

**M.V.R.A. Limited**  
**Financial Statements**  
**For**  
**The Year Ended 31 March 2006**

**Company Registration Number 2318881**



**BEEVER AND STRUTHERS**  
Chartered Accountants & Registered Auditors  
St. George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE

**M.V.R.A. Limited**  
**Financial Statements**  
**Year Ended 31 March 2006**

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**M.V.R.A. Limited**  
**Officers and Professional Advisers**

**The Board of Directors**

M J Monaghan  
J Ralph  
A Bond

**Company Secretary**

M J Monaghan

**Registered Office**

Glenfield Business Park  
Philips Road  
Blackburn  
Lancashire  
BB1 5QH

**Auditor**

Beever and Struthers  
Chartered Accountants  
& Registered Auditors  
St. George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE

**Bankers**

National Westminster Bank Plc  
2 High Street  
Windermere  
Cumbria  
LA23 1WY

**Solicitors**

Brabners Chaffe Street  
Brook House  
77 Fountain Street  
Manchester  
M2 2EE

**M.V.R.A. Limited**  
**The Directors' Report**  
**Year Ended 31 March 2006**

The directors present their report and the financial statements of the company for the year ended 31 March 2006.

**Principal Activity and Business Review**

The principal activity of the company during the period was that of the provision of an organisational body to promote and protect individual repair workshops within the motor trade.

**Results and Dividends**

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

**Chief Executive's Review**

It is pleasing to report that MVRA's results for this financial year have begun to show the anticipated turnaround and business improvements that we expected. We have successfully managed to achieve this change whilst continuing to invest in people and technology. New business contracts and revenues have been secured and the business plan is now achieving those milestones.

Our market place continues to present both challenges and opportunities. One alarming statistic is the continuing trend in the falling number of insurance claims and repairs. This is due to a number of market trends, such as higher excess payments and only essential repairs being carried out, particularly in the fleet sector. This is an area under close monitoring as it affects accident management derived revenues. Our business model is designed to create and capture more of the opportunities in the market place by using our current strengths and skills.

New revenues commencing in the second half of 2006 will see the most substantial change to our future profitability. It is particularly pleasing to see not only growth in our Accident Management sector but also in our original and core business of Trade Body Membership numbers.

Both I and our shareholders are satisfied and optimistic about the future for MVRA and its financial performance.

**M.V.R.A. Limited**  
**The Directors' Report** *(continued)*  
**Year Ended 31 March 2006**

**The Directors and their Interests in the Shares of the Company**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		<b>Ordinary Shares of £1 each</b>	
		<b>At</b>	<b>At</b>
		<b>31 March 2006</b>	<b>1 April 2005 or later date of appointment</b>
M J Monaghan		-	-
J Ralph		-	-
A Bond	(Appointed 6 June 2005)	-	-
		<hr/>	<hr/>

M J Monaghan is a shareholder in M.V.R.A. Holdings Limited. This shareholding is disclosed in the financial statements of that company.

**Directors' Responsibilities**

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

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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 12 to 13, and then apply them consistently;

**M.V.R.A. Limited**  
**The Directors' Report** *(continued)*  
**Year Ended 31 March 2006**

make judgements and estimates that are reasonable and prudent; and

- 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 that 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. The directors 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.

In so far as the directors are aware:

- 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.

**Donations**

During the year the company made the following contributions:

	Year to 31 March 2006	Period from 1 October 2003 to 31 March 2005
	£	£
Charitable	<u>395</u>	<u>488</u>

**Auditor**

A resolution to re-appoint Beever and Struthers as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**M.V.R.A. Limited**

**The Directors' Report** *(continued)*

**Year Ended 31 March 2006**

Registered office:  
Glenfield Business Park  
Philips Road  
Blackburn  
Lancashire  
BB1 5QH

Signed on behalf of the directors

A Bond  
Director

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a long horizontal stroke.

Approved by the directors on 31 July 2006

**M.V.R.A. Limited**  
**Independent Auditor's Report to the Shareholder of**  
**M.V.R.A. Limited**  
**Year Ended 31 March 2006**

We have audited the financial statements of M.V.R.A. Limited for the year ended 31 March 2006 on pages 8 to 22 which have been prepared on the basis of the accounting policies set out on pages 12 to 13.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Directors and Auditor**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



# **M.V.R.A. Limited**

## **Independent Auditor's Report to the Shareholder of M.V.R.A. Limited *(continued)***

**Year Ended 31 March 2006**

The financial statements have been prepared on the going concern basis, the validity of which depends upon the continued support of the company's invoice discount providers as explained in note 1 to the financial statements. Our opinion is not qualified in this respect.

