

COMPANY NUMBER 77180



**GEORGE THURLOW AND SONS  
(HOLDINGS) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2006**

# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2006**

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### **Contents**

#### **Page**

	Notice of Meeting
1-3	Report of the Directors
4	Report of the Independent auditors
5-7	Principal accounting policies
8	Consolidated profit and loss account
9	Consolidated statement of changes in equity
10	Consolidated balance sheet
11	Company balance sheet
12	Consolidated cash flow statement
13-24	Notes forming part of the financial statements

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# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2006**

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<b>Company registration number</b>	<b>77180</b>
<b>Registered office</b>	<b>Lisle Lane Ely Cambridgeshire CB7 4AE</b>
<b>Directors</b>	<b>JG Thurlow (Chairman) MA Thurlow SA Tew NJ Titley JR Thurlow GA Drake-Brockman</b>
<b>Secretary</b>	<b>SA Tew</b>
<b>Bankers</b>	<b>National Westminster Bank Plc</b>
<b>Auditors</b>	<b>PKF (UK) LLP Registered Auditors Chartered Accountants</b>

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of the company will be held at 14 00 on 18th July 2007 at Lisle Lane, Ely for the following purposes

- 1 To receive and consider the accounts and reports of the directors and auditors for the year ended 31 December 2006
- 2 To confirm the remuneration of the directors as charged in the accounts
- 3 To receive and consider the directors' recommendation for the final dividend
- 4 To reappoint the auditors and to resolve that their remuneration be fixed by the directors
- 5 To transact any other ordinary business of the company

A member entitled to attend and vote may appoint a proxy to attend and vote on his behalf Such proxy need not be a member of the company

By order of the Board



SA Tew  
Secretary

Lisle Lane  
Ely  
Cambridgeshire  
CB7 4AE

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 December 2006

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The directors present their report together with audited financial statements for the year 31 December 2006

### Principal activities and trading review

The principal activity is that of a holding company providing management services to the group. The principal activities of the subsidiary companies are the distribution of agricultural machinery and motor vehicles including sales, service and parts supply. The group operates from several branches in East Anglia.

We can again report a further increase in turnover, and a most satisfactory trading performance result.

The Agricultural division had a good year with turnover increasing by 5.2% but with increased pressure on margin our gross profit percentage fell from 17.4% to 16.7%. The net profit although down on last year was still a satisfactory result.

The Motor division had a good year with the integration of the businesses bought last year starting to have an effect on the division's profits. As reported last year the Downham Market motor interest continued to perform below expectations as the decision was taken to close the operations, which happened in July 2006. The premises have been taken over by the Agricultural division to trade from.

The current year has started up to our expectations, and the directors feel there are considerable opportunities for improvement in performance from the group.

The directors would like to place on record their thanks to all the staff for their efforts and look to the future with guarded optimism.

### Market value of freehold land and buildings

In the opinion of the directors, the market value of the group and company's freehold land and buildings is likely to exceed the book value of £7,882,000 as shown in the financial statements. In the absence of recent valuations of all of the group and company properties any excess cannot be readily quantified.

### Key Performance Indicators

The Directors consider the following KPI's as important to their business-

#### Financial

Financial	2006	2005
Gross Profit %	15.1%	13.5%
Return on Sales	1.0%	1.1%
Current Ratio	1.143	1.118

The return on Sales shows a decrease due to the losses prior to the closure of the loss making Downham Market motor operations. The improvement in gross profit is encouraging given the competitive market we trade in.

#### Non Financial

The directors are of the opinion that the non financial key performance indicators are employee numbers. The directors are pleased with the performance of the staff and the numbers are 430 (2005 – 370).

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 December 2006

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### Risks and Uncertainties

The Directors have reviewed the business and have identified the key risks to the business as follows-

- The increasingly competitive nature of the Industry
- The recruitment of suitably qualified members of staff
- The Health and Safety risks of the business we operate in

The Directors have reviewed these risks and uncertainties and have put in place the necessary measures, controls and processes to mitigate these risks

### Financial Instruments

The Group's treasury activities are operated within policies and procedures approved by the Board, which include defined controls on the use of financial instruments managing the Company's risk

The Group finances its operations by a mixture of retained profits, cash and the Company seeks to ensure there is short term flexibility by the availability of overdraft facilities

### Directors

The directors of the Company during the year and their interests in the ordinary share capital of the company were-

