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Penarth Commercial Properties (Holdings) Limited

Directors' report and consolidated financial statements

Registered number 5159037

28 February 2011

Contents

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2011

Principal activities

The company acts as a holding company for the group

The principal activities of the group are sawmilling, motor dealers, repairers and vehicle hire

Business review

The results for the year are shown in the consolidated profit and loss account on page 8 and show a profit before tax for the financial year of £1,059,012 *(2010 £870,727)*

Sawmill

The results for the year show a profit for the financial year before tax of £1,253,440 *(2010 £671,279)*

The performance of the business has improved over last year, with both volume and selling prices increasing The increase in volume is largely due to the general improvement in the economy over 2009, whereas the rise in selling price is mainly a reflection of increased raw material prices

As in previous years raw material supply and price continues to cause concerns as demand for the material is further pressurised by the power stations These biomass stations can secure this material by offering inflated prices due to the grants available from government who are continually pursuing alternative methods of energy However, following active purchasing, the business has secured ongoing supplies of raw material Continual lobbying of the Forestry Commission due to its proposed sell off to the private sector has been essential and hopefully will bear good results for our long term buying of raw material

Distribution costs for the year rose by 13%, in line with the increased activity for the year Admin expenses also increased by 13%

The industrial estate at Gledrid has produced an income of £57,115 in the financial year *(2010 £72,292)*

Directors' report *(continued)*

Dealership

The results for the year show a profit before tax for the financial year of £70,383 *(2010 £467,077)* The directors consider the result to be acceptable, given the trading conditions for the year

The dealership results were adversely affected by the poor economic climate during the period covered by these accounts All areas of the dealership's activities with regard to its Ford franchise came under pressure in terms of both sales and margins

Since the year end the economic climate has remained flat and this has resulted in a depressed new car market in 2011 The conditions for the used car market and after-sales have been similar

As previously reported the dealership has secured the Volvo car franchise for South East Wales and trading with this franchise commenced in June 2010 utilising existing facilities at the premises in Cardiff Whilst initial volumes were in line with modest objectives, following the opening of a fully refurbished vehicle showroom and service reception in March 2011, new vehicle volumes and aftermarket sales have both been above management's and the manufacturer's expected levels for a start up business Further improvements in the sales volumes from this franchise are anticipated in 2011/12

The MG franchise continued during the year, although volumes are, as anticipated, very small The brand continued into 2011 with the TF sports-car which has now ceased production Since the year end, the all new MG6 saloon car has been launched although initial volumes are relatively small by comparison with overall sales Further models are planned for launch in the future with the next vehicle, the smaller MG3 hatchback expected towards the end of 2012

Economic conditions for 2011/12 are likely to remain flat and the dealership continually monitors its cost base to ensure that this is consistent with sales volumes that are likely to be achieved

Whilst the directors do not anticipate significant improvements in the economy in the near future, the dealership is well placed to expand its activities without significantly increasing its cost base

In 2010 the dealership again won the Ford of Europe Chairman's Award for customer satisfaction, it is a tribute to the efforts and success of all of the staff involved in helping to achieve this prestigious award for the seventh time and the Directors wish to extend their thanks to all members of staff for the quality of their customer service and outstanding efforts during the year

Directors' report *(continued)*

Rental Business

The results for the year show a loss before tax for the financial year of £19,937 *(2010 profit of £3,403)*

The results for the year were affected by two main factors Firstly turnover declined by 19% mainly as a result of reduced activity from two major customers However the effects of this decline were partially offset by a small decrease in the size of the rental fleet Secondly, for a number of years the business has purchased its rental vehicles, rather than obtaining them on short term leases This enables the business to make a profit on the eventual disposal of the vehicles This strategy has continued during the year, but has been affected by reduced demand in the used car market Profits generated on the disposal of these vehicles fell by 33%

The directors would like to extend their thanks to the staff for their efforts during the year

