £150,000 in respect of 2004 (£250,000 in respect of 2003).

FIXED ASSETS

During the year the company spent £921,824 (2004 - £687,179) on fixed assets. Details of the company's fixed assets are given in Note 9 in the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

MNA LEASING LIMITED

DIRECTORS' REPORT (Continued)

BOARD OF DIRECTORS

The members of the Board who held office during the year are:-

M. G. D. Graham	(Chairman)
G. W. Evers	
K. J. Parker	(Resigned 30 th June 2005)
D. J. Hughes	(Appointed 30 th June 2005)

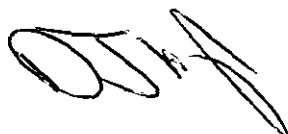
DIRECTORS' INTERESTS

Messrs. M. G. Douglas Graham, G. W. Evers and D. J. Hughes are Directors of the parent company, The Midland News Association Limited, and their interests in the share capital of group companies are shown in the Directors' Report of that company.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



D. J. HUGHES
Secretary

Registered Office:
Queen Street
Wolverhampton

5th May 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MNA LEASING LIMITED

We have audited the company's accounts for the year ended 31 December 2005 which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts 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 accounts 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 accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP.
Ernst & Young LLP
Registered Auditor
Birmingham

5th May 2006

MNA LEASING LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2005**

	Notes	2005 £	2004 Restated £
Turnover	2	1,086,679	1,155,546
Net operating expenses	3	(825,548)	(852,311)
Operating Profit		<u>261,131</u>	<u>303,235</u>
Interest receivable and other income	6	46,944	35,540
Group interest payable		(68,355)	(65,974)
Profit on Ordinary Activities before Taxation		<u>239,720</u>	<u>272,801</u>
Taxation	7	(62,500)	(64,679)
Profit on Ordinary Activities after Taxation and retained profit for the year	14	<u><u>177,220</u></u>	<u><u>208,122</u></u>

All the activities of the company are continuing.

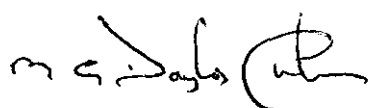
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The company has no recognised gains or losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented. The company has changed its accounting policy for dividends as a result of adopting FRS 21 'Events after the balance sheet date' and FRS 25 'Financial Instruments: Disclosure and Presentation' further details are given in Note 8.

MNA LEASING LIMITED**BALANCE SHEET AT 31st DECEMBER 2005**

	Notes	2005 £	2004 Restated £
Fixed assets			
Tangible fixed assets	9	2,140,311	2,183,090
Current assets			
Debtors - amounts due after one year	10	423,139	205,259
Debtors - amounts due within one year	10	327,613	416,177
Cash at bank and in hand		3,096	87,970
		753,848	709,406
Creditors: amounts falling due within one year	11	2,328,833	2,354,390
Net current liabilities		(1,574,985)	(1,644,984)
Total assets less current liabilities		565,326	538,106
Provisions for liabilities			
Deferred taxation	12	-	-
Net Assets		<u>£565,326</u>	<u>£538,106</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	565,324	538,104
Equity Shareholders' funds	15	<u>£565,326</u>	<u>£538,106</u>

The accounts on pages 6 to 14 were approved by the Board of Directors on 5th May 2006 and the following was authorised to sign the accounts on behalf of the Board.



M. G. Douglas Graham
Chairman

MNA LEASING LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2005

1. ACCOUNTING POLICIES

A summary of the more important accounting policies which are applied consistently throughout the year, unless otherwise stated, is set out below:

a) Fundamental accounting concept

The company is party to group banking facilities. These facilities are made available to the company, if and when required, to enable the company to continue operating and to meet its liabilities as they fall due. The accounts have been prepared on the going concern basis as the directors have obtained an undertaking from the intermediate parent company, Claverley Group Limited, that sufficient finance will be available to meet any obligations as they fall due. The Directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

b) Basis of accounting

The company prepares its accounts on the historical cost basis of accounting and in accordance with the applicable accounting standards in the United Kingdom. They incorporate the results for the 52 weeks ended 31st December 2005 (2004 - 52 weeks ended 1st January 2005).

The company has changed its accounting policy for dividends during 2005 by fully adopting FRS 21 'Events after the balance sheet date' and FRS 25 'Financial Instruments: Disclosure and Presentation', which are applicable for the company for the first time this year end. Accordingly comparative figures have been restated (Note 8). Distributions to holders of an equity instrument are now taken directly to reserves as per FRS 25.

c) Turnover

Turnover represents the amount receivable (excluding VAT) in respect of the year for vehicle leasing.

d) Depreciation

The depreciation charge is calculated on cost at annual rates estimated to write off the acquisition cost of tangible assets over their working lives as follows:

Motor Vehicles 20% per annum

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

e) Leases

Assets held for use on operating leases are recorded as fixed assets and are depreciated over the useful economic life of the asset. Rental income from operating leases is recognised on a straight line basis over the period of the lease.

MNA LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

f) Deferred Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold; and
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

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

2. TURNOVER

Turnover arises from vehicle leasing carried out wholly within the United Kingdom.

3. NET OPERATING EXPENSES

	2005	2004
	£	£
Depreciation of tangible fixed assets – owned	891,977	894,823
Auditors' remuneration - audit services	3,000	2,800
- non-audit services	1,700	1,560
Other operating charges	48,500	47,925
Profit on sale of fixed assets	(59,364)	(63,073)
Other operating income	(60,265)	(31,724)
	<u>£825,548</u>	<u>£852,311</u>

MNA LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

4. EMPLOYEES

There were no employees of the company during the year.

