M Piercy Limited

Directors' report and consolidated financial statements

Registered number 06169267

Year ended 31 December 2010

Contents

Directors' report

The director presents his annual report and the audited consolidated financial statements for the year ended 31 December 2010

Principal activities

The Group's principal activity is the wholesaling of motor vehicle components and accessories

Trading results

The profit after tax for the year ended 31 December 2010 was £303,460 *(2009 £304,593)* The director does not propose payment of a dividend *(2009 £nil)*

Business Review

The results for 2010 showed a strong increase in sales of 9 33% to £21,471,189 with gross profit increasing by £633,574 to £8 961,047 and profit after taxation of £303,460 (2009 £304,593) The Directors consider these to be the key performance indicators for the business and are more than satisfied with the results

2010 has been a year of consolidation concentrating on the key areas such as stock, service and staff Changes implemented in 2009 to the internal distribution of stocks throughout the Company have proved successful in increasing stock availability at branch level Staff training continues on a structured and regular basis encompassing all aspects of the business together with training courses for customers specifically designed to cater for technological advances in the industry

The Company s commitment to investment in its infrastructure ensures that it maintains and improves the high quality of our offering to market and ensures the Company is well placed to face the future The Directors continue to investigate and evaluate potential new outlets to further expand our strong position in the market place

On 23 December 2010 M Piercy Limited acquired the entire issued share capital of M D Piercy Limited For the purposes of these financial statements, this has been deemed to be a group reconstruction and merger accounting has been applied Further details are provided in note 11

Principal risks and uncertainties

The Company is funded by using bank facilities together with cash, trade debtors and trade creditors that arise directly from the Company's operations

The Company's principal risk exposure includes credit risk and liquidity risk The Directors review and agree policies for managing these risks regularly

The Company's credit risk is primarily attributed to its trade debtors All debtors are credit checked and assigned credit limits which are reviewed and assessed continually The amounts presented in the balance sheet are net of any doubtful debts

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs Trade creditors liquidity risk is managed in conjunction with the Company s bank balance on a daily basis and strict controls are maintained on both short and medium term cash flow

In common with many other companies in the sector, the other principal risks facing the Company include the current economic environment and the resulting slowdown in the UK economy along with increased competition in the sector These risks are managed by regular reporting and monitoring of performance and by general management review controls

Directors' report *(continued)*

Employment Policies

The Company s policy is to consult and discuss with employees on a regular basis through Manager, Sales and Staff meetings, matters likely to affect the employee's interests

Information on matters of concern to employees is given through monthly bulletin and performance reports which seek to raise awareness of all employees of the factors affecting both their and the overall Company s performance

The Company operates an Equal Opportunity Policy to ensure that employees are not discriminated against by way of race, religion, ethnic origin, sex age, disability or for any other reason The Company also has policies in place to prevent harassment and bullying in the workplace

Disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill

Directors

The director who held office during the year was

MD Piercy

Political and charitable donations

Charitable donations in the year amounted to £nil *(2009 £175)* The Group made no political donations during the year

Disclosure of information to auditors

The director who held office at the date of approval of this directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Group s auditors are unaware and he 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 Group s auditors are aware of that information

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

MD Piercy
Director

Stewarts Road
Wellingborough
Northants
NN8 4RJ

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 adequate 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

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
United Kingdom

Independent auditors' report to the members of M Piercy Limited

We have audited the financial statements of M Piercy Limited for the year ended 31 December 2010 set out on pages 6 to 22 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report or for the opinions we have formed

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

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 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 auditors' report to the members of M Piercy 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

David Neale

David Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes MK9 1NE
Date 3 August 2011

Consolidated profit and loss account
for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Turnover	2	**21,471,189**	19 638 658
Cost of sales		**(12,510,142)**	(11 311 185)
Gross profit		**8,961,047**	8 327 473
Distribution costs		**(1,195,934)**	(1 099,843)
Administrative expenses		**(7,219,233)**	(6,663 495)
Operating profit		**545,880**	564 135
Profit/(loss) on sale of fixed asset		**5,079**	(15 695)
Interest receivable and similar income	6	**4**	279
Interest payable and similar charges	7	**(99,497)**	(96 975)
Profit on ordinary activities before taxation	3-7	**451,466**	451 744
Taxation on profit on ordinary activities	8	**(148,006)**	(147 151)
Profit on ordinary activities for the financial year	19	**303,460**	304 593