Dividends

Dividends paid during the year were £225,000 *(2010 £150,000)*

Political and charitable donations

Neither the company nor the group made any political contributions during the year *(2010 £nil)* Group donations to local charities amounted to £ 755 *(2010 £1,312)*

Directors

The directors who held office during the year were as follows

R C Pugsley
W M Barritt

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Employees

The group gives full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities Furthermore, should existing employees become disabled, every effort would be made to find them appropriate work and to provide training where necessary

The directors recognise the importance of good relations with employees As the group is managed on a de-centralised basis, the management of each subsidiary is responsible for the participation practices appropriate to its own particular needs and background

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

RJ Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

2nd November 2011

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 group and parent company 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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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 are sufficient to show and explain the parent company's transactions and 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 2006 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
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of Penarth Commercial Properties (Holdings) Limited

We have audited the financial statements of Penarth Commercial Properties (Holdings) Limited for the year ended 28 February 2011 set out on pages 8 to 26 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Practice 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 group's and the parent company's affairs as at 28 February 2011 and of the group's profit 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

Independent auditor's report to the members of Penarth Commercial Properties (Holdings) Limited *(continued)*

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

K Maguire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

24th November 2011

Consolidated profit and loss account
for the year ended 28 February 2011

	Note	2011	2010
		£	£
Turnover	2	43,180,723	43,595,404
Cost of sales		(36,443,895)	(37,164,543)
Gross profit		6,736,828	6,430,861
Distribution costs		(2,308,158)	(2,175,785)
Administrative expenses		(3,464,990)	(3,435,480)
Other operating income		235,298	217,300
Operating profit		1,198,978	1,036,896
Profit/(loss) on disposal of fixed assets		46,509	(6,455)
Profit on sale of fixed asset investments		-	28,320
Interest receivable and similar income	6	43,764	3,920
Interest payable and similar charges	6	(230,239)	(191,954)
Profit on ordinary activities before taxation	2-6	1,059,012	870,727
Tax on profit on ordinary activities	7	(348,315)	(299,204)
Profit on ordinary activities after taxation being profit for the financial year	19	710,697	571,523

The above results represent the total recognised gains and losses of the group in both financial years and relate entirely to continuing operations

There is no material difference between the result as disclosed in the profit and loss account and the result as given on an unmodified historical cost basis

Consolidated balance sheet
at 28 February 2011

	Note	2011		2010	
		£	£	£	£
Fixed assets					
Tangible assets	*11*		6,808,655		6,629,976
Investments	*12*		1,273		1,273
			6,809,928		6,631,249
Current assets					
Stocks	*13*	11,638,227		9,757,218	
Debtors	*14*	3,728,654		3,346,960	
		15,366,881		13,104,178	
Creditors amounts falling due within one year	*15*	(15,015,735)		(12,495,957)	
Net current assets			351,146		608,221
Total assets less current liabilities			7,161,074		7,239,470
Creditors: amounts falling due after more than one year	*16*		(700,000)		(1,280,000)
Provisions for liabilities and charges	*17*		(66,007)		(71,100)
Net assets			6,395,067		5,888,370
Capital and reserves					
Called up share capital	*18*		425,000		425,000
Share premium account	*19*		3,825,000		3,825,000
Profit and loss account	*19*		2,145,067		1,638,370
Shareholder's funds	*20*		6,395,067		5,888,370

These financial statements were approved by the board of directors on 22nd November 2011 and were signed on its behalf by

R C Pugsley
Director

Company balance sheet
at 28 February 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Investments	*12*		8,613,750		8,592,750
Current assets					
Debtors	*14*	539,528		219,320	
Cash		31,410		572,840	
		570,938		792,160	
Creditors: amounts falling due within one year	*15*	(327,656)		(341,916)	
Net current assets			243,282		450,244
Total assets less current liabilities			8,857,032		9,042,994
Creditors amounts falling due after more than one year	*16*		(700,000)		(1,280,000)
Net assets			8,157,032		7,762,994
Capital and reserves					
Called up share capital	*18*		425,000		425,000
Share premium account	*19*		3,825,000		3,825,000
Profit and loss account	*19*		3,907,032		3,512,994
Shareholder's funds	*20*		8,157,032		7,762,994

