Keltruck Limited

Directors' report and consolidated financial statements

Registered number 2880543

For the year ended 31 December 2006

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Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

Principal activities and business review

The principal activity of the group is the retailing of new and used Scania vehicles, the sale of Scania parts, the repair and servicing of heavy vehicles and the provision of "with driver contracts". The group also has the only known truck recycling activity in the country, specialising in Scania trucks and parts.

The group has concentrated on its core activities as a distributor of Scania trucks and aftermarket services for trucks, buses and coaches.

Business review

The group has performed strongly during the year recording a turnover of £105 million *(2005: £94 million).* Profit on ordinary activities before taxation rose from £2.832 million in 2005 to £3.504 million in 2006. Continued improvement in profitability has been achieved by increasing turnover, maintaining strong margins through efficiency and productivity and control of the Group's costs. Following the purchase of East Midland Commercials in 2004, 2006 has provided a stable environment in which to consolidate the group's position in the market place. The group has continued its focus in investment and training of its employees and the directors are pleased to report a reduction in staff turnover during the year.

Despite a very competitive heavy goods vehicle market, new and used vehicle sales have increased by 234 units from 1,394 units in 2005 to 1,628 units in 2006. This increase has largely contributed to the increase turnover for the year. The group has continued to promote its core aftermarket activities and as a result turnover has increased in this area by 8.6% during the year. The group operates from 17 locations across the Midlands and a new dealer point is currently under construction at Worksop, Nottinghamshire. The main risk facing the group is that the majority of operating profit is generated from the single franchise. However, the new vehicle sales agreement has a two year rolling notice period and the after sales agreement continues indefinitely provided that dealer standards are met. The directors see no reason why these franchise agreements will not continue. The group's financial plans for 2007 anticipate continued growth and profitability.

Results and dividends

The group profit for the year, after taxation, was £2,317,000 *(2005: £1,869,000).*

The directors have approved an interim dividend of £750,000 *(2005: £750,000)* for the year. Of this, £90,885 *(2005: £250,000)* has been paid during the year and £659,115 *(2005: £50,000)* remains in creditors at the year end.

Directors and directors' interests

The directors of the company and their interests in its share capital at the beginning and end of the year were:

		Ordinary shares of £1 each	
		2006	2005
CJ Kelly		**1,400,000**	1,400,000
SM Kelly		-	-
TL Adams		-	-
JAW Biggin	(resigned 8 March 2007)	-	-
MS Kelly		-	-
SE Hobson	(resigned 8 March 2007)	-	-
CD Kelly		-	-

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Directors' report *(continued)*

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and the group magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Political and charitable contributions

The group made charitable donations of £25,000 *(2005: £15,801)* and no political donations during the year.

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.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company, is to be proposed at the forthcoming annual general meeting.

Approved by the board of directors on 12 March 2007 and signed on its behalf by:

CJ Kelly
Chairman

Kenrick Way
West Bromwich
West Midlands
B71 4JW

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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).

The group and parent financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that year.

In preparing these financial statements, 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 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 group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Keltruck Limited

We have audited the group and parent company financial statements ("the financial statements") of Keltruck Limited for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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 directors' report 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 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 financial statements. It also includes an assessment of the significant estimates and judgments 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.

Independent auditors' report to the members of Keltruck Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2006 and of its profit 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 directors' report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

12 March 2007

Consolidated profit and loss account
for the year ended 31 December 2006

	Note	**2006** **£000**	2005 £000
Turnover	2	**105,116**	94,378
Cost of sales		**(92,057)**	(83,015)
Gross profit		**13,059**	11,363
Administrative expenses		**(7,993)**	(6,929)
Selling and distribution costs		**(1,686)**	(1,625)
Other operating income		**-**	25
Operating profit		**3,380**	2,834
Interest receivable and similar income	4	**149**	73
Interest payable and similar charges	5	**(25)**	(75)
Profit on ordinary activities before taxation	3	**3,504**	2,832
Tax on profit on ordinary activities	8	**(1,187)**	(963)
***Profit on ordinary activities after taxation and profit for the* financial year**	21	**2,317**	1,869

