

Company Registration No. 371924 (England and Wales)

HORNERS ECCLES LIMITED
ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2005



HORNERS ECCLES LIMITED

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HORNERS ECCLES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2005

The directors present their report and financial statements for the period ended 30 June 2005.

Principal activities and review of the business

The principal activity of the company during the period was the supply, service and repair of new and used motor vehicles.

The company ceased to trade on 30 April 2005.

In April 2005, the directors took the decision to cease trading. The company's assets and liabilities were transferred to fellow subsidiary companies and the property is now held for sale. The losses incurred as a result of the collapse of Rover and the re-organisation in the group are shown as exceptional items on the face of the profit and loss account. The company attempted wherever possible to avoid redundancies by transferring employees to other group companies but, despite this, redundancy costs of £46,295 were incurred.

Results and dividends

The results for the period are set out on page 4.

The company's net loss for the period after taxation was £111,397.

No dividends were proposed in the period, and the retained loss was deducted from reserves.

Directors

The following directors have held office since 1 January 2004:

J R Haytack	
J T Kerr	(Resigned 17 December 2004)
P Sewell	
N G Pilling	(Resigned 1 July 2005)
P G Maguire	(Resigned 12 May 2005)
S P Deen	(Appointed 17 December 2004)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 June 2005	1 January 2004
J R Haytack	-	-
P Sewell	-	-
N G Pilling	-	-
S P Deen	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Pierce C.A. Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

HORNERS ECCLES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

Directors' responsibilities

Company law 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;
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



J R Haytack

Director

25 April 2006

HORNERS ECCLES LIMITED

INDEPENDENT AUDITORS' REPORT TO HORNERS ECCLES LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of the company for the period ended 30 June 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with that provision.



Pierce C.A. Limited

Pierce C.A. Limited

25 April 2006

Registered Auditor

Mentor House
Ainsworth Street
Blackburn
Lancashire
BB1 6AY

HORNERS ECCLES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2005

	Notes	Period ended 30 June 2005 £	31 December 2003 £
Gross profit		1,084,666	983,400
Administrative expenses		(1,055,022)	(808,490)
Operating profit	3	29,644	174,910
Costs of fundamental re-organisation	3	(46,295)	-
		(46,295)	-
(Loss)/profit on ordinary activities before interest		(16,651)	174,910
Other interest receivable and similar income		-	34,643
Interest payable and similar charges	5	(132,424)	(62,589)
(Loss)/profit on ordinary activities before taxation		(149,075)	146,964
Tax on (loss)/profit on ordinary activities	6	37,678	(42,761)
(Loss)/profit on ordinary activities after taxation		(111,397)	104,203
Dividends	7	-	(104,203)
Retained loss for the period	15	(111,397)	-

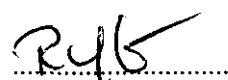
HORNERS ECCLES LIMITED

ABBREVIATED BALANCE SHEET AS AT 30 JUNE 2005

	Notes	2005 £	£	2003 £	£
Fixed assets					
Tangible assets	8		28,761		1,389,205
Current assets					
Stocks	9	1,140,000		2,307,783	
Debtors	10	538,795		864,808	
Cash at bank and in hand		309,063		80	
		<u>1,987,858</u>		<u>3,172,671</u>	
Creditors: amounts falling due within one year	11	<u>(734,214)</u>		<u>(2,913,929)</u>	
Net current assets			1,253,644		258,742
Total assets less current liabilities			<u>1,282,405</u>		<u>1,647,947</u>
Creditors: amounts falling due after more than one year	12		(404,445)		(429,922)
Provisions for liabilities and charges	13		<u>(4,409)</u>		<u>(4,409)</u>
			<u>873,551</u>		<u>1,213,616</u>
Capital and reserves					
Called up share capital	14		11,252		11,252
Share premium account	15		155,062		155,062
Revaluation reserve	15		660,485		889,153
Profit and loss account	15		46,752		158,149
Shareholders' funds - equity interests	16		<u>873,551</u>		<u>1,213,616</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 25 April 2006



J R Haytack
Director

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that the cash flows are included in the group cash flow statement.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	No depreciation provided
Plant and machinery	3, 5 & 7 years straight line
Fixtures, fittings & equipment	3, 5 & 7 years straight line

No depreciation is provided in respect of the freehold property as, since it is now held for sale, the property is held at its expected sales proceeds. Historically no depreciation was provided as any charge was deemed to be immaterial.