These financial statements were approved by the board of directors on 22nd November 2011 and were signed on its behalf by

R C Pugsley

R C Pugsley
Director

Consolidated cash flow statement

for the year ended 28 February 2011

	Note	2011 £	2010 £
Cash inflow from operating activities	25	1,384,051	1,385,141
Returns on investments and servicing of finance	26	(186,475)	(188,034)
Taxation		(477,972)	21,476
Capital expenditure and financial investment	26	(822,984)	(175,070)
Equity dividends paid		(225,000)	(150,000)
Cash (outflow)/inflow before financing		(328,380)	893,513
Financing	26	(438,021)	(723,348)
(Decrease)/increase in cash in the financial year		(766,401)	170,165

Reconciliation of net cash flow to movement in net debt

	Note	2011 £	2010 £
(Decrease)/increase in cash in the financial year		(766,401)	170,165
Cash (inflow)/ outflow from movement in vehicle stocking loan and obligations under hire purchase agreements		(141,979)	723,348
Loan notes repaid		580,000	-
Movement in net debt in the year		(328,380)	893,513
Net debt at the start of the year		(2,105,226)	(2,998,739)
Net debt at the end of the year	27	(2,433,606)	(2,105,226)

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 group's financial statements

Basis of preparation

The financial statements have been prepared in accordance with the historical cost accounting rules, modified to include the revaluation of certain land, buildings and investments and conform to applicable accounting standards

Going concern

Bank facilities have been renewed with HSBC which are next subject to annual review in September 2012 Management expect to be able to operate within the terms of these facilities throughout the period up to the next annual review Accordingly, the financial statements have been prepared on a going concern basis

Basis of consolidation

The group financial statements consolidate the financial statements of Penarth Commercial Properties (Holdings) Limited and all its subsidiary undertakings

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the parent company and are made up to 28 February 2011

The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

In accordance with Section 408 (4) of the Companies Act 2006, Penarth Commercial Properties (Holdings) Limited is exempt from the requirement to present its own profit and loss account

Fixed assets and depreciation

Depreciation is provided to write off the cost (or valuation) of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	20 to 30 years
Plant, machinery and equipment	-	2 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land Assets acquired for the trade are not depreciated until brought into use

Freehold land and buildings include the cost of planted timber owned by the group The cost and maintenance of trees planted on land owned by the group is added to the fixed asset cost as incurred When trees are harvested, the difference between the estimated value of timber brought into the mill and the fixed asset cost is treated as a profit on disposal

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost

Notes *(continued)*

1 Accounting policies *(continued)*

Goodwill

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of separable assets and liabilities acquired Where the cost of acquisition exceeds the values attributable to such assets and liabilities, the difference is treated as purchased goodwill For acquisitions since the incorporation of the company, purchased goodwill is capitalised and amortised through the profit and loss account over its estimated economic life, normally over a period of up to five years

In attributing fair values, long term monetary assets and liabilities are discounted to their net present value and the difference is charged/credited to the profit and loss account at a constant rate on the amount outstanding

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease" The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life Where hire fleet vehicles are acquired under "finance lease" arrangements, they are generally held for less than a year, after which they are resold, and are consequently shown as stock within current assets Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account in the period in which they are incurred

Pensions

The group participates in a defined contribution pension scheme The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Death in service

The group administers a discretionary death in service self insurance scheme for dependent relatives of employees A provision, representing the directors' best estimate of the group's ongoing liability arising from this scheme, is included in the balance sheet

Share based payments

The company's Enterprise Management Incentives share option scheme allows employees to acquire shares of the company The fair value of options granted and not yet vested as at 28 February 2011 is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The estimate of the fair value of the option is measured based on the fair value of the equity instruments granted and is calculated on an option pricing model (with the contractual life of the option and expectations of early exercise built into the model)