All of the company's operations are derived from continuing activities.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

Consolidated balance sheet
at 31 December 2006

	Note	2006	2006	2005	2005
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		3,411		3,539
Tangible assets	11		3,109		2,753
			6,520		6,292
Current assets					
Stocks	13	9,115		8,955	
Debtors	14	6,243		4,420	
Investments	15	78		78	
Cash at bank and in hand		1,022		2,202	
		16,458		15,655	
Creditors: Amounts falling due within one year	16	(15,517)		(15,624)	
Net current assets			941		31
Total assets less current liabilities			7,461		6,323
Creditors: Amounts falling due after more than one year	17		-		(300)
Provisions for liabilities and charges	18		(211)		(340)
Net assets			7,250		5,683
Capital and reserves					
Called up share capital	19		1,400		1,400
Share premium account	20		2,350		2,350
Profit and loss account	20		3,500		1,933
Shareholders' funds	21		7,250		5,683

These financial statements were approved by the board of directors on 12 March 2007 and were signed on its behalf by:

CJ Kelly
Chairman

Company balance sheet
at 31 December 2006

	Note	2006		2005	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*10*		**4,753**		4,785
Tangible assets	*11*		**3,109**		2,753
Investments	*12*		**200**		432
			8,062		7,970
Current assets					
Stocks	*13*	**9,115**		8,955	
Debtors	*14*	**6,243**		4,420	
Investments	*15*	**78**		78	
Cash at bank and in hand		**1,022**		2,202	
		16,458		15,655	
Creditors: Amounts falling due within one year	*16*	**(15,717)**		(16,056)	
Net current assets/(liabilities)			**741**		(401)
Total assets less current liabilities			**8,803**		7,569
Creditors: Amounts falling due after more than one year	*17*		**-**		(300)
Provisions for liabilities and charges	*18*		**(211)**		(340)
Net assets			**8,592**		6,929
Capital and reserves					
Called up share capital	*19*		**1,400**		1,400
Share premium account	*20*		**2,350**		2,350
Profit and loss account	*20*		**4,842**		3,179
Shareholders' funds	*21*		**8,592**		6,929

These financial statements were approved by the board of directors on 12 March 2007 and were signed on its behalf by:

CJ Kelly
Chairman

Consolidated cash flow statement
for the year ended 31 December 2006

Reconciliation of operating profit to net cashflow from operating activities

	2006 £000	2005 £000
Operating profit	**3,380**	2,834
Depreciation charges	**989**	892
Amortisation of goodwill	**128**	252
Profit on sale of fixed assets	**(1)**	(38)
Increase in stocks	**(160)**	(562)
Increase in debtors	**(1,829)**	(86)
Decrease in creditors	**(40)**	(1,423)
Decrease in provisions	**(129)**	(106)
Net cash inflow from operating activities	**2,338**	1,763

Cashflow statement

	Note	2006 £000	2005 £000
Cashflow from operating activities		**2,338**	1,763
Returns on investments and servicing of finance	*22a*	**123**	-
Taxation	*22b*	**(1,006)**	(1,177)
Capital expenditure and financial investment	*22c*	**(1,344)**	(1,246)
Dividends paid on shares classified in shareholders' funds *(2005: on FRS 4 equity shares)*		**(591)**	(500)
Net cash outflow before financing		**(480)**	(1,160)
Financing	*22d*	**(700)**	(1,156)
Decrease in cash in the year	*23*	**(1,180)**	(2,316)

Consolidated cash flow statement *(continued)*

Reconciliation of net cashflow to movement in net debt

	2006 £000	2005 £000
Decrease in cash in the year	**(1,180)**	(2,316)
Cash outflow from decrease in debt	**700**	1,156
Change in net funds resulting from cash flows	**(480)**	(1,160)
Decrease in value of current asset investments	**-**	(2)
Movement in net funds in the year	**(480)**	(1,162)
Net funds at beginning of year	**1,580**	2,742
Net funds at end of year	**1,100**	1,580

Notes
(forming part of the 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 company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Under paragraph 5(a) of FRS 8, the group is exempt from the requirements to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments, over their estimated useful life as follows:

Improvements to leasehold property	-	remaining period of the lease
Plant, vehicles and equipment	-	8% to 50% on cost

Investments

Fixed asset investments are shown at cost less provisions for impairment.