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

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

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

2 Cost of sales and net operating expenses

	2005			2003		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	-	16,512,715	16,512,715	-	10,758,367	10,758,367
Administrative expenses	-	1,055,022	1,055,022	-	808,490	808,490
Other operating income	-	(111,493)	(111,493)	-	(90,715)	(90,715)
	-	17,456,244	17,456,244	-	11,476,142	11,476,142

3 Operating profit

	2005	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	28,907	16,997
Operating lease rentals	15,016	10,637
Auditors' remuneration	-	6,040

4 Investment income

	2005	2003
	£	£
Other interest	-	34,643

5 Interest payable

	2005	2003
	£	£
On amounts payable to group companies	70,063	36,969
On bank loans and overdrafts	2,416	2,840
On loans repayable after five years	58,963	22,044
Hire purchase interest	982	736
	132,424	62,589

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

6	Taxation	2005 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	(37,330)	37,679
	Adjustment for prior years	(348)	1,171
	Current tax charge	<u>(37,678)</u>	<u>38,850</u>
	Deferred tax		
	Deferred tax charge/credit current year	-	3,911
		<u>(37,678)</u>	<u>42,761</u>
	Factors affecting the tax charge for the period		
	(Loss)/profit on ordinary activities before taxation	<u>(149,075)</u>	<u>146,964</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	<u>(44,723)</u>	<u>44,089</u>
	Effects of:		
	Non deductible expenses	1,200	-
	Depreciation add back	8,673	5,099
	Capital allowances	(10,672)	(10,006)
	Tax losses utilised	37,330	-
	Adjustments to previous periods	(348)	1,171
	Other tax adjustments	(29,138)	(1,503)
		<u>7,045</u>	<u>(5,239)</u>
	Current tax charge	<u>(37,678)</u>	<u>38,850</u>

The corporation tax credit for the period includes an amount of £14,000 arising from exceptional costs of fundamental reorganisation.

The corporation tax liability for the previous year includes £23,000 which related to exceptional items.

7	Dividends	2005 £	2003 £
	Ordinary final proposed	<u>-</u>	<u>104,203</u>

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 January 2004	1,285,000	65,779	165,081	1,515,860
Additions	29,109	-	8,022	37,131
Revaluation	(228,668)	-	-	(228,668)
Disposals	(1,085,441)	-	(173,103)	(1,258,544)
At 30 June 2005	-	65,779	-	65,779
Depreciation				
At 1 January 2004	-	29,791	96,864	126,655
On disposals	-	-	(118,544)	(118,544)
Charge for the period	-	7,227	21,680	28,907
At 30 June 2005	-	37,018	-	37,018
Net book value				
At 30 June 2005	-	28,761	-	28,761
At 31 December 2003	1,285,000	35,988	68,217	1,389,205

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 January 2004	396,496
Additions	29,109
At 30 June 2005	425,605
Depreciation based on cost	
At 1 January 2004	-
Charge for the period	-
At 30 June 2005	-
Net book value	
At 30 June 2005	425,605
At 31 December 2003	396,496

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

8 Tangible fixed assets (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment £
Net book values	
At 30 June 2005	-
At 31 December 2003	2,691
Depreciation charge for the period	
At 30 June 2005	-
At 31 December 2003	5,892

9 Stocks	2005 £	2003 £
Finished goods and goods for resale	1,140,000	2,307,783

Stocks at 30 June 2005 relate to the company's freehold premises and fixtures and fittings held for resale.

The prior year figure relates to vehicles and parts stocks.