Stocks

Stocks are stated at the lower of cost and net realisable value Stocks include vehicles in the hire fleet These vehicles are generally held for less than a year and are stated at the lower of cost and net realisable value For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Notes *(continued)*

1 Accounting policies *(continued)*

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

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers Income is recognised when all significant risks and rewards of ownership have been transferred to the customer, which is generally on despatch of goods from the company or on the provision of services by the company All turnover and profit on ordinary activities before taxation is derived from the UK and arises solely from the principal activities of the group

2 Turnover

	2011 £	2010 £
Motor dealers, repairers and vehicle hire	33,394,277	35,251,409
Sawmill	9,786,446	8,343,995
	43,180,723	43,595,404

3 Profit on ordinary activities before taxation

	2011 £	2010 £
Profit on ordinary activities before taxation is stated after charging:		
Audit services		
Fees payable to the company auditor and associates for the audit of company and consolidated accounts	500	500
Fees payable to the company auditor and associates for other services		
- the audit of the company's subsidiaries pursuant to legislation	26,250	25,750
- tax services	9,400	8,950
- VAT services	11,500	12,000
- other services	4,500	-
Depreciation and other amounts written off tangible fixed assets	690,814	693,485
Goodwill amortisation	-	4,714
Hire of plant and machinery - rentals payable under operating leases	64,113	61,313

Notes *(continued)*

4 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	**112,346**	110,228
Company contributions to money purchase schemes	**2,088**	2,088
	114,434	112,316

Retirement benefits are accruing to the following number of directors under

	2011	2010
Money purchase schemes	**1**	1

5 Staff numbers and costs

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

	Number of employees 2011	2010
Management	**14**	13
Administration	**29**	28
Production, sales and other staff	**182**	183
	225	224

The aggregate payroll costs of these persons were as follows

	2011 £	2010 £
Wages and salaries	**4,273,915**	4,085,773
Social security costs	**427,152**	422,037
Other pension costs (see note 23)	**42,484**	44,204
	4,743,551	4,552,014

6 Interest payable and receivable

6a Interest receivable and similar income

	2011 £	2010 £
Group		
Other interest receivable	**43,764**	3,920

Notes *(continued)*

6b Interest payable and similar charges

Group	2011 £	2010 £
On bank loans and overdrafts	35,910	31,241
Vehicle stocking plans	121,831	60,294
Finance charges in respect of finance lease and hire purchase contracts	2,341	5,619
Interest payable on loan notes	70,157	94,800
	230,239	191,954

7 Taxation

Group	2011 £	2010 £
Current tax		
UK corporation tax on profits for the year	355,207	345,282
Adjustments in respect of prior years	(2,799)	(12,312)
Total current tax charge	352,408	332,970
Deferred tax		
Deferred tax credit for the year (note 17)	(1,425)	(45,085)
Adjustments in respect of prior years (note 17)	(2,668)	11,319
Tax on profit on ordinary activities	348,315	299,204

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2010 higher)* than the standard rate of corporation tax in the UK of 28% *(2010 28%)* The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	1,059,012	870,727
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 28 % *(2010 28%)*	296,523	243,804
Effects of.		
Expenses not deductible for tax purposes	9,139	12,761
Capital allowances less than depreciation	54,832	92,452
Other timing differences	(1,087)	253
Adjustments in respect of prior years	(2,799)	(12,312)
Tax rate differences	(4,200)	(227)
Utilisation of capital losses	-	(7,930)
Trading losses unutilised	-	4,169
Total current tax charge (see above)	352,408	332,970

Notes *(continued)*

8 Dividends

The aggregate amount of dividends comprises

	2011	2010
	£	£
Dividends paid in respect of the current year	225,000	135,000
Dividends in respect of the year recognised as a liability at year end	-	15,000
	225,000	150,000