### **Opinion**

*In our opinion:*

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Beever and Struthers*

**BEEVER AND STRUTHERS**  
Chartered Accountants  
& Registered Auditors

St. George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE

31 July 2006

**M.V.R.A. Limited**  
**Profit and Loss Account**  
**Year Ended 31 March 2006**

	Note	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
<b>Turnover</b>	2	10,381,990	24,169,526
Cost of sales		<u>9,233,080</u>	<u>22,858,533</u>
<b>Gross profit</b>		<b>1,148,910</b>	<b>1,310,993</b>
Administrative expenses		<u>1,286,317</u>	<u>1,623,760</u>
<b>Operating loss</b>	3	<b>(137,407)</b>	<b>(312,767)</b>
Interest receivable		3,361	3,241
Interest payable and similar charges	6	<u>(8,650)</u>	<u>(4,673)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(142,696)</b>	<b>(314,199)</b>
Tax on loss on ordinary activities	7	—	(15,249)
<b>Loss for the financial year</b>		<b><u>(142,696)</u></b>	<b><u>(298,950)</u></b>

All of the activities of the company are classed as continuing.

The notes on pages 12 to 22 form part of these financial statements.

# M.V.R.A. Limited

## Statement of Total Recognised Gains and Losses

Year Ended 31 March 2006

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Loss for the financial year attributable to the shareholder	(142,696)	(298,950)
Total recognised gains and losses relating to the year	<u>(142,696)</u>	<u>(298,950)</u>
Prior year adjustment (see note 8)	<u>-</u>	<u>(480,823)</u>
Total gains and losses recognised since the last annual report	<u>(142,696)</u>	<u>(779,773)</u>

The notes on pages 12 to 22 form part of these financial statements.

# M.V.R.A. Limited

## Balance Sheet

31 March 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	9	157,688	253,009
<b>Current assets</b>			
Debtors	10	1,435,571	1,924,676
Cash at bank and in hand		<u>45,898</u>	<u>252,809</u>
		1,481,469	2,177,485
<b>Creditors: Amounts Falling due Within One Year</b>	11	<u>2,402,569</u>	<u>2,992,436</u>
<b>Net current liabilities</b>		(921,100)	(814,951)
<b>Total assets less current liabilities</b>		(763,412)	(561,942)
<b>Creditors: Amounts Falling due after More than One Year</b>	12	<u>59,741</u>	<u>118,515</u>
		<u>(823,153)</u>	<u>(680,457)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	16	123,500	123,500
Profit and loss account	17	<u>(946,653)</u>	<u>(803,957)</u>
<b>Deficit</b>	18	<u>(823,153)</u>	<u>(680,457)</u>

These financial statements were approved by the directors on the 31 July 2006 and are signed on their behalf by:

  
M Monaghan  
Director

  
J Ralph  
Director

  
A Bond  
Director

The notes on pages 12 to 22 form part of these financial statements.

**M.V.R.A. Limited**  
**Cash Flow Statement**  
**Year Ended 31 March 2006**

		Year to 31 Mar 06		Period from 1 Oct 03 to 31 Mar 05	
	Note	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	19		(232,319)		338,287
<b>Returns on investments and servicing of finance</b>	19		(5,289)		(1,432)
<b>Taxation</b>	19		15,249		—
<b>Capital expenditure and financial investment</b>	19		(10,112)		(189,450)
<b>Cash (outflow)/inflow before financing</b>			(232,471)		147,405
<b>Financing</b>	19		(72,044)		38,083
<b>(Decrease)/increase in cash</b>	19		<u>(304,515)</u>		<u>185,488</u>

The notes on pages 12 to 22 form part of these financial statements.

**M.V.R.A. Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2006**

**1. Accounting Policies**

**Basis of Accounting**

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. Accordingly the assets are recognised and measured on the basis that the company expects to recover the recorded amounts in the normal course of business and the liabilities are recognised and measured on the basis that they will be discharged in the normal course of business.

The validity of the assumptions depends upon the continued support of the company's invoice discounting providers, who have agreed to provide a facility for one year to July 2007. The directors do not envisage any issues with renewing this facility.

In preparing the financial statements the directors have taken into account all information about the foreseeable future that could reasonably be expected to be available. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

**Turnover**

The company receives income from a number of different sources.