	£1 ordinary shares fully paid	
	2006	2005
JG Thurlow (Chairman)	21,427	21,427
MA Thurlow	11,500	11,500
SA Tew	3,241	3,241
NJ Titley	3,241	3,241
JR Thurlow	6,701	6,701
GA Drake-Brockman	-	-

In addition to the above interests, at 31 December 2006 JG Thurlow, MA Thurlow, SA Tew, NJ Titley and JR Thurlow had potential interests in a family settlement which held 11,920 shares in the company SA Tew, NJ Titley and JR Thurlow also had potential interest in two other family settlements which together held 15,600 shares

### Employees

The group maintains and develops the involvement of all employees through both formal and informal systems of communication

The group regularly monitors all aspects of its business with regard to requirements and legislation relating to health and safety at work

The group supports the employment of all aspects of disabled people wherever possible, by recruitment, by giving special consideration to retaining those who become disabled during their employment and generally through training, career development and promotion

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 December 2006

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### Directors' responsibilities for the financial statements

The directors are responsible for preparing the annual report and financial statements in accordance with the applicable laws and United Kingdom Generally Accepted Accounting Practice

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Provision of information to auditors

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Auditors

PKF (UK) LLP were appointed as auditors of the company on 12<sup>th</sup> October 2006 and, having expressed their willingness to continue in office, are deemed to be re-elected in accordance with the elective resolutions currently in force.

By order of the Board



SA Tew  
Secretary

Date

6<sup>th</sup> June 2007

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

We have audited the group and parent company financial statements ('the financial statements') of George Thurlow and Sons (Holdings) Ltd 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. The 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

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 have been 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 group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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.

## Opinion

In our opinion the financial statements

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

  
PKF (UK) LLP

Registered auditors

Norwich, UK

Date 7 June 2007



# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2006

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### **BASIS OF PREPARATION**

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

The company has applied the provisions of FRS 8, regarding subsidiaries, and has not shown details of related party transactions with other group companies

The principal accounting policies of the company are set out below

### **TURNOVER**

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT

Contract turnover is recognised over the life of the contract based on its percentage of completion. The group recognises profit where it can be estimated with reasonable certainty. Any losses are recognised in full. This is assessed on a contract by contract basis.

### **BASIS OF CONSOLIDATION**

The group financial statements consolidate the financial statements of Thurlow Nunn (Holdings) Limited and its material subsidiary undertakings.

A separate profit and loss account dealing with the results of the company has not been presented as permitted under Section 230 of the Companies Act 1985.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost, less estimated residual value, of all fixed assets evenly over their expected useful economic lives. The rates generally applicable are:

Freehold buildings	50 years
Leasehold buildings	Over the term of the lease
Plant and equipment, fixtures and fittings	3 to 8 1/3 yrs per annum
Motor vehicles	3 to 5 years

The directors have estimated the cumulative depreciation charge on freehold buildings by considering their cost and residual value. As this amount is not material for the year or cumulatively, the accounts have not been adjusted for the depreciation charge. The depreciation calculation was based upon the above 50 year estimated useful life for freehold buildings.

### **INVESTMENTS**

Fixed asset investments are stated at cost less any provision for diminution in value.

### **INVESTMENT PROPERTY**

In accordance with SSAP 19, investment property is revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment property.

The Companies Act 1985 requires all properties to be depreciated. However this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that as this property is not

# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2006

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held for consumption, but for investment potential, to depreciate it would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to do so

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot readily be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. In the opinion of the directors, any depreciation so charged would not be material to these financial statements.

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:-

Work in progress and finished goods	- Cost of direct materials and labour plus attributable overheads based on normal levels of activity
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Goods for resale	- Purchase cost on a first in first out basis
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Net realisable value is based on estimated selling price less additional costs to completion and disposal.

### **DEFERRED TAXATION**

Deferred taxation is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured using the rates of tax that have been enacted or substantially enacted by the balance sheet date. Deferred taxation balances are not discounted.

### **HIRE PURCHASE AND LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

### **PENSION COSTS**

The group is a participating employer of both the defined contribution and defined benefit schemes jointly operated by the group and other companies. The assets of the schemes are held in separate trustee administered funds.