5. DIRECTORS' REMUNERATION

No payments were made to the Directors during the year.

6. INTEREST RECEIVABLE AND OTHER INCOME

	2005 £	2004 £
Bank and other short term interest	-	300
Group guarantee fee	46,944	35,240
	<u>£46,944</u>	<u>£35,540</u>

7. TAXATION

UK Current Tax

UK Corporation Tax on profits of the year (see below)	280,380	303,425
Adjustments in respect of previous years	-	22,300
	<u>280,380</u>	<u>325,725</u>

UK Deferred Tax (Note 12)

Capital allowance in excess of depreciation	(217,880)	(224,067)
Adjustments in respect of prior years	-	(36,979)
	<u>£62,500</u>	<u>£64,679</u>

Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

Profit on ordinary activities before tax	<u>239,720</u>	<u>272,801</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	71,916	81,840
Effects of:		
Non taxable income	(9,416)	(2,482)
Capital allowances for the year in excess of depreciation	217,880	224,067
Adjustments in respect of previous years	-	22,300
Current tax charge for the year (see above)	<u><u>£280,380</u></u>	<u><u>£325,725</u></u>

MNA LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. DIVIDENDS

	2005	2004
		Restated
	£	£
Dividends paid	150,000	250,000

In preparing the accounts for the current year, the company has changed its accounting policy for dividends during 2005 by fully adopting FRS 21 'Events after the balance sheet date' and FRS 25 'Financial Instruments: Disclosure and Presentation', which are applicable for the company for the first time this year end.

Accordingly comparative figures have been restated and consequently shareholders funds at 3rd January 2004 have been increased by £250,000. The profit and loss reserve at 1st January 2005 has been restated to include dividends paid rather than dividends proposed. The profit and loss reserve at 31st December 2005 has been shown to include dividends paid rather than dividends proposed. Distributions to holders of an equity instrument are now taken directly to reserves as per FRS 25.

There is no impact on the statement of recognised gains and losses for either year as dividends do not affect this statement.

9. TANGIBLE FIXED ASSETS

	Motor Vehicles
	£
Cost:	
At 1 st January 2005	5,083,684
Additions	921,824
Disposals	(859,822)
	<hr/>
At 31 st December 2005	5,145,686
	<hr/>
Depreciation:	
At 1 st January 2005	2,900,594
Charge for the year	891,977
Disposals	(787,196)
	<hr/>
At 31 st December 2005	3,005,375
	<hr/>
Net Book Values:	
At 31 st December 2005	£2,140,311
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At 1 st January 2005	£2,183,090
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The aggregate amount of capital expenditure authorised and contracted for by the Directors at 31st December 2005 was £16,488 (2004 - £nil).

MNA LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. DEBTORS

	2005 £	2004 £
Amount due after more than one year:		
Deferred tax	423,139	205,259
	<u> </u>	<u> </u>
Amounts falling due within one year:		
Trade debtors	11,159	16,622
Due from parent and fellow subsidiary undertakings	284,781	399,040
Other debtors	19,294	-
VAT Receivable	11,864	-
Corporation Tax	515	515
	<u>£327,613</u>	<u>£416,177</u>

11. CREDITORS

Amounts falling due within one year:	£	£
Due to parent and fellow subsidiary undertakings	1,710,306	1,787,593
Trade creditors	75,829	-
Group relief payable	280,380	255,530
VAT payable	-	31,691
Accruals and deferred income	262,318	279,576
	<u>£2,328,833</u>	<u>£2,354,390</u>

12. DEFERRED TAXATION

The deferred tax consists of:

	£	£
Accelerated capital allowances	(423,139)	(205,259)
	<u> </u>	<u> </u>
Movement during the current year:		
At 1 st January 2005 – deferred tax asset		(205,259)
Credit during the year (see note 7)		(217,880)
		<u> </u>
At 31 st December 2005 – deferred tax asset (see Note 10)		<u>£(423,139)</u>

MNA LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

13. SHARE CAPITAL

	Authorised £	Allotted called up and fully paid £
Ordinary shares of £1 each at 31 st December 2005 and 1 st January 2005	<u>1,000</u>	<u>2</u>

14. PROFIT & LOSS ACCOUNT

	£
At 3 rd January 2004 as previously reported	329,982
Prior period adjustment (Note 8)	<u>250,000</u>
At 3 rd January 2004 restated	579,982
Retained profit for the year	208,122
Dividend paid (Note 8)	<u>(250,000)</u>
At 1 st January 2005	538,104
Retained profit for the year	177,220
Dividend paid (Note 8)	<u>(150,000)</u>
As at 31 st December 2005	<u>£565,324</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profits on ordinary activities after taxation	177,220	208,122
Dividend paid	<u>(150,000)</u>	<u>(250,000)</u>
Net addition/(reduction) to shareholders' funds	27,220	(41,878)
Opening shareholders' funds as previously reported	538,106	329,984
Prior period adjustment (Note 8)	-	<u>250,000</u>
Closing shareholders' funds	<u>£565,326</u>	<u>£538,106</u>

16. CONTINGENT LIABILITY

The company is party to group banking arrangements under which subsidiaries of Claverley Company cross guarantee their net aggregate borrowing of £63 million (2004: £55 million).

MNA LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

17. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption in FRS8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard other than those noted below.

18. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of The Midland News Association Limited, a company registered in England & Wales. It has included the Company in its group accounts.

The ultimate parent undertaking is Claverley Company, a company registered in England and Wales.