One source of income is where M.V.R.A. Limited contracts with accident repair companies to co-ordinate the repairs of vehicles at motor body repair shops. On these contracts M.V.R.A. Limited acts as a principal and the income and cost of sales are shown gross.

M.V.R.A Limited also receives membership income and this is now being accounted for over the life of the membership period.

Other income is recognised as the service to which it relates is provided.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

**Fixed Assets**

All fixed assets are initially recorded at cost.

# **M.V.R.A. Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2006**

### **1. Accounting Policies *(continued)***

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- Over the remainder of the lease
Fixtures & Fittings	- 20% Straight line
Motor Vehicles	- 25% Straight line
Equipment	- 33% Straight line

#### **Finance Lease Agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### **Operating Lease Agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### **2. Turnover**

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	<b>Year to</b>	<b>Period from</b>
	<b>31 Mar 06</b>	<b>1 Oct 03 to</b>
	<b>£</b>	<b>31 Mar 05</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b><u>10,381,990</u></b>	<b><u>24,169,526</u></b>

**M.V.R.A. Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2006**

**3. Operating Loss**

Operating loss is stated after charging/(crediting):

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Amortisation	–	(179,954)
Depreciation of owned fixed assets	21,987	37,871
Depreciation of assets held under finance lease agreements	85,448	110,662
Profit on disposal of fixed assets	(2,002)	–
Auditor's remuneration - as auditor	<u>8,250</u>	<u>10,000</u>

**4. Particulars of Employees**

The average number of staff employed by the company during the financial year amounted to:

	Year to 31 Mar 06 No	Period from 1 Oct 03 to 31 Mar 05 No
Number of administrative staff	<u>59</u>	<u>77</u>

The aggregate payroll costs of the above were:

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Wages and salaries	1,230,175	2,127,706
Social security costs	119,273	162,386
Other pension costs	17,353	–
	<u>1,366,801</u>	<u>2,290,092</u>

**5. Directors' Emoluments**

The directors' aggregate emoluments in respect of qualifying services were:

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Emoluments receivable	<u>144,018</u>	<u>100,818</u>



**M.V.R.A. Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2006**

**6. Interest Payable and Similar Charges**

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Interest payable on bank borrowing	2,085	555
Finance charges	6,565	2,867
Other similar charges payable	-	1,251
	<u>8,650</u>	<u>4,673</u>

**7. Taxation on Ordinary Activities**

**(a) Analysis of charge in the year**

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	-	(15,249)
Total current tax	<u>-</u>	<u>(15,249)</u>

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

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2005 - 19%).

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Loss on ordinary activities before taxation	<u>(142,696)</u>	<u>(314,199)</u>
Loss on ordinary activities by rate of tax	(27,112)	(59,698)
Expenses not deductible for tax purposes	6,935	-
Capital allowances for period in excess of depreciation	(1,085)	22,913
Unrelieved tax losses	19,731	21,536
Other short term timing differences	<u>1,531</u>	<u>-</u>
Total current tax (note 7(a))	<u>-</u>	<u>(15,249)</u>

# M.V.R.A. Limited

## Notes to the Financial Statements

Year Ended 31 March 2006

### 7. Taxation on Ordinary Activities *(continued)*

#### (c) Factors that may affect future tax charges

The company has over £700,000 of tax losses to offset against future profits.

### 8. Prior Year Adjustment

The prior year adjustment in 2005 of £480,823 was made up as follows:

	£
Leases	(5,498)
Membership income	444,000
Goodwill	226,046
Income and expense grossing up	(183,725)
Total of above	<u>480,823</u>

#### 1. Prior year adjustment - leases

Finance leases were incorrectly accounted for in the previous period as operating leases. The effect on the prior year has been to:-

Balance sheet,

- Increase fixed assets by a net book value of £170,285 - Increase creditors by £164,787

Profit and loss,

- Increase the depreciation charge by £44,103

- Decrease the operating lease payments by £49,601

Overall effect is to increase profits by £5,498.

#### 2. Prior year adjustment - membership income

Membership income has been incorrectly recognised in the prior periods on a receipt basis. It is now being recognised over the life of the membership period. At the prior period end, £444,000 of income was in respect of future periods.

#### 3. Prior year adjustment - goodwill

Goodwill on the purchase of Drive had been incorrectly accounted for. The impact on the prior period has been to decrease a positive goodwill of £46,091 to a negative goodwill of £179,955 and this decreases profit by £226,046.