There are no recognised gains and losses for the financial period except for those shown above Accordingly, no statement of total recognised gains and losses has been prepared

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period and their historical cost equivalent

All results arise from continuing activities The notes on pages 9 to 22 form part of these financial statements

Balance sheets
at 31 December 2010

	Note	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Fixed assets					
Intangible assets	9	680,293	-	721 110	-
Tangible assets	10	3,826,191	-	3 636 366	-
Investments	11	100	5,125,521	100	5 125 520
		4,506,584	5,125,521	4 357 576	5 125 520
Current assets					
Stock	12	4,296,985	-	4 166 222	-
Debtors	13	3,388,764	489,171	2,996 586	489 597
Cash at bank and in hand		27,723	6,694	27 618	7 841
		7,713,472	495,865	7 190 426	497 438
Creditors amounts falling due within one year	14	(6,631,171)	(110,025)	(6 218 608)	(190 391)
Net current assets		1,082,301	385,840	971 818	307 047
Total assets less current liabilities		5,588,885	5,511,361	5 329 394	5 432 567
Creditors amounts falling due after more than one year	15	(1,566,598)	(323,442)	(1 612 556)	(452 393)
Provisions for liabilities	16	(43,917)	-	(41 928)	-
Net assets		3,978,370	5,187,919	3 674 910	4 980 174
Capital and reserves					
Called up share capital	17	3,321,927	3,321,927	3 321 927	3 321,926
Profit and loss account	18	656,443	1,865,992	352 983	1 658 248
Shareholders' funds	19	3,978,370	5,187,919	3 674 910	4 980 174

The notes on pages 9 to 22 form part of these financial statements

These financial statements were approved by the director on 3 August 2011 and were signed by

MD Piercy
Director

Registered number 06169267

Consolidated Cash flow statement

for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Cashflow from operating activities	20	**614,922**	1,236,870
Returns on investment and servicing of finance	21	**(88,871)**	(86,073)
Taxation		**(245,997)**	(143 912)
Capital expenditure	21	**(106,610)**	(103,435)
Cash inflow before financing		**173,444**	903,450
Financing	21	**(287,804)**	(668,308)
(Decrease)/increase in cash in the period		**(114,360)**	235,142

Reconciliation of net cash flow to movement in net debt

for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	Year ended 31 December 2009 £
(Decrease)/increase in cash in the period		**(114,360)**	235,142
Cash outflow from increase in debt and lease financing	21	**287,804**	668,308
Change in net debt resulting from cash flows		**173,444**	903,450
Loans and finance leases acquired with subsidiary		**-**	-
New finance leases	22	**(535,285)**	(398,477)
Movement in net debt in the period		**(361,841)**	504,973
Net debt at the start of the period		**(3,271,591)**	(3,776,564)
Net debt at the end of the period	22	**(3,633,432)**	(3,271 591)

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 consolidated financial statements

Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable accounting standards and under the historical cost rules

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking, S T Piercy, made up to 31 December 2010 In addition, on 23 December 2010, M Piercy Limited acquired 100% of the share capital of M D Piercy Limited The transaction resulted in the bringing together of two businesses under common ownership For the purposes of these accounts, this has been deemed to be a business combination and in accordance with FRS 6, the merger method of accounting has been adopted Under this method, the results and cash flows of the combining entities have been included into the financial statements of the combined entity from the beginning of the financial year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies Accordingly the corresponding figures have been restated to include the results for all the combining entities for the previous period and the balance sheets for the previous balance sheet date

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account The Company s profit for the period is shown in note 18

Going concern

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

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future

The directors, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements

The Company s directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers

Goodwill

Goodwill arising on acquisitions is capitalised and amortised on a straight-line basis over its expected useful life of 20 years, which the directors believe to be its useful economic life

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost

Notes *(continued)*

1 **Accounting policies** *(continued)*

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful economic life, as follows

Freehold land	Nil
Freehold buildings	2% per annum straight line
Plant and machinery	15% per annum reducing balance or 25% per annum straight line
Motor vehicles	30% per annum reducing balance

Leases

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability

All other leases are considered to be ' operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Stock

Stock is valued at the lower of cost and net realisable value

Taxation

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

Deferred taxation 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 FRS19

Post retirement benefits

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged against profits represents contributions payable to the scheme in respect of the accounting period

Cash and liquid resources

Cash, for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Interest bearing borrowings

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deducting issue costs The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