Regular pension costs for the group are established in accordance with recommendations of an independent actuary and are charged to the group profit and loss account based on the expected pension costs over the employees service lives with the group. The current actuarial deficit is being spread over the remaining service lives. The company is unable to identify its share of the underlying assets and liabilities of the joint scheme and consequently accounts for the pension costs although the scheme is a defined contribution pension scheme.

The group also operates a defined contribution pension scheme. The costs are charged to profit and loss as incurred.

# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2006

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### **GOODWILL**

Goodwill representing the shortfall of the purchase price compared to the fair value of net assets acquired is capitalised. No amortisation has been charged in the year.

**GEORGE THURLOW AND SONS (HOLDINGS) LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
<b>Turnover</b>	1	95,212	78,344
Cost of sales		<u>(80,816)</u>	<u>(67,736)</u>
<b>Gross Profit</b>		14,396	10,608
Administrative expenses		<u>(12,822)</u>	<u>(9,317)</u>
<b>Operating profit</b>	1	1,574	1,291
Profit on sale of freehold property	7	-	2,070
(Loss)/profit on disposal of fixed assets		(39)	25
Exceptional pension contributions		-	(1,000)
Interest receivable		17	9
Interest payable and similar charges	3	<u>(622)</u>	<u>(474)</u>
<b>Profit on ordinary activities before taxation</b>		<u>930</u>	<u>1,921</u>
Tax on profit on ordinary activities	4	<u>(239)</u>	<u>11</u>
<b>Profit on ordinary activities after taxation</b>		691	1,932
Minority interests		<u>(173)</u>	<u>(493)</u>
<b>Profit for the year</b>		<u><u>518</u></u>	<u><u>1,439</u></u>

All amounts relate to continuing activities

There were no recognised gains or losses other than the profit for the year and the loss for the prior year

The notes on pages 13 to 24 form part of these financial accounts

**GEORGE THURLOW AND SONS (HOLDINGS) LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2006

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	Share Capital £'000	Retained reserves £'000	Total shareholders funds £'000
<b>Group</b>			
At 1 January 2006	74	7,140	7,214
Profit for the year	-	518	518
Dividends paid	-	-	-
At 31 December 2006	<u>74</u>	<u>7,658</u>	<u>7,732</u>
<b>Company</b>			
At 1 January 2006	74	1,412	1,486
Profit for the year	-	64	64
Dividends paid	-	-	-
At 31 December 2006	<u>74</u>	<u>1,476</u>	<u>1,550</u>

The notes on pages 13 to 24 form part of these financial statements

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

	Note	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Negative goodwill	9	-	(257)
Tangible assets	10	<u>10,606</u>	<u>10,292</u>
		10,606	10,035
<b>Current assets</b>			
Stocks	12	9,716	8,928
Debtors	13	4,151	3,928
Cash at bank and in hand		<u>141</u>	<u>179</u>
		14,008	13,035
<b>Creditors: amounts falling due within one year</b>	14	(12,247)	(11,033)
<b>Net current assets</b>		<u>1,761</u>	<u>2,002</u>
<b>Total assets less current liabilities</b>		<u>12,367</u>	<u>12,037</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(2,275)	(2,734)
<b>Provision for liabilities and charges</b>	17	(166)	(71)
<b>Net assets</b>		<u>9,926</u>	<u>9,232</u>
<b>Capital and reserves</b>			
Called up share capital	18	74	74
Profit and loss account	19	<u>7,658</u>	<u>7,140</u>
<b>Shareholder's funds</b>		<u>7,832</u>	<u>7,214</u>
Equity minority interests	5	<u>2,194</u>	<u>2,018</u>
		<u>9,926</u>	<u>9,232</u>

All shareholders' funds are attributable to equity interests

The financial statements were approved by the Board of Directors and authorised for issue on

JG Thurlow

Director

The notes on pages 13 to 24 form part of these financial statements

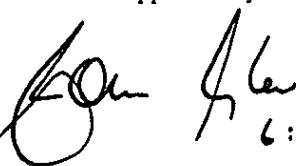
**GEORGE THURLOW AND SONS (HOLDINGS) LIMITED****COMPANY BALANCE SHEET AT 31 DECEMBER 2006**