#### 4. Prior year adjustment - restatement of 2003 figures

Income and expenses relating to the managed repair programme were grossed up to reflect the substance of Financial Reporting Standard Number 5. The impact of this has been to increase sales by £5,828,413 and cost of sales by £5,825,978. Managed repair bank, debtors (after provision for bad debts) and creditors associated with this adjustment total £103,015, £1,131,625 and £1,050,915 respectively.

The overall effect is to increase profit by £183,725.

# M.V.R.A. Limited

## Notes to the Financial Statements

Year Ended 31 March 2006

### 9. Tangible Fixed Assets

	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>Cost</b>				
At 1 April 2005	57,535	385,919	140,581	584,035
Additions	1,541	11,899	3,930	17,370
Disposals	—	(23,880)	—	(23,880)
<b>At 31 March 2006</b>	<b>59,076</b>	<b>373,938</b>	<b>144,511</b>	<b>577,525</b>
<b>Depreciation</b>				
At 1 April 2005	53,213	157,373	120,440	331,026
Charge for the year	2,127	95,165	10,143	107,435
On disposals	—	(18,624)	—	(18,624)
<b>At 31 March 2006</b>	<b>55,340</b>	<b>233,914</b>	<b>130,583</b>	<b>419,837</b>
<b>Net book value</b>				
<b>At 31 March 2006</b>	<b>3,736</b>	<b>140,024</b>	<b>13,928</b>	<b>157,688</b>
At 31 March 2005	4,322	228,546	20,141	253,009

#### Finance lease agreements

Included within the net book value of £157,688 is £140,024 (2005 - £224,788) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £85,448 (2005 - £110,662).

### 10. Debtors

	2006 £	2005 £
Trade debtors	301,489	510,011
Amounts owed by group undertakings	46,116	46,116
Corporation tax repayable	—	15,249
Other debtors	969,640	1,215,234
Prepayments and accrued income	118,326	138,066
	<b>1,435,571</b>	<b>1,924,676</b>

The amount owed by group undertakings is due in more than one year in both 2005 and 2006.

# M.V.R.A. Limited

## Notes to the Financial Statements

Year Ended 31 March 2006

### 11. Creditors: Amounts Falling due Within One Year

	2006 £	2005 £
Bank loans and overdrafts	97,604	—
Trade creditors	132,020	355,478
Other creditors including taxation and social security:		
Other taxation and social security	81,546	118,495
Finance lease agreements	77,519	90,789
Other creditors	1,524,453	1,613,467
Directors current accounts	1,106	30,326
	<u>1,914,248</u>	<u>2,208,555</u>
Accruals and deferred income	488,321	783,881
	<u>2,402,569</u>	<u>2,992,436</u>

Included within accruals and deferred income is £415,000 (2005 - £633,000) in respect of membership income received in advance.

The bank overdraft is secured by a fixed and floating charge over over all the current and future assets of the company.

A composite guarantee exists between MVRA Limited and MVRA Holdings Limited dated 17 January 2006.

### 12. Creditors: Amounts Falling due after More than One Year

	2006 £	2005 £
Other creditors:		
Finance lease agreements	<u>59,741</u>	<u>118,515</u>

### 13. Commitments under Finance Lease Agreements

Future commitments under finance lease agreements are as follows:

	2006 £	2005 £
Amounts payable within 1 year	77,519	90,789
Amounts payable between 2 to 5 years	<u>59,741</u>	<u>118,515</u>
	<u>137,260</u>	<u>209,304</u>

**M.V.R.A. Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2006**

**14. Commitments under Operating Leases**

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	4,108	-	4,650
Within 2 to 5 years	<u>15,362</u>	<u>-</u>	<u>10,712</u>	<u>4,108</u>
	<u>15,362</u>	<u>4,108</u>	<u>10,712</u>	<u>8,758</u>

**15. Related Party Transactions**

Included within creditors falling due within one year are amounts owed to M J Monaghan amounting to £1,106 (2005 - £30,326). No interest has been charged on this account.

During the period the company has also traded with Broker Assistance Limited who are a shareholder in MVRA Holdings Limited, the parent company of MVRA limited. MVRA Limited provided services to Broker Assistance Limited during the period amounting to £72,177 (2005 - £38,911). A balance of £27,778 (2005 - £3,833) was outstanding at the 31 March 2006 and has been disclosed within trade debtors. Purchases have also been invoiced to MVRA during the period amounting to £11,373 (2005 - £1,207) and a balance of £5,313 (2005 - £18,021) was owed at the period end and this has been disclosed within trade creditors.