2 **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period

Notes *(continued)*

3 Profit on ordinary activities before taxation

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors remuneration		
- audit of these financial statements	**3,000**	3 000
- audit of subsidiary financial statements	**25,068**	17 740
Amounts receivable by the auditors and their associates in respect of		
- other services relating to taxation	**2,000**	1 880
Depreciation of tangible fixed assets		
Owned	**249,920**	197 070
Leased	**207,228**	178 689
Amortisation of goodwill	**40,818**	40 818
Hire of other assets – operating leases	**518,255**	541 108
(Profit)/loss on sale of fixed assets – other	**(5,079)**	15 695

4 Remuneration of directors

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Directors emoluments	**210,415**	282 174
Company contributions to money purchase pension scheme	**66,000**	66 000
	276,415	348 174

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to one *(2009 one)*

Notes *(continued)*

5 Staff numbers and costs

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

	Year ended 31 December 2010 Number	Year ended 31 December 2009 Number
Sales staff	**231**	206
Administrative staff	**41**	41
	272	247

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Wages and salaries	**4,402,404**	4,058,710
Social security costs	**377,127**	357 366
Other pension costs	**99,659**	96,457
	4,879,190	4 512 533

6 Interest receivable and similar income

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Bank interest	**4**	279

7 Interest payable and similar charges

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
On bank loans and overdrafts	**73,443**	73 513
On loan notes	**1,819**	4,322
Finance charges in respect of finance leases and hire purchase contracts	**24,235**	19,140
	99,497	96,975

Notes *(continued)*

8 Taxation

	Year ended 31 December £	Year ended 31 December 2009 £
a) *Analysis of charge in the period*		
UK corporation tax		
Corporation tax on income for the period	**153,847**	168,845
Adjustments in respect of prior periods	**(7,831)**	(7 711)
Total current tax	**146,016**	161 134
Deferred tax		
Origination and reversal of timing differences current period	**1,907**	(4 216)
Origination and reversal of timing differences previously unrecognised	**83**	(9 767)
Total deferred tax	**1,990**	(13 983)
Tax on profit on ordinary activities	**148,006**	147 151

The tax charge for the period is higher *(2009 higher)* than the standard rate of corporation tax *(28%, 2009 28%)* The differences are explained below

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
b) *Factors affecting current tax charge in the period*		
Profit on ordinary activities before tax	**451,466**	451 746
Tax on profit on ordinary activities in the period at the standard rate of corporation tax (28%)	**126,410**	126 489
Expenses not deductible for tax purposes	**34,253**	41,223
Depreciation in excess of capital allowances	**(3,898)**	4 010
Short-term timing differences	**492**	206
Adjustments to tax charge in respect of previous periods	**(7,831)**	(7 711)
Marginal relief	**(3,284)**	(3 083)
Impact of rate difference	**(126)**	-
Total current tax	**146,016**	161 134

The Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011 As such the deferred tax liability in note 16 has been calculated on the basis of 27%

Notes *(continued)*

9 Intangible fixed assets - Group

	Goodwill £
Cost	
At beginning and end of year	816 352
Amortisation	
At beginning of year	95 242
Charge for year	40 817
At end of year	136 059
Net book value	
At 31 December 2010	**680,293**
At 31 December 2009	721,110

Goodwill is amortised on a straight-line basis over 20 years, which the director believes to be its useful economic life

10 Tangible fixed assets - Group

	Motor Vehicles £	Plant and machinery £	Land and Buildings £	Total £
Cost				
At beginning of year	1,182,946	2,334 753	2 621 103	6,138,802
Additions	620 633	141 635	-	762 268
Disposals	(359,754)	-	-	(359,755)
At end of year	1,443,825	2,476,388	2,621,103	6,541,316
Depreciation				
At beginning of year	486 150	1 649 248	367 038	2 502 436
Charge for year	280 798	126 574	49 777	457 148
On disposals	(244 460)	-	-	(244 460)
At end of year	522 488	1 775 822	416 815	2 715 125
Net book value				
At 31 December 2010	**921,337**	**700,566**	**2,204,288**	**3,826,191**
At 31 December 2009	696 796	685 505	2,254 065	3 636 366

The net book value of motor vehicles and plant and machinery includes £908,435 (*2009 £879,458*) in relation to assets held under finance leases Depreciation charged on these assets during the year was £207,228 (*2009 £178,689*)