9 Profit and loss account

The profit on ordinary activities after taxation for the financial year dealt with in the financial statements of the company is £598,038 *(2010 £680,975)* The retained profit for the financial year after dividends is £373,038 *(2010 £530,975)*

10 Intangible fixed assets

Group	**Goodwill**
	£
Cost	
At beginning and end of year	40,595
Accumulated amortisation	
At beginning and end of year	40,595
Net book value	
At 28 February 2011	-
At 28 February 2010	-

Goodwill arose on the acquisition of Penarth Commercial Properties Limited The goodwill has been amortised on a straight line basis over 5 years, being the period over which the directors estimated that the value of the underlying business acquired exceeded the value of the underlying assets

Notes *(continued)*

11 Tangible fixed assets

Group	Freehold land & buildings £	Plant, machinery & equipment £	Motor vehicles £	Total £
Cost or valuation				
At beginning of year	6,302,278	7,253,356	487,740	14,043,374
Additions	303,876	343,836	268,735	916,447
Disposals	(268)	(110,826)	(251,981)	(363,075)
At end of year	**6,605,886**	**7,486,366**	**504,494**	**14,596,746**
Analysis				
Assets at cost	4,255,886	7,486,366	504,494	12,246,746
Assets at valuation - 1989	1,500,000	-	-	1,500,000
- 1990	850,000	-	-	850,000
	6,605,886	7,486,366	504,494	14,596,746
Depreciation				
At beginning of year	1,598,156	5,410,400	404,842	7,413,398
Charge for year	165,731	456,094	68,989	690,814
On disposals	-	(110,826)	(205,295)	(316,121)
At end of year	**1,763,887**	**5,755,668**	**268,536**	**7,788,091**
Net book value				
At 28 February 2011	**4,841,999**	**1,730,698**	**235,958**	**6,808,655**
At 1 March 2010	4,704,122	1,842,956	82,898	6,629,976

The freehold premises, included in the above at open market valuations, were professionally valued by Messrs Cooke & Arkwright on an existing use basis in reports dated 19 April 1989 and 28 March 1990

The value of freehold land and buildings (included in the above at a valuation) determined according to the historical cost convention is as follows

	Group 2011 £	Group 2010 £
Cost	**715,148**	715,148
Depreciation	**(338,806)**	(328,559)
	376,342	386,589

The amount of non-depreciable assets within freehold land and buildings is £1,324,843 *(2010 £1,325,111)*

Notes *(continued)*

12 Investments

Details of the group's and company's investments are shown below

At 28 February 2011, the company had the following trading subsidiaries all of which are registered in England and Wales

Name		Activity	Proportion of nominal value of issued share capital held by group	Proportion of nominal value of issued share capital held by company
Penarth Commercial Properties Limited	-	Intermediary holding company	100%	100%
Abbey Garages (Cardiff) Limited	-	Motor dealers and repairers	100%	-
ETC Sawmills Limited	-	Sawmillers	100%	-
Fordthorne Limited	-	Motor vehicle rental	100%	-

Investments in subsidiary undertakings are stated at cost

	Group 2011 £	Company 2011 £
Shares in group undertakings:		
At beginning of year	-	8,592,750
Additions in year	-	21,000
At end of year	-	8,613,750
Other quoted investments at cost.		
At beginning of year	1,273	-
Disposals in year	-	-
At end of year	1,273	-
Total investments at end of year	**1,273**	**8,613,750**
Total investments at beginning of year	1,273	8,592,750

The market value of quoted investments at 28 February 2011 amounted to £2,077 *(2010 £2,144)*

The additions in the year relating to shares in group undertakings represent the fair value of share options granted by the company during the year

Notes *(continued)*

13 Stocks

	Group 2011 £	Group 2010 £
Raw materials and consumables	745,589	517,218
Work in progress	509,282	305,831
Finished goods	341,422	317,235
Motor vehicles	10,041,934	8,616,934
	11,638,227	9,757,218

Vehicle stocks with a value of £81,735 (*2010 £Nil*) which are the property of the group are subject to separate finance arrangements