	Note	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Tangible assets	10	1,475	1,475
Investments	11	<u>158</u>	<u>158</u>
		1,633	1,633
<b>Current assets</b>			
Debtors	13	186	245
Cash at bank and in hand		<u>107</u>	<u>12</u>
		293	257
<b>Creditors: amounts falling due within one year</b>	14	<u>(150)</u>	<u>(135)</u>
<b>Net current assets</b>		143	122
<b>Total assets less current liabilities</b>		<u>1,776</u>	<u>1,755</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(226)</u>	<u>(269)</u>
<b>Net assets</b>		<u>1,550</u>	<u>1,486</u>
<b>Capital and reserves</b>			
Called up share capital	18	74	74
Profit and loss account	19	<u>1,476</u>	<u>1,412</u>
<b>Shareholder's funds</b>	19	<u>1,550</u>	<u>1,486</u>

All shareholders' funds are attributable to equity interests

The financial statements were approved by the Board of Directors and authorised for issue on

JG Thurlow

  
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Director

The notes on pages 13 to 24 form part of these financial statements

**GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>Note</b>	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Net cash inflow from operating activities</b>	<b>22(a)</b>	<b>284</b>	<b>1,703</b>
<b>Exceptional items</b>			
Pension Contributions		-	(1,000)
<b>Returns on investments and servicing of finance</b>			
Interest received		17	9
Interest paid		(621)	(473)
Dividends paid to minority shareholders		(13)	(58)
Interest element of finance lease rentals		(1)	(3)
		<u>(618)</u>	<u>(525)</u>
<b>Taxation</b>			
Corporation tax paid		(120)	(578)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(1,205)	(1,034)
Receipts from sales of tangible fixed assets		94	2,268
		<u>(1,111)</u>	<u>1,234</u>
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings		-	(3,788)
Cash acquired with subsidiary		-	1,507
Sale of shares in subsidiary		17	-
		<u>17</u>	<u>(2,281)</u>
<b>Equity dividend paid</b>		<b>-</b>	<b>(74)</b>
<b>Net Cash outflow before financing</b>		<b>(1,548)</b>	<b>(1,521)</b>
<b>Financing</b>			
Loan advances		1,675	2,500
Loans repaid		(448)	(182)
Capital element of finance lease rentals		(6)	(80)
		<u>1,221</u>	<u>2,238</u>
<b>(Decrease)/Increase in cash</b>		<b>(327)</b>	<b>717</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
		<b>2006 £'000</b>	<b>2005 £'000</b>
(Decrease)/Increase in cash	22(b)	(327)	717
Cash outflow/(inflow) from decrease/(increase) in loans	22(b)	(1,227)	(2,901)
Cash flow from hire purchase and finance lease contracts	22(b)	6	80
Debt obtained on acquisition			(3)
<b>Movement in net debt</b>	22(b)	<b>(1,548)</b>	<b>(2,107)</b>
<b>Net debt at 1 January</b>	22(b)	<b>(7,850)</b>	<b>(5,743)</b>
<b>Net debt at 31 December</b>	22(b)	<b>(9,398)</b>	<b>(7,850)</b>

The notes on pages 13 to 24 form part of these financial statements



# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 1 TURNOVER AND OPERATING PROFIT

Turnover represents one continuing activity and all relates to the United Kingdom

The profit on ordinary activities is stated after

	2006 £'000	2005 £'000
Auditors' remuneration - audit services	70	61
- non audit services	-	64
Depreciation Owned assets	501	422
Loss/(Profit) on sale of fixed assets	39	(25)
Operating lease rentals – plant and machinery	-	6
- other assets	104	163

### 2 AUDITORS' REMUNERATION

	2006 £'000	2005 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	5	5
Fees payable to the company's auditor and its associates in respect of Other service relating to taxation	8	64
All other service	57	56
	70	125

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
On bank loans and overdrafts	367	301
Other loans	254	170
On hire purchase agreements	1	3
	622	474

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Tax on profit on ordinary activities

The tax credit is made up as follows

	2006 £'000	2005 £'000
<b>Current tax:</b>		
UK Corporation tax credit - current year	146	130
- prior year	(2)	(18)
	144	112
Transfer to / (from) deferred taxation – current year	139	(135)
- prior year	(44)	12
<b>Tax credit / (charge) on profit on ordinary activities</b>	<b>239</b>	<b>(11)</b>