Current asset investments are stated at the lower of cost and market value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate. Vehicles on consignment comprise stock which is in the process of being delivered to the group.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

Under Section 230(4) of the Companies Act 1985, the company is exempt from the requirements to present its own profit and loss account.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation and on acquisition is capitalised and amortised over its useful economic life which is estimated to be 20 years.

Notes *(continued)*

1 Accounting policies *(continued)*

Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Taxation

The charge for taxation is based on the result 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Pensions

The group operates two defined contribution pension schemes and a self administered scheme in respect of the directors and permanent employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable during the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

2 Segment information

	2006	2005
	£000	£000
Geographical analysis:		
United Kingdom	**104,288**	93,637
Rest of Europe	**569**	499
Rest of the world	**259**	242
	105,116	94,378

Analysis by class of business

	Truck sales and repair		**With driver contracts**	
	2006	2005	**2006**	2005
	£000	£000	**£000**	£000
Turnover	**104,274**	93,527	**842**	851
Operating profit	**3,296**	2,799	**84**	35

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2006 £000	2005 £000
Profit on ordinary activities before taxation is stated		
after charging/(crediting)		
Depreciation of tangible fixed assets:		
Owned	**989**	892
Amortisation of goodwill	**128**	252
Profit on sale of fixed assets	**(1)**	(38)
Operating lease rentals:		
Land and buildings	**929**	865
Plant and machinery	**-**	22
Property rental income	**-**	(25)
Auditors' remuneration:		
For audit services	**30**	30
Other services – fees receivable by the auditors and their associates	**19**	10

4 Interest receivable and similar income

	2006 £000	2005 £000
Bank interest	**22**	36
Other interest receivable and similar income	**127**	37
	149	73

5 Interest payable and similar charges

	2006 £000	2005 £000
Bank loans and overdrafts	**25**	75

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year was as follows:

	Number of employees	
	2006	2005
Office and management	**56**	53
Service and sales	**416**	417
	472	470

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**12,471**	11,172
Social security costs	**1,270**	1,166
Other pension costs	**94**	108
	13,835	12,446

7 Remuneration of directors

Remuneration

The remuneration of the directors was as follows:

	2006	2005
	£000	£000
Emoluments	**864**	581
Company contributions paid to money purchase pension schemes	**26**	26
	890	607

Pensions

The number of directors who are members of pension schemes are as follows:

	Number	
	2006	2005
Money purchase schemes	**3**	3

Notes *(continued)*

7 Remuneration of directors *(continued)*

Highest paid director

The amounts for remuneration include the following in respect of the highest paid director:

	2006	2005
	£000	£000
Emoluments	**269**	182
Company contributions paid to money purchase pension schemes	**11**	11
	280	193

8 Tax on profit on ordinary activities

(i) Analysis of charge for the year

	2006		2005	
	£000	**£000**	£000	£000
UK corporation tax				
UK corporation tax	**1,235**		944	
Adjustments in respect of prior years	**(54)**		9	
Total current tax		**1,181**		953
Deferred tax				
Origination and reversal of timing differences	**6**		11	
Adjustment in respect of prior years	**-**		(1)	
		6		10
Tax on profit on ordinary activities		**1,187**		963

Notes *(continued)*

8 Tax on profit of ordinary activities *(continued)*

(ii) Factors affecting the tax charge for the year

The current tax charge for the year is higher *(2005: higher)* than the standard rate of corporation tax in the UK of 30% *(2005: 30%)*. The differences are explained below:

	2006	2005
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**3,504**	2,832
Current tax at 30% *(2005: 30%)*	**1,051**	850
Effects of:		
Expenses not deductible for tax purposes	**154**	155
Depreciation on ineligibles	**7**	6
Depreciation in excess of/(less than) capital allowances	**38**	(29)
Tax relief on contaminated land	**-**	(2)
Decrease in other timing differences	**(15)**	(36)
Adjustments to tax charge in respect of previous year	**(54)**	9
Total current tax charge (see above)	**1,181**	953

(iii) Amounts provided and not provided for deferred taxation

Group	***2006***		*2005*	
	Provided	**Not provided**	Provided	Not provided
	£000	**£000**	£000	£000
Difference between accumulated depreciation and capital allowances	**(143)**	**-**	(134)	-
Other timing difference	**(5)**	**-**	(20)	-
Deferred tax asset (see note 14)	**(148)**	**-**	(154)	-
Company				
Difference between accumulated depreciation and capital allowances	**(143)**	**-**	(134)	-
Other timing differences	**(5)**	**-**	(20)	-
Deferred tax asset (see note 14)	**(148)**	**-**	(154)	-

(iv) Analysis of movement in deferred tax

	Group	**Company**
	£000	**£000**
At start of year	(154)	(154)
Charge to profit and loss account (see note 8(i))	6	6
At end of year	**(148)**	**(148)**

Notes *(continued)*

9 Dividends

	2006 £000	2005 £000
Interim dividends paid in respect of the current year	**91**	250
Interim dividends approved in respect of the current year	**659**	500
	750	750

10 Intangible fixed assets

Group

	Goodwill £000
Cost	
At beginning and end of year	3,807
Amortisation	
At beginning of year	268
Charged in the year	128
At end of year	396
Net book value	
At 31 December 2006	**3,411**
At 31 December 2005	3,539

Notes *(continued)*

10 Intangible fixed assets *(continued)*

Company

	Goodwill £000
Cost	
At beginning of year	5,037
Reclassification from fixed asset investment (see note 12)	232
At end of year	5,269
Amortisation	
At beginning of year	252
Charge for year	264
At end of year	516
Net book value	
At 31 December 2006	**4,753**
At 31 December 2005	4,785

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The amortisation period chosen is 20 years and this is the directors' valuation of the economic life of the asset.

11 Tangible fixed assets

Group

	Improvements to leasehold property £000	Plant, vehicles and equipment £000	Total £000
Cost or valuation			
At beginning of year	891	4,024	4,915
Additions	226	1,312	1,538
Disposals	(12)	(673)	(685)
At end of year	1,105	4,663	5,768
Depreciation			
At beginning of year	347	1,815	2,162
Charge for the year	96	893	989
Disposals	(3)	(489)	(492)
At end of year	440	2,219	2,659
Net book value			
At 31 December 2006	**665**	**2,444**	**3,109**
At 31 December 2005	544	2,209	2,753

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Company

	Improvements to leasehold property £000	Plant, vehicles and equipment £000	Total £000
Cost or valuation			
At beginning of year	889	4,001	4,890
Additions	226	1,312	1,538
Disposals	(12)	(673)	(685)
At end of year	1,103	4,640	5,743
Depreciation			
At beginning of year	345	1,792	2,137
Charge for the year	96	893	989
Disposals	(3)	(489)	(492)
At end of year	438	2,196	2,634
Net book value			
At 31 December 2006	**665**	**2,444**	**3,109**
At 31 December 2005	544	2,209	2,753

12 Fixed asset investments

Company

	2006 £000	2005 £000
Subsidiary undertakings at cost brought forward	**8,232**	8,232
Provision for diminution in value of investments	**(923)**	(923)
Eliminated against goodwill	**(4,910)**	(4,910)
Reclassification to intangible fixed assets (see note 10)	**(232)**	-
	2,167	2,399
Amounts owed to subsidiary undertakings	**(1,967)**	(1,967)
	200	432

Notes *(continued)*

12 Fixed asset investments *(continued)*

On 26 November 2004, the company purchased the entire ordinary share capital of East Midland Commercials Limited which operated in the sale of trucks and parts and the servicing of vehicles under a truck franchise agreement. The cost of the company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition. During 2005 the trade and net assets were transferred to the company at their book value which was less than their fair value. As a result of this transfer, the value of the company's investment in East Midland Commercials Limited fell below the amount at which it was stated in the company's accounting records.