Notes *(continued)*

10 Tangible fixed assets – Group *(continued)*

The net book value of land and buildings comprise

	2010 £	2009 £
Freehold	**1,368,051**	1,399 099

During 1996, certain freehold buildings were revalued on an open market basis, by Martin Pendered & Co, Chartered Surveyors

The following information relates to assets carried at revalued amounts which have been retained under the transitional provisions set out in FRS 15 *Tangible fixed assets*

	2010 £	2009 £
Land and buildings		
At 1996 open market value	**570,220**	570 220
Aggregate depreciation thereon	**(131,802)**	(123 923)
Net book value	**438,418**	446 297
Historical cost of revalued assets	**594,948**	594 948
Aggregate depreciation based on historical cost	**(138,727)**	(130 353)
Historical cost net book value	**456,221**	464 595

Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost

11 Investments in group undertakings

Group

	Shares £
Cost at start and end of the year	100

The company in which the Company has an interest at the year end is as folbws

	Country of incorporation	Principal activity	Class and Percentage of shares Held
Other investments			
UK Parts Alliance Limited	UK	Motor vehicle accessories	14% ordinary share capital

Notes *(continued)*

11 Investments in group undertakings *(continued)*

Company

	Shares in group undertakings
Cost and net book value	
At beginning of the year	5,125,520
Additions	1
At the end of the year	5 125,521

Details of the subsidiary undertakings of the Company are provided below

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage shareholding
ST Piercy Limited	England and Wales	Sale of motor vehicle components and accessories	100% ordinary shares
MD Piercy Limited	England and Wales	Lease of property	100% ordinary shares

The above companies are included in this consolidation

On 23 December 2010 M Piercy Limited acquired 100% of the share capital of MD Piercy Limited For the purposes of these accounts this has been deemed to be a business combination Accordingly, the corresponding figures have been restated to include the results of MD Piercy This has resulted in an increase in profit on ordinary activities before taxation for 2009 of £25,308 with a corresponding increase in the tax charge of £9 248

12 Stocks

	Group 2010 £	Group 2009 £
Finished goods and goods for resale	**4,296,985**	4 166,222

Notes *(continued)*

13 Debtors

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade debtors	2,954,742	-	2 564 425	-
Deferred tax asset	208,302	25,253	228 298	25 679
Amounts due from subsidiary undertaking	-	463,918	-	463 918
Prepayments	225,720	-	203 863	-
	3,388,764	489,171	2 996 586	489 597

14 Creditors: amounts falling due within one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Bank overdrafts	1,304,377	-	1,189,911	-
Net obligations under finance leases and hire purchase contracts	481,660	-	308,466	-
Trade creditors	3,811,847	-	3,645 976	-
Other taxation including social security	402,454	-	322,409	-
Accruals and deferred income	120,468	96,528	235,392	94 709
Corporation tax	68,865	-	168,845	-
Other creditors	132,979	-	159 333	-
Other loans	7,844	7,844	57,844	57 844
Loan notes	5,653	5,653	37,838	37,838
Bank loans	295,024	-	92,594	-
	6,631,171	110,025	6 218 608	190 391

Notes *(continued)*

15 Creditors amounts falling due after more than one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Bank loans	1,104,538	-	961 331	-
Obligations under finance leases and hire purchase contracts	138,618	-	198 832	-
Other loans – S Piercy	-	-	21 135	21 135
Loan notes	323,442	323,442	431 258	431,258
	1,566,598	323,442	1 612 556	452 393

The maturity of obligations under finance leases and hire purchase contracts is as follows

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Within one year	481,660	-	308 466	-
In the second to fifth year	138,618	-	198 832	-
	620,278	-	507 298	-

Analysis of other loans and loan note debt:

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Repayable within one year	13,497	13,497	95 682	95,682
Repayable in one to five years	323,442	323,442	452,393	452 393
Repayable in more than five years	-	-	-	-
	336,939	336,939	548,075	548,075

The loan notes incur interest at the Bank of England base rate and are repayable by instalments

Analysis of bank debt:

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Repayable within one year	295,024	-	92 594	-
Repayable in one to five years	644,314	-	398 379	-
Repayable in more than five years	460,224	-	562 952	-
	1,399,562	-	1 053 925	-

The bank loan is secured on one of the properties owned by the group It incurs interest at 1 5% above the Bank of England base rate and is repayable by instalments

Notes *(continued)*

16 Provisions for liabilities

Group

	Deferred tax £	Total £
At the start of the year	41 928	41 928
Additional amounts provided	1 989	1 989
At the end of the year	**43,917**	**43,917**