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

#### *(b) Factors affecting the current tax charge*

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 30%. The differences are reconciled below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	<u>930</u>	<u>1,921</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	279	576
Income not taxable for tax purposes	-	(599)
Expenses not deductible for tax purposes	7	18
Fixed asset timing differences	(16)	(26)
Other short term timing differences	(108)	161
Difference in tax rates etc	(16)	-
Adjustments in respect of previous periods	<u>(2)</u>	<u>-</u>
Total current tax credit	<u>144</u>	<u>130</u>

### 5 MINORITY INTEREST

	2006 £'000	2005 £'000
Minority interests comprised		
Thurlow Nunn (Holdings) Limited	2,171	2,018
Thurlow Nunn (JV) Limited	<u>23</u>	<u>-</u>
	<u>2,194</u>	<u>2,018</u>

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 6 DIRECTORS AND EMPLOYEES

#### Group

Staff costs during the year were as follows

	2006 £'000	2005 £'000
Wages and salaries	8,299	7,440
Social security costs	762	642
Other pension costs	494	1,455
	<u>9,555</u>	<u>9,537</u>

The average number of employees of the group during the year were as follows

	2006	2005
Sales and service	285	287
Office and management	151	89
	<u>436</u>	<u>376</u>

Directors emoluments consist of

	2006 £'000	2005 £'000
Directors remuneration (including benefits in kind)	178	159
Contributions to pension scheme	9	19
	<u>187</u>	<u>178</u>

Highest paid director's emoluments consist of

	2006	2005
Emoluments	98	75
Company contributions to pension scheme	-	-
	<u>98</u>	<u>75</u>

During the year, contributions were paid to the group's defined benefit pension scheme in respect of 3 (2006 4) directors

The highest paid director has, no accrued pension benefits in the group's pension schemes

#### Company

Staff costs during the year were as follows

	2006 £'000	2005 £'000
Wages and salaries	137	131
Social security costs	14	12
Other pension costs	12	22
	<u>163</u>	<u>165</u>

The average number of employees of the company during the year were as follows

	2006	2005
Sales and service	-	-
Office and management	6	6
	<u>6</u>	<u>6</u>

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

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During the year, contributions were paid to the group's defined benefit pension scheme in respect of 3 (2006: 4) directors

The highest paid director has no accrued pension benefits in the group's pension schemes

### 7 PROFIT ON SALE OF FREEHOLD PROPERTY

During the previous year the group disposed of freehold land and buildings with a net book value of £128,000 for proceeds of £2.2m. These proceeds were fully collected in the previous year and were included within receipts for the sale of fixed assets. The element of the profit attributable to minority interests amounted to £516,000.

### 8 DIVIDENDS

	2006 £'000	2005 £'000
Ordinary dividend paid at £nil (2005 £1.00) per share	-	74

On 10<sup>th</sup> April 2007 the Board proposed and paid a dividend amounting to £36,815

### 9 NEGATIVE GOODWILL

	Total £'000
<i>Cost</i>	
At 1 January 2006	(257)
Additions	-
Disposals	257
At 31 December 2006	-
<i>Amortisation</i>	
At 1 January 2006	-
Provided in the year	-
At 31 December 2006	-
Net book amount at 31 December 2006	-
Net book amount at 31 December 2005	(257)

In accordance with FRS 7 the directors have decided that the fair value of the assets acquired during 2005 giving rise to negative goodwill requires amendment. The corresponding adjustment has been made to goodwill and to freehold and leasehold property in the current year.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 10 TANGIBLE FIXED ASSETS

Group	Investment Property £'000	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant, equipment, fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
<i>Cost</i>						
At 1 January 2006	939	7,338	607	3,340	843	13,067
Additions	-	532	-	443	230	1,205
Reclassifications	-	341	(341)	-	-	-
Disposals	-	-	-	(197)	(155)	(352)
Fair value adjustment (see note 9)	-	(123)	(134)	-	-	(257)
At 31 December 2006	939	8,088	132	3,586	918	13,663
<i>Depreciation</i>						
At 1 January 2006	-	206	20	2,125	424	2,775
Provided in the year	-	-	12	322	167	501
Disposals	-	-	-	(140)	(79)	(219)
At 31 December 2006	-	206	32	2,307	512	3,057
<i>Net book value</i>						
At 31 December 2006	939	7,882	100	1,279	406	10,606
At 31 December 2005	939	7,132	587	1,215	419	10,292

The net book value of tangible fixed assets includes an amount of £97,000 (2005 £128,000) in respect of assets held under hire purchase contracts. The related depreciation charge for the year was £24,000 (2005 £22,000).