10 Debtors	2005 £	2003 £
Trade debtors	137,730	194,686
Amounts owed by parent and fellow subsidiary undertakings	261,869	392,137
Amounts owed by subsidiary undertakings	-	92,236
Corporation tax	37,330	-
Called up share capital not paid	-	46,231
Other debtors	56,301	81,287
Prepayments and accrued income	45,565	58,231
	538,795	864,808

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

11 Creditors: amounts falling due within one year	2005 £	2003 £
Bank loans and overdrafts	-	275,632
Net obligations under hire purchase contracts	875	3,746
Trade creditors	299,690	2,336,990
Amounts owed to parent and fellow subsidiary undertakings	56,332	-
Corporation tax	-	37,679
Other taxes and social security costs	279,211	71,455
Other creditors	31,464	31,464
Accruals and deferred income	66,642	52,760
Proposed dividend	-	104,203
	<u>734,214</u>	<u>2,913,929</u>

The company's bankers hold, as security for bank borrowings, a debenture and cross guarantee over all of the company's and the group assets, subject to a deed of priority limited to £3,100,000 over motor vehicles in favour of Capital Bank Limited.

Other creditors relate to advances provided from Bank of Scotland Plc secured by a first legal charge on the company's freehold land and buildings.

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

12 Creditors: amounts falling due after more than one year	2005 £	2003 £
Other loans	404,445	427,425
Net obligations under hire purchase contracts	-	2,497
	<u>404,445</u>	<u>429,922</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Property loan	435,909	458,889
	<u>435,909</u>	<u>458,889</u>
Included in current liabilities	(31,464)	(31,464)
	<u>404,445</u>	<u>427,425</u>
Instalments not due within five years	<u>278,589</u>	<u>301,569</u>
Loan maturity analysis		
In more than one year but not more than two years	31,464	31,464
In more than two years but not more than five years	94,392	94,392
In more than five years	<u>278,589</u>	<u>301,569</u>
Net obligations under hire purchase contracts		
Repayable within one year	875	3,746
Repayable between one and five years	-	2,497
	<u>875</u>	<u>6,243</u>
Included in liabilities falling due within one year	(875)	(3,746)
	<u>-</u>	<u>2,497</u>

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2004 & at 30 June 2005	4,409

The deferred tax liability is made up as follows:

	2005 £	2003 £
Accelerated capital allowances	4,409	4,409

14 Share capital

	2005 £	2003 £
Authorised		
11,500 Ordinary shares of £1 each	11,500	11,500
Allotted, called up and fully paid		
11,252 Ordinary shares of £1 each	11,252	11,252

15 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2004	155,062	889,153	158,149
Retained loss for the period	-	-	(111,397)
Revaluation during the period	-	(228,668)	-
Balance at 30 June 2005	155,062	660,485	46,752

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

16 Reconciliation of movements in shareholders' funds	2005 £	2003 £
(Loss)/Profit for the financial period	(111,397)	104,203
Dividends	-	(104,203)
	<u>(111,397)</u>	<u>-</u>
Other recognised gains and losses	(228,668)	528,668
	<u>(340,065)</u>	<u>528,668</u>
Net (depletion in)/addition to shareholders' funds	(340,065)	528,668
Opening shareholders' funds	1,213,616	684,948
	<u>873,551</u>	<u>1,213,616</u>
Closing shareholders' funds	<u>873,551</u>	<u>1,213,616</u>

17 Contingent liabilities

The company has provided a floating charge over unencumbered new and used car stocks to Capital Bank Limited to secure advances of £2,177,083 provided to the immediate parent company.

The company has provided a cross guarantee to Bank of Scotland Plc in respect of the borrowings provided to the company's immediate parent company, HMG Commercial Limited, subject to the group's overdraft facility of £3,800,000.

18 Financial commitments

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2003 £
Expiry date:		
Between two and five years	-	6,549
	<u>-</u>	<u>6,549</u>

19 Directors' emoluments

	2005 £	2003 £
Emoluments for qualifying services	175,449	92,398
	<u>175,449</u>	<u>92,398</u>

HORNERS ECCLES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

20 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2005 Number	2003 Number
Management and administration	21	23
Sales and production	17	17
	<u>38</u>	<u>40</u>

Employment costs

	£	£
Wages and salaries	1,046,407	743,452
Social security costs	117,069	83,657
	<u>1,163,476</u>	<u>827,109</u>

21 Ultimate parent company

The company's ultimate parent company is Horners Motor Group Limited, a company registered in England and Wales.

The company's immediate parent company is HMG Commercial Limited, a company registered in England and Wales.

22 Post balance sheet events

Subsequent to the period end the company's property at Wellington Road, Eccles was sold for the price of £1,140,000.