Schedule 4 to the Companies Act 1985 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the year and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the company's individual balance sheet the effective cost to the company of those net assets and goodwill. The effect of this departure was to increase the cumulative amount of goodwill capitalised in the company's balance sheet by £5,269,000.

Name of principal subsidiaries	Activities	Country of incorporation	Holding %
Kelly Group Limited	Dormant	United Kingdom	100
Danescourt Investments Limited	Dormant	United Kingdom	100
Kelly Contracts Limited	Dormant	United Kingdom	100
East Midland Commercials Limited	Dormant	United Kingdom	100

13 Stocks

	Group		Company	
	2006	2005	**2006**	2005
	£000	£000	**£000**	£000
Vehicles on consignment	**-**	2,558	**-**	2,558
New and used vehicles	**5,895**	3,502	**5,895**	3,502
Spares and consumables	**2,766**	2,481	**2,766**	2,481
Recycled parts	**454**	414	**454**	414
	9,115	8,955	**9,115**	8,955

There is no material difference between the balance sheet value of stocks and their replacement cost.

14 Debtors

	Group		*Company*	
	2006	2005	**2006**	2005
	£000	£000	**£000**	£000
Trade debtors	**5,714**	3,821	**5,714**	3,821
Other debtors	**63**	71	**63**	71
Deferred tax asset (due after more than one year – see note 8)	**148**	154	**148**	154
Prepayments	**318**	374	**318**	374
	6,243	4,420	**6,243**	4,420

Notes *(continued)*

15 Current asset investments

	Group		Company	
	2006	2005	**2006**	2005
	£000	£000	**£000**	£000
Listed investments	**26**	26	**26**	26
Other investments	**52**	52	**52**	52
	78	78	**78**	78

16 Creditors: Amounts falling due within one year

	Group		Company	
	2006	2005	**2006**	2005
	£000	£000	**£000**	£000
Bank loans (secured)	**-**	400	**-**	400
Trade creditors	**7,627**	8,987	**7,627**	8,987
Amounts due to group undertakings	**-**	-	**200**	432
Corporation tax	**685**	509	**685**	509
Other taxation and social security	**1,394**	1,130	**1,394**	1,130
Other creditors	**3,882**	3,310	**3,882**	3,310
Accruals	**1,270**	788	**1,270**	788
Dividends payable	**659**	500	**659**	500
	15,517	15,624	**15,717**	16,056

Bank loans are secured over the assets of the company.

17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2006	2005	**2006**	2005
	£000	£000	**£000**	£000
Bank loans *(secured – see note 16)*	**-**	300	**-**	300

Notes *(continued)*

18 Provisions for liabilities and charges

	Buyback provision	
	Group	**Company**
	£000	**£000**
At beginning of year	340	340
Credit to the profit and loss for the year	(129)	(129)
At end of year	**211**	**211**

The group operates a system where some vehicles are sold subject to a buyback agreement. The group commits to the buyer at the time of purchase to the value of the vehicle on the buyback date at an agreed price ("the guaranteed residual value"). The above represents the company's and the group's estimate of the exposure between the guaranteed residual value and the market value at the buyback date, and hence the existing liability as a result of this arrangement.