Company	Investment property £'000	Freehold land and buildings £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>				
At 1 January 2006	939	530	12	1,481
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2006	939	530	12	1,481
<i>Depreciation</i>				
At 1 January 2006	-	-	6	6
Provided in the year	-	-	-	-
Disposals	-	-	-	-
At 31 December 2006	-	-	6	6
<i>Net book amount at 31 December 2006</i>	939	530	6	1,475
<i>Net book amount at 31 December 2005</i>	939	530	6	1,475

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 11 FIXED ASSET INVESTMENTS

Company	2006 £'000	2005 £'000
Shares in subsidiary undertakings		
<i>Cost and net book value</i>		
At 1 January 2006 and 31 December 2006	<u>158</u>	<u>158</u>

The following were subsidiary undertakings at the year end which have been consolidated in accordance with Section 229 of the Companies Act 1985

Name	Country of incorporation	Proportion of ordinary shares	Capital and reserves	Nature of business
Thurlow Nunn (Holdings) Limited	England	75.06%	8,621	Agricultural machinery and motor vehicle distribution
Thurlow Nunn Standen Limited	England	100%	562	Agricultural machinery distribution
Thurlow Nunn (Motor Vehicles) Limited	England	100%	100	Dormant
WS East Anglia Limited	England	100%	3,256	Dormant
Thurlow Nunn (JV) Limited	England	99%	2,309	Motor Vehicle distributors

### 12 STOCKS

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
Work in Progress	87	-	46	-
Finished Goods	9,597	-	8,619	-
Consignment stock	32	-	263	-
	<u>9,716</u>	<u>-</u>	<u>8,928</u>	<u>-</u>

Consignment vehicles included in the balance sheet relate to categories of stock where allocation has in principle been made to the customer order. All other consignment vehicles are available for allocation to other Vauxhall retailers.

In the opinion of the directors, the replacement value of stocks at 31 December 2006 was not significantly different from their book value at that date.

# **GEORGE THURLOW AND SONS (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2006

### **13 DEBTORS**

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
Trade debtors	3,452	-	3,038	-
Other debtors	446	16	458	28
Corporation tax recoverable	-	-	81	-
Prepayments and accrued income	251	-	351	-
Amounts owed from related companies (note 21)	2	-	-	-
Amounts owed from group companies (note 21)	-	170	-	217
	<u>4,151</u>	<u>186</u>	<u>3,928</u>	<u>245</u>

Included in other debtors are loans made to a company director of £15,500 (2005 £25,500) see note 21

### **14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
Other loans	149	-	141	-
Bank loans	1,285	43	1,308	31
Bank overdrafts (note 15)	1,092	-	803	-
Obligations under hire purchase contracts (note 16)	25	-	5	-
Trade creditors	3,159	-	3,891	-
Stocking plan creditors	4,713	-	3,038	-
Amounts owed to connected entities (note 21)	212	52	117	53
Corporation tax	146	8	203	-
Other taxes and social security costs	643	8	608	14
Other creditors	-	-	67	-
Accruals and deferred income	823	39	852	37
	<u>12,247</u>	<u>150</u>	<u>11,033</u>	<u>135</u>

Stocking plan creditors represent amounts advanced to finance purchase of goods for resale. The finance is secured on the underlying asset and is repayable subject to the terms of the agreement. The agreements in effect at the year end include full repayment on settlement, repayment by instalments and repayment on a predetermined date.

### **15 CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR**

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
Other loans	959	-	1,109	-
Bank loans	1,316	226	1,599	269
Obligations under hire purchase contracts (note 16)	-	-	26	-
Amounts owed to group undertakings	-	-	-	-
	<u>2,275</u>	<u>226</u>	<u>2,734</u>	<u>269</u>

The bank overdrafts, bank loans and other loans are secured by a charge on certain freehold properties of the group and company and by a debenture over all the assets of the trading subsidiaries. The loans are repayable over seven years and bear interest at 7.47% and 5.75% per annum.