Included within consultancy fees is an amount of £5,471 which has been paid to Broker Assistance Limited in the year for the services of J Ralph to the company.

# M.V.R.A. Limited

## Notes to the Financial Statements

Year Ended 31 March 2006

### 16. Share Capital

#### Authorised share capital:

	2006 £	2005 £
125,000 Ordinary shares of £1 each	<u>125,000</u>	<u>125,000</u>

#### Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>123,500</u>	<u>123,500</u>	<u>123,500</u>	<u>123,500</u>
<b>Equity shares</b>				
Ordinary shares of £1 each	<u>123,500</u>	<u>123,500</u>	<u>123,500</u>	<u>123,500</u>

### 17. Profit and Loss Account

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Balance brought forward as previously reported	(803,957)	(24,184)
Prior year adjustments and restatement of 2003 figures (note 8)	—	(480,823)
Balance brought forward restated	(803,957)	(505,007)
Loss for the financial year	<u>(142,696)</u>	<u>(298,950)</u>
Balance carried forward	<u>(946,653)</u>	<u>(803,957)</u>

### 18. Reconciliation of Movements in Shareholder's Funds

	2006 £	£	2005 £	£
Loss for the financial year		(142,696)		(298,950)
Opening shareholder's (deficit)/funds		(680,457)		99,316
Prior year adjustments and restatement of 2003 figures (see note 8)		—		(480,823)
Closing shareholder's deficit		<u>(823,153)</u>		<u>(680,457)</u>

# M.V.R.A. Limited

## Notes to the Financial Statements

Year Ended 31 March 2006

### 19. Notes to the Statement of Cash Flows

#### Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow From Operating Activities

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Operating loss	(137,407)	(312,767)
Amortisation	—	(179,954)
Depreciation	107,435	148,533
Profit on disposal of fixed assets	(2,002)	—
Decrease in stocks	—	9,303
Decrease/(increase) in debtors	473,856	(163,399)
(Decrease)/increase in creditors	(674,201)	836,571
Net cash (outflow)/inflow from operating activities	<u>(232,319)</u>	<u>338,287</u>

#### Returns on Investments and Servicing of Finance

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Interest received	3,361	3,241
Interest paid	(2,085)	(1,806)
Interest element of finance leases	(6,565)	(2,867)
Net cash outflow from returns on investments and servicing of finance	<u>(5,289)</u>	<u>(1,432)</u>

#### Taxation

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Taxation	<u>15,249</u>	<u>—</u>

#### Capital Expenditure

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Payments to acquire tangible fixed assets	(17,370)	(189,450)
Receipts from sale of fixed assets	7,258	—
Net cash outflow from capital expenditure	<u>(10,112)</u>	<u>(189,450)</u>

**M.V.R.A. Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2006**

**19. Notes to the Statement of Cash Flows (continued)**

**Financing**

	Year to 31 Mar 06 £	Period from 1 Oct 03 to 31 Mar 05 £
Capital element of finance leases	(72,044)	38,083
Net cash (outflow)/inflow from financing	<u>(72,044)</u>	<u>38,083</u>

**Reconciliation of Net Cash Flow to Movement in Net Debt**

	2006 £	2005 £
(Decrease)/increase in cash in the period	(304,515)	185,488
Cash outflow in respect of finance leases	<u>72,044</u>	<u>(38,083)</u>
	(232,471)	147,405
Change in net debt	(232,471)	147,405
Net funds at 1 April 2005	43,505	(103,900)
Net debt at 31 March 2006	<u>(188,966)</u>	<u>43,505</u>

**Analysis of Changes in Net Debt**

	At 1 Apr 2005 £	Cash flows £	At 31 Mar 2006 £
Net cash:			
Cash in hand and at bank	252,809	(206,911)	45,898
Overdrafts	—	(97,604)	(97,604)
	<u>252,809</u>	<u>(304,515)</u>	<u>(51,706)</u>
Debt:			
Finance lease agreements	(209,304)	72,044	(137,260)
Net debt	<u>43,505</u>	<u>(232,471)</u>	<u>(188,966)</u>

**20. Controlling Party**

In the opinion of the directors M.V.R.A. Limited is controlled by M J Monaghan who is the majority shareholder of M.V.R.A. Holdings Limited, the parent company of M.V.R.A. Limited.