19 Called up share capital

	Group and Company	
	2006	2005
	£000	£000
Authorised, issued, called up and fully paid:		
1,400,000 ordinary shares of £1 each *(2005: 1,400,000 ordinary shares of £1 each)*	**1,400**	1,400

20 Reserves

	Group	
	Profit and loss account	**Share premium account**
	£000	**£000**
At 1 January 2006	1,933	2,350
Profit for the year	2,317	-
Dividends on shares classified in shareholders' funds *(2005: on FRS 4 equity shares)*	(750)	-
At 31 December 2006	**3,500**	**2,350**

Notes *(continued)*

20 Reserves *(continued)*

	Company Profit and loss account £000	Share premium account £000
At 1 January 2006	3,179	2,350
Profit for the year	2,413	-
Dividends on shares classified in shareholders' funds *(2005: on FRS 4 equity shares)*	(750)	-
At 31 December 2006	**4,842**	**2,350**

21 Reconciliation of movements in shareholders' funds

	Group 2006 £000	Group 2005 £000	Company 2006 £000	Company 2005 £000
Profit for the financial year	**2,317**	1,869	**2,413**	1,705
Dividends on shares classified in shareholders' funds *(2005 on FRS 4 equity shares)*	**(750)**	(750)	**(750)**	(750)
Net addition to shareholders' funds	**1,567**	1,119	**1,663**	955
Opening shareholders' funds	**5,683**	4,564	**6,929**	5,974
Closing shareholders' funds	**7,250**	5,683	**8,592**	6,929

22 Analysis of cash flows

	2006 £000	2005 £000
(a) Returns on investments and servicing of finance		
Interest received	**148**	73
Interest paid	**(25)**	(73)
	123	-
(b) Taxation		
UK corporation tax paid	**(1,006)**	(1,177)
(c) Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,538)**	(1,517)
Sale of tangible fixed assets	**194**	271
	(1,344)	(1,246)
(d) Financing		
Net repayment of existing loans	**(700)**	(1,156)

Notes *(continued)*

23 Analysis of net funds

	At beginning of year £000	Cash flow £000	Non-cash movements £000	**At end of year £000**
Cash at bank and in hand	2,202	(1,180)	-	**1,022**
Debt due:				
Within one year	(400)	400	-	-
After one year	(300)	300	-	-
	1,502	(480)	-	**1,022**
Current asset investments	78	-	-	**78**
Total	1,580	(480)	-	**1,100**

24 Financial commitments

(a) There are no capital commitments at the end of the year *(2005: £Nil)*.

(b) At 31 December 2006, the group and company had annual commitments under non-cancellable operating leases as follows:

Group	**2006**		2005	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Leases expiring:				
Within one year	**36**	-	3	18
In two to five years	**198**	-	224	-
In more than five years	**695**	-	587	-
	929	-	814	18

Company	**2006**		2005	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Leases expiring:				
Within one year	**36**	-	3	18
In two to five years	**198**	-	224	-
In more than five years	**695**	-	587	-
	929	-	814	18

Notes *(continued)*

25 Pension commitments

The group operates two defined contribution schemes and a self administered scheme for certain directors. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to these schemes and other private pension arrangements for some of the directors and amounted to £94,327 *(2005: £108,229)*. Contributions amounting to £Nil *(2005: £9,096)* were payable to the scheme and are included within creditors.

26 Contingent liabilities

The group and company has given commitments to repurchase vehicles from customers. These commitments amount to £8,319,038 *(2005: £7,235,188)* and may crystallise at various times within the next seven years. The directors are confident of selling these vehicles as part of normal business activities at a value not significantly different from their repurchase price.

27 Related party transactions

Property rental charges of £300,000 *(2005: £300,000)* were paid to Mr CJ Kelly during the year in respect of premises at West Bromwich and Coventry.

Property and rental charges of £55,000 *(2005: £55,000)* were paid to the CJ Kelly Pension Fund during the year in respect of premises at Droitwich.

Mr CJ Kelly is also joint landlord of two other properties leased by the company. Property rental charges of £130,762 *(2005: £108,500)* were paid in the year.

Property and rental charges of £42,000 *(2005: £42,000)* were paid to the SM Kelly Pension Fund during the year in respect of premises at Tamworth.

28 *Ultimate controlling party*

The group is ultimately controlled by Mr CJ Kelly.