The elements of deferred taxation are as follows

	2010 £	2009 £
Difference between accumulated depreciation and amortisation and capital allowances	69,169	67 607
Short term timing differences	(25,252)	(25 679)
	43,917	41 928

Company
Included within other debtors is a deferred tax asset of £25,252 *(2009 £25,679)* relating to short-term timing differences

17 Called up share capital

	2010 £	2009 £
Authorised		
10 000 000 ordinary shares of £1 each	10,000,000	10 000 000
Allotted, called up and fully paid		
3 321 927 ordinary shares of £1 each	3,321,927	3 321 927

18 Reserves

Group

	Profit and loss account £
At beginning of year	352 983
Retained profit for the year	303 460
At end of year	**656,443**

Company

	Profit and loss Account £
At beginning of year	1,658 248
Retained profit for the year	207 744
At end of year	**1,865,992**

Notes *(continued)*

19 Reconciliation of movement in shareholders' funds

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Shareholders funds at beginning of year	**3,674,910**	**4,980,175**	3 370 317	4,607 666
Dividends on shares	**-**	**-**	-	370,000
Profit for the year	**303,460**	**207,744**	304 593	2 508
Shareholders funds at end of year	**3,978,370**	**5,187,919**	3,674 910	4 980 174

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

	2010 £	2009 £
Operating profit for the period	**545,880**	564 135
Depreciation	**457,149**	375 759
Amortisation	**40,818**	40 818
Working capital movements		
Increase in stock	**(130,763)**	(237,147)
(Increase)/decrease in debtors	**(392,178)**	122 759
Decrease in creditors	**94,016**	370 546
Cash inflow from operating activities	**614,922**	1,236,870

Notes *(continued)*

21 Analysis of cash flows for heading netted in the cash flow statement

	2010	2009
	£	£
Returns on investment and servicing of finance		
Interest received	4	279
Interest paid	(66,104)	(67 212)
Interest element of finance lease rental payments	(22,771)	(19 140)
	(88,871)	(86 073)
Capital expenditure		
Purchase of tangible fixed assets	(226,974)	(234 320)
Sale of tangible fixed assets	120,364	130 885
	(106,610)	(103 435)
Acquisitions		
Purchase of subsidiary undertaking net of cash acquired	(1)	-
Financing		
Repayment of debt	(465,499)	(403 653)
Capital element of finance lease rental payments	(422,305)	(264 655)
New loans issued	600,000	-
	(287,804)	(668 308)

22 Analysis of debt

	At beginning of the year	Cash flow	Non cash movements	2010
	£	£	£	£
Cash at bank and in hand	27,618	106	-	27,723
Bank overdraft	(1,189,912)	(114,465)	-	(1,304,377)
	(1 162 294)	(114 360)	-	(1,276,654)
Debt due within one year	(188,275)	465 499	(585,745)	(308,521)
Debt due after more than one year	(1 413 724)	(600,000)	585,745	(1,427,979)
Finance leases	(507 298)	422,305	(535,285)	(620,278)
	(3,271 591)	173 444	(535,285)	(3,633,432)

Notes *(continued)*

23 Pensions

The group operates a defined contribution scheme The assets of the scheme are held separately from those of the group in an independently administered fund The pension cost charge represents contributions payable by the Group to the fund and amounted to £99,659 *(2009 £96,457)* There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

24 Commitments

(i) There were no capital commitments at the end of the current financial period

(ii) Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2010 £	**Other 2010 £**	**Total 2010 £**	Land and buildings 2009 £	Other 2009 £	Total 2009 £
Within one year	**136,000**	**7,365**	**143,365**	28 750	11 555	40 305
Between 1 and 5 years	**159,500**	-	**159,500**	120 500	-	120 500
Over 5 years	**215,390**	-	**215,390**	216 250	-	216 250
	510,890	**7,365**	**518,255**	365 500	11 555	377 055

25 Related party transactions

The group rents property owned by the ST Piercy Limited 1983 Retirement Benefits Scheme Rental payments were £43,500 *(2009 £43,500)*

The company also rents a property owned by the ST Piercy Limited (MDP2003) Executive Pension Scheme Rental payments were £30,000 *(2009 £8,959)*

Also included in debtors is £55,000 *(2009 £55,000)* owed by the UK Parts Alliance, a company in which Mr MD Piercy is a director