**GEORGE THURLOW AND SONS (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2006

**15 CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR (CONTINUED)**

The bank loans fall due as follows

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
One to two years	246	43	273	38
Two to five years	824	128	775	127
More than five years	246	55	551	104
	<u>1,316</u>	<u>226</u>	<u>1,599</u>	<u>269</u>
Less than one year	1,285	43	1,308	31
	<u>2,601</u>	<u>269</u>	<u>2,907</u>	<u>300</u>

The other loans fall due as follows

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
One to two years	158	-	149	-
Two to five years	530	-	506	-
More than five years	271	-	454	-
	<u>959</u>	<u>-</u>	<u>1,109</u>	<u>-</u>
Less than one year	149	-	141	-
	<u>1,108</u>	<u>-</u>	<u>1,250</u>	<u>-</u>

**16 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS**

The obligations under finance leases and hire purchase contracts are secured on the underlying assets and the amounts due as follows-

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
One to two years	-	-	26	-
Two to five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>
Less than one year	25	-	5	4
	<u>25</u>	<u>-</u>	<u>31</u>	<u>4</u>

**17 DEFERRED TAX**

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
Balance at 1 January	71	-	151	-
(Credit)/charge to profit and loss	95	-	(123)	-
Acquisition of subsidiary	-	-	43	-
	<u>166</u>	<u>-</u>	<u>71</u>	<u>-</u>
Deferred taxation				
Accelerated capital allowances	213	-	233	-
Other timing differences	(47)	-	(162)	-
	<u>166</u>	<u>-</u>	<u>71</u>	<u>-</u>



# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 18 SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised ordinary shares of £1 each	<u>75</u>	<u>75</u>
Allotted called up and fully paid ordinary shares of £1 each	<u>74</u>	<u>74</u>

### 19 RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

Group	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2005	74	5,775	5,849
Retained profit for the year	-	1,439	1,439
Dividends paid	-	(74)	(74)
Balance at 1 January 2006	<u>74</u>	<u>7,140</u>	<u>7,214</u>
Retained profit for the year	-	518	518
Dividends paid	-	-	-
Balance at 31 December 2006	<u>74</u>	<u>7,658</u>	<u>7,732</u>

Company	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2005	74	1,260	1,334
Retained profit for the year	-	226	226
Dividends paid	-	(74)	(74)
Balance at 1 January 2006	<u>74</u>	<u>1,412</u>	<u>1,486</u>
Retained profit for the year	-	64	64
Dividends paid	-	-	-
Balance at 31 December 2006	<u>74</u>	<u>1,476</u>	<u>1,550</u>

The profit for the parent company after taxation was £64,000 (2005 – £226,000)

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

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### 20 PENSIONS

The company is a participating employer of both the defined contribution and defined benefit schemes jointly operated by the group and other companies. The assets of the schemes are held in separate trustee administered funds.

The pension cost of the defined benefit scheme is assessed in accordance with the advice of a professionally qualified actuary and the most recent actuarial valuation was carried out as at 6 April 2005. Details of the valuation are as follows:-

Method Used	Attained Age
Main assumptions	
Return on investments	6% per annum
Increase in earnings	4% per annum
Market value on scheme assets at last valuation date	£8,527,000
Level of funding on an ongoing basis	68%

The scheme was closed to new members in 1994 and the cost as a percentage of the related pensionable payroll will tend to increase as the average age of the membership rises. The actuary has recommended that the employers' contributions remain at 27.1% together with a contribution of £32,000 per month for the period to 30 September 2014 to account for the minimum funding requirements. The company's share of the contributions has been made on this basis.

As disclosed in the accounting policies, the company is unable to identify its share of the underlying assets and liabilities of the joint scheme and consequently accounts for the pension costs as though the scheme is a defined contribution scheme.

The pension cost of the defined contribution scheme represents the contributions payable for the year.

The pension charge for both schemes for the year was £494,000 (2005 £1,455,000). No contributions were outstanding at the period end.

Since it is not possible to separately identify the proportion of the overall deficit of the group's defined benefit scheme that relates to the company, no FRS17 disclosures have been made in these financial statements. This is in accordance with the exemption under FRS17 relating to multi-employer schemes.