14 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts falling due within one year				
Trade debtors	2,555,624	2,372,436	-	-
Amounts owed by group undertakings	-	-	300,000	-
Amounts owed by group undertakings in respect of group relief	-	-	239,528	219,320
Other debtors	933,753	722,726	-	-
Prepayments and accrued income	67,274	74,032	-	-
	3,556,651	3,169,194	539,528	219,320
Amounts falling due after more than one year				
Secured loan	172,003	177,766	-	-
	3,728,654	3,346,960	539,528	219,320

15 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Loan notes	300,000	300,000	300,000	300,000
Bank overdrafts	1,291,627	525,226	-	-
Obligations under hire purchase contracts	141,979	-	-	-
Trade creditors	11,463,124	10,082,193	-	-
Other creditors	71,048	101,934	4,651	17,751
Taxation and social security				
Corporation tax	205,324	330,888	-	-
Other taxes and social security	321,917	187,186	2,000	3,160
Accruals and deferred income	1,220,716	968,530	21,005	21,005
	15,015,735	12,495,957	327,656	341,916

Notes *(continued)*

15 Creditors: amounts falling due within one year *(continued)*

The bank overdraft is secured on certain group properties

Within a period of 10 years, the loan notes are redeemable at the option of the noteholder up to a maximum of £300,000 per year, or a higher amount at the option of the company

Included within accruals and deferred income is an amount for £405,706 *(2010 £317,383)* relating to income received for vehicles with March 2011 registrations

16 Creditors: amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Loan notes	**700,000**	1,280,000	**700,000**	1,280,000

17 Provisions for liabilities and charges

The provisions for liabilities and charges comprise

Group	**Deferred taxation £**	**Death in service £**	**Total £**
At beginning of year	12,100	59,000	71,100
Charged during the year	(4,093)	(1,000)	(5,093)
At end of year	**8,007**	**58,000**	**66,007**

As shown in note 1 the death in service provision is in respect of a discretionary self insurance scheme for dependent relatives of employees who die whilst employed by the group The group's policy is to award a discretionary amount assessed by the directors to the dependent relatives and the timing of payment is by its nature not predictable

The amounts provided for deferred taxation and the full potential liability/(asset) are set out below

Group	**2011 £**	2010 £
Difference between accumulated depreciation and amortisation and capital allowances	**103,869**	103,738
Other timing differences	**(95,862)**	(91,638)
	8,007	12,100

Notes *(continued)*

18 Called up share capital

	Group and Company 2011 £	2010 £
Authorised		
5,000,000 Ordinary shares of 10p each	**500,000**	500,000
Allotted, called up and fully paid		
4,250,000 Ordinary shares of 10p each	**425,000**	425,000

19 Movements on reserves

Group	**Share premium £**	**Profit and loss account £**
At beginning of year	3,825,000	1,638,370
Profit for the year	-	710,697
Fair value of share options granted	-	21,000
Dividends	-	(225,000)
At end of year	**3,825,000**	**2,145,067**

Company	**Share premium £**	**Profit and loss account £**
At beginning of year	3,825,000	3,512,994
Profit for the year	-	598,038
Fair value of share options granted	-	21,000
Dividends	-	(225,000)
At end of year	**3,825,000**	**3,907,032**

Notes *(continued)*

20 Reconciliation of movements in shareholder's funds

Group	2011	2010
	£	£
At beginning of the year	5,888,370	5,445,847
Profit for the year	710,697	571,523
Fair value of share options granted	21,000	21,000
Dividends	(225,000)	(150,000)
Closing shareholder's funds	6,395,067	5,888,370

Company	2011	2010
	£	£
At beginning of the year	7,762,994	7,211,019
Profit for the year	598,038	680,975
Fair value of share options granted	21,000	21,000
Dividends	(225,000)	(150,000)
Closing shareholder's funds	8,157,032	7,762,994

21 Contingent liabilities

Penarth Commercial Properties Ltd, a wholly owned subsidiary of the company, has given an unlimited multilateral guarantee dated 8 December 2004 in respect of the net position of its bank overdraft and the bank overdrafts and cash balances of certain subsidiaries At 28 February 2011, the net liability of the group amounted to £1,323,037 *(2010 £1,098,066)*

22 Commitments

At the year end the group had no capital commitments *(2010 £nil)*

Annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows

	Group	
	2011	2010
	£	£
Operating leases which expire:		
Within one year	3,900	1,625
In the second to fifth years inclusive	36,900	46,800

Notes *(continued)*

23 Pension scheme

The Group participates in a defined contribution pension scheme The assets of the scheme are held separately from those of the group in independently administered funds The pension charge represents the following contributions payable by the group during the year

	2011 £	2010 £
Contributions payable into group fund	36,761	38,481
Contributions payable into other personal pension plans	5,723	5,723
	42,484	44,204

24 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group

25 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Group operating profit	1,198,978	1,036,896
Fair value of share options granted	21,000	21,000
Depreciation charge	690,814	693,485
Amortisation of goodwill	-	4,714
Increase in stocks	(1,881,009)	(239,325)
Increase in debtors	(381,694)	(601,801)
Increase in creditors	1,735,962	470,172
Net cash inflow from operating activities	1,384,051	1,385,141

Notes *(continued)*

26 Analysis of cash flows for headings netted in the cash flow statement

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest paid	**(227,898)**	(186,335)
Interest element of hire purchase rental payments	**(2,341)**	(5,619)
Interest received	**43,764**	3,920
Net cash outflow from returns on investments and servicing of finance	**(186,475)**	(188,034)
Capital expenditure and financial investment		
Purchase of fixed assets	**(916,447)**	(242,533)
Net proceeds from sale of fixed assets	**93,463**	19,143
Net proceeds from sale of quoted investments	**-**	48,320
Net cash outflow from capital expenditure and financial investment	**(822,984)**	(175,070)
Financing		
Net proceeds from/(repayments to) finance company regarding hire purchase rental payments	**141,979**	(223,348)
Repayment of loan notes	**(580,000)**	-
Repayment of vehicle stocking loan	**-**	(500,000)
Net cash outflow from financing	**(438,021)**	(723,348)

27 Analysis of net debt

	At 1 March 2010	Cash flow	At 28 February 2011
	£	£	£
Bank overdraft	(525,226)	(766,401)	**(1,291,627)**
	(525,226)	(766,401)	**(1,291,627)**
Loan notes	(1,580,000)	580,000	**(1,000,000)**
Obligations under hire purchase agreements	-	(141,979)	**(141,979)**
Total net debt	(2,105,226)	(328,380)	**(2,433,606)**

Notes *(continued)*

28 Share based payments

Company

Two subsidiaries of the group participate in a single Enterprise Management Incentives share option scheme under which a maximum of 300,000 shares of the ultimate parent company may be placed under option for employees The scheme is operated by Penarth Commercial Properties (Holdings) Limited The options are exercisable 10 years from date of grant, or earlier only in certain specified circumstances such as the takeover or flotation of the group Options exercised are to be settled by the physical delivery of shares in the ultimate parent company

The grant date, exercise price per share and number of shares are as follows

Grant date	Exercise price £	Number of shares	Expiry date of options
30 Sept 2005	0 30	300,000	30 Sept 2015

The number and weighted average exercise prices of share options in the company are as follows

	2011 Weighted average exercise price	2011 Number of options	2010 Weighted average exercise price	2010 Number of options
Outstanding at the beginning and end of the year	0 30	300,000	0 30	300,000
Exercisable at the end of the year		-		-

The options outstanding at the year end have a maximum exercise price of £0 30 and a weighted average remaining contractual life of 5 years

The total expense recognised for each year arising from share based payments is as follows

	2011 £000	2010 £000
Equity settled share based payment	**21,000**	21,000