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose related party transactions which occurred during the year with other group companies included in the group's consolidated financial statement

Included in other debtors are loans made to the following directors, JG Thurlow £15,500 (2005 £25,500) The maximum amount outstanding during the year was £25,500 During the year £10,000 was written off the loan to JG Thurlow

At 31<sup>st</sup> December 2006, the company had the following balances with related parties

	2006 Group £'000	2006 Company £'000	2005 Group £'000	2005 Company £'000
Amounts owed to connected entity (note 13)				
Balsham Buildings Limited	212	52	117	53

During the period the company entered into the following arrangements with connected undertakings

- Rent received from Balsham (Buildings) Limited of £75,200 (2005 £76,400)
- Management charge received from Balsham (Buildings) Limited of £60,000 (2005 £60,000)
- Purchase of building supplies from Balsham (Buildings) Limited of £716,825 (2005 £108,000)
- Sales of motor vehicles, parts and repairs to Balsham (Buildings) Limited of £53,250 (2005 £64,000)

Balsham (Buildings) Limited is under the control of Mr JG Thurlow and members of his close family Mr JG Thurlow is also a director of the company

The company and the group were under the control of Mr JG Thurlow, a director and members of his close family, throughout the year and the previous year

### 22 NOTES TO CASHFLOW STATMENT

(a) Reconciliation of operating profits to net cash inflow from operating activities

	2006 £'000	2005 £'000
Operating profit after exceptional items	1,573	1,291
Depreciation of tangible fixed assets	501	422
(Increase) in debtors	(304)	(51)
(Increase) in stocks	(788)	(400)
(Decrease)/Increase in creditors	(698)	441
Net cash inflow from operating activities	284	1,703

# GEORGE THURLOW AND SONS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 22 NOTES TO CASH FLOW STATEMENT (CONTINUED)

#### *(b) Analysis of net debt*

	At 1 January 2006 £'000	Cash flow £'000	At 31 December 2006 £'000
Cash at bank and in hand	179	(38)	141
Bank overdrafts	(803)	(289)	(1,092)
Cash	(624)	(327)	(951)
Loans due less than one year	(1,449)	15	(1,434)
Loans due after than one year	(2,708)	433	(2,275)
Vehicle stocking loans	(3,038)	(1,675)	(4,713)
Hire purchase and finance lease contracts	(31)	6	(25)
	(7,226)	(1,221)	(8,447)
	(7,850)	(1,548)	(9,398)

### 23 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2006 (2005 – nil)

### 24 CONTINGENT LIABILITIES

#### Bank Security

The company's bankers hold a corporate guarantee that encompasses all borrowing owed to the bank, by Thurlow Nunn (Holdings) Limited, Thurlow Nunn Standen Limited, Thurlow Nunn (Holdings) Limited, Thurlow Nunn (Motor Vehicles) Limited, Thurlow Nunn (JV) Limited and WS East Anglia Limited. At 31 December 2006 the total borrowings of the group companies amounted to £3,424,000 (2005 £2,673,000)

#### Vat group registration

The company together with Thurlow Nunn Standen Limited, Thurlow Nunn (Holdings) Limited, Thurlow Nunn (Motor Vehicles) Limited, Thurlow Nunn (JV) Limited and WS East Anglia Limited form a VAT group. All companies concerned are jointly and severally liable for the VAT liabilities of other group members. At 31 December 2006 £293,000 (2005 £94,000) was payable to HM Revenue and Customs from other group companies.

### 25 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

Group	2006 Land and buildings £'000	2005 Land and buildings £'000
<i>Operating leases which expire</i>		
Within one year	56	23
In two to five years	30	-
In over five years	18	80
	104	103

**GEORGE THURLOW AND SONS (HOLDINGS) LIMITED****DETAILED TRADING PROFIT AND LOSS ACCOUNT**

For the year / \_\_\_\_\_ ended 31 December 2006

	<b>2006</b>	<b>2005</b>
	<b>£000's</b>	<b>£000's</b>
<b>Income</b>		
Management charges	<b>190</b>	197
Rent received	<b>76</b>	76
	<b>266</b>	273
<b>Overheads</b>		
Directors' remuneration	<b>174</b>	172
Salaries		12
Audit	<b>6</b>	4
Consultants fees	<b>15</b>	1
Professional fees		6
Insurance		4
Sundries	<b>5</b>	3
Loan write off	<b>10</b>	10
Profit on sale of fixed assets		(8)
	<b>210</b>	204
<b>Operating profit</b>	<b>56</b>	69
Interest payable	<b>(15)</b>	(19)
Interest receivable	-	2
Dividends from subsidiaries	<b>41</b>	174
<b>Profit before taxation</b>	<b>82</b>	226

**THIS PAGE DOES NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS**