

COMPANY REGISTRATION NUMBER 2530637

**Latham of Torbay Limited**  
**Financial Statements**  
**For**  
**31 December 2005**



A52 264  
COMPANIES HOUSE 26/05/2006

**BISHOP FLEMING**  
Chartered Accountants & Registered Auditors  
1 Barnfield Crescent  
Exeter  
EX1 1QY

# **Latham of Torbay Limited**

## **Financial Statements**

**Year Ended 31 December 2005**

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# **Latham of Torbay Limited**

## **Officers and Professional Advisers**

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### **The Board of Directors**

Mr S M Latham

### **Company Secretary**

Mr K J Styman

### **Registered Office**

1 Barnfield Crescent  
Exeter  
Devon  
EX1 1QY

### **Auditor**

Bishop Fleming  
Chartered Accountants  
& Registered Auditors  
1 Barnfield Crescent  
Exeter  
EX1 1QY

# Latham of Torbay Limited

## The Director's Report

### Year Ended 31 December 2005

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The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2005.

#### Principal activities and business review

The principal activity of the company during the year was the purchasing, selling and repairing of motor vehicles and other ancillary services.

The directors consider 2005 to have been a satisfactory year, given the continued difficult trading conditions encountered during the year.

#### 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 director has not recommended a dividend.

#### The director and his interests in the shares of the company

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

		At 31 December 2005	At 1 January 2005
Mr S M Latham	Ordinary	60,000	60,000
	Redeemable Preference	<u>1</u>	<u>1</u>

#### Director's responsibilities

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

Company law requires the director 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 director is required to:

select suitable accounting policies, as described on pages 10 to 12, and then apply them consistently;

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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

# **Latham of Torbay Limited**

## **The Director's Report** *(continued)*

**Year Ended 31 December 2005**

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### **Auditor**

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

Registered office:  
1 Barnfield Crescent  
Exeter  
Devon  
EX1 1QY

Signed by



Mr S M Latham  
Director

Approved by the director on 17 May 2006

**Latham of Torbay Limited****Independent Auditor's Report to the Shareholders of  
Latham of Torbay Limited****Year Ended 31 December 2005**

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We have audited the financial statements of Latham of Torbay Limited for the year ended 31 December 2005 on pages 6 to 19 which have been prepared on the basis of the accounting policies set out on pages 10 to 12.

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

**Respective responsibilities of director and auditor**

As described in the Statement of Director's Responsibilities the company's director is 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. We also report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if 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 director's remuneration and other transactions is not disclosed.

We read the Director's 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 director 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.

**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

**Latham of Torbay Limited**

**Independent Auditor's Report to the Shareholders of  
Latham of Torbay Limited** *(continued)*

**Year Ended 31 December 2005**

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31 December 2005 and of its profit for the year then ended; and  
the financial statements have been properly prepared in accordance with the Companies Act 1985.



BISHOP FLEMING  
Chartered Accountants  
& Registered Auditors

1 Barnfield Crescent  
Exeter  
EX1 1QY

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**Latham of Torbay Limited****Profit and Loss Account****Year Ended 31 December 2005**

	Note	2005 £	2004 £
<b>Turnover</b>	2	7,343,873	7,091,921
Cost of sales		<u>5,989,282</u>	<u>5,770,627</u>
<b>Gross profit</b>		<b>1,354,591</b>	<b>1,321,294</b>
Administrative expenses		<u>1,295,388</u>	<u>1,270,920</u>
<b>Operating profit</b>	3	<b>59,203</b>	<b>50,374</b>
Interest receivable and similar income		<b>35,281</b>	<b>31,185</b>
Interest payable and similar charges	6	<b>(83,485)</b>	<b>(72,553)</b>
<b>Profit on ordinary activities before taxation</b>		<b>10,999</b>	<b>9,006</b>
Tax on profit on ordinary activities	7	<b>9,120</b>	<b>(15,614)</b>
<b>Profit for the financial year</b>		<b><u>1,879</u></b>	<b><u>24,620</u></b>

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

The company has no recognised gains or losses other than the results for the year as set out above.



**Latham of Torbay Limited****Balance Sheet****31 December 2005**

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Intangible assets	8	49,822	55,918
Tangible assets	9	<u>1,172,027</u>	<u>1,156,549</u>
		<u>1,221,849</u>	<u>1,212,467</u>
<b>Current assets</b>			
Stocks	10	1,207,726	961,899
Debtors	11	<u>395,051</u>	<u>188,911</u>
		<u>1,602,777</u>	<u>1,150,810</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>1,938,669</u>	<u>1,404,322</u>
<b>Net current liabilities</b>		<u>(335,892)</u>	<u>(253,512)</u>
<b>Total assets less current liabilities</b>		<u>885,957</u>	<u>958,955</u>
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>488,834</u>	<u>572,831</u>
		<u>397,123</u>	<u>386,124</u>
<b>Provisions for liabilities</b>			
Deferred taxation	15	<u>9,120</u>	<u>—</u>
		<u>388,003</u>	<u>386,124</u>
<b>Capital and reserves</b>			
Called-up equity share capital	18	60,000	60,000
Other reserves	19	300,999	300,999
Profit and loss account	20	<u>27,004</u>	<u>25,125</u>
<b>Shareholders' funds</b>	21	<u>388,003</u>	<u>386,124</u>

These financial statements were approved and signed by the director on 17 MAY 2006

Mr S M Latham  
Director



**Latham of Torbay Limited****Cash Flow Statement****Year Ended 31 December 2005**

	2005	2004
	£	£
<b>Net cash inflow from operating activities</b>	<b>4,692</b>	<b>166,629</b>
<b>Returns on investments and</b>		
<b>Servicing of finance</b>		
Interest received	35,281	31,185
Interest paid	(99,877)	(86,859)
<b>Net cash outflow from returns on</b>		
<b>investments and servicing of finance</b>	<b>(64,596)</b>	<b>(55,674)</b>
<b>Taxation</b>	<b>11</b>	<b>(41,183)</b>
<b>Capital expenditure</b>		
Payments to acquire intangible fixed assets	—	(60,998)
Payments to acquire tangible fixed assets	(56,787)	(250,012)
Receipts from sale of fixed assets	—	501
<b>Net cash outflow from capital</b>		
<b>expenditure</b>	<b>(56,787)</b>	<b>(310,509)</b>
<b>Equity dividends paid</b>	<b>—</b>	<b>(10,000)</b>
<b>Cash outflow before financing</b>	<b>(116,680)</b>	<b>(250,737)</b>
<b>Financing</b>		
(Repayment of)/increase in bank loans	(102,426)	97,440
<b>Net cash (outflow)/inflow from financing</b>	<b>(102,426)</b>	<b>97,440</b>
<b>Decrease in cash</b>	<b>(219,106)</b>	<b>(153,297)</b>
<b>Reconciliation of operating profit to net cash inflow from</b>		
<b>operating activities</b>		
	2005	2004
	£	£
Operating profit	59,203	50,374
Interest payable	16,392	14,306
Amortisation	6,096	5,080
Depreciation	41,309	50,902
Loss on disposal of fixed assets	—	175
(Increase)/decrease in stocks	(245,827)	64,924
(Increase)/decrease in debtors	(206,151)	76,235
Increase/(decrease) in creditors	333,670	(95,367)
<b>Net cash inflow from operating activities</b>	<b>4,692</b>	<b>166,629</b>

The notes on pages 10 to 19 form part of these financial statements.

**Latham of Torbay Limited****Cash Flow Statement** *(continued)***Year Ended 31 December 2005****Reconciliation of net cash flow to movement in net debt**

	2005		2004	
	£	£	£	£
Decrease in cash in the period	(219,106)		(153,297)	
Net cash outflow from/(inflow) from bank loans	<u>102,426</u>		<u>(97,440)</u>	
		(116,680)		(250,737)
<b>Change in net debt</b>		(116,680)		(250,737)
<b>Net debt at 1 January 2005</b>		(842,259)		(591,522)
<b>Net debt at 31 December 2005</b>		<u>(958,939)</u>		<u>(842,259)</u>

**Analysis of changes in net debt**

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Overdrafts	<u>(109,796)</u>	<u>(219,106)</u>	<u>(328,902)</u>
Debt:			
Debt due within 1 year	(159,632)	18,429	(141,203)
Debt due after 1 year	<u>(572,831)</u>	<u>83,997</u>	<u>(488,834)</u>
	<u>(732,463)</u>	<u>102,426</u>	<u>(630,037)</u>
<b>Net debt</b>	<u>(842,259)</u>	<u>(116,680)</u>	<u>(958,939)</u>

# **Latham of Torbay Limited**

## **Notes to the Financial Statements**

**Year Ended 31 December 2005**

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### **1. Accounting policies**

#### **Basis of accounting**

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

#### **Changes in accounting policies**

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'.  
FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'

Preference shares are now required to be disclosed as a financial liability as opposed to capital and reserves.

There is not considered to be any effect of the change in accounting policy on the results for the current of previous periods.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Goodwill	- 10% on cost
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#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Freehold Property	- 2% on cost
Plant & Machinery	- 20%, 33% and 50% on cost
Fixtures & Fittings	- 10%, 20%, 33% and 50% on cost

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005**

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**1. Accounting policies** *(continued)***Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Under supply agreements with General Motors, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the balance sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the balance sheet. Both the terms under which stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

**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.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Latham of Torbay Limited

## Notes to the Financial Statements

Year Ended 31 December 2005

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

#### 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.

#### Manufacturer income

All trading income from the manufacturer relating to the period (whether received or receivable) has been included within gross profit.

#### Overhead expense

All overheads incurred during the year including those specifically allocated to individual company departments are disclosed within administrative expenses.

#### Interest payable

Interest includes all vehicle stocking, bank, loan and other financing interest and charges payable.

### 2. Turnover

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

	2005 £	2004 £
United Kingdom	<u>7,343,873</u>	<u>7,091,921</u>

### 3. Operating profit

Operating profit is stated after charging:

	2005 £	2004 £
Amortisation	6,096	5,080
Depreciation of owned fixed assets	41,309	50,902
Loss on disposal of fixed assets	—	175
Auditor's remuneration		
- as auditor	9,028	8,000
- for other services	585	2,055
Operating lease costs:		
Land and buildings	—	6,027
Plant and equipment	4,238	3,046
Vehicles	<u>3,049</u>	<u>2,296</u>

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005****4. Particulars of employees**

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

	<b>2005</b>	<b>2004</b>
	<b>No</b>	<b>No</b>
Number of production staff	<b>14</b>	17
Number of distribution staff	<b>23</b>	26
Number of administrative staff	<b>5</b>	5
Number of management staff	<b>7</b>	7
	<b><u>49</u></b>	<b><u>55</u></b>

The aggregate payroll costs of the above were:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>847,377</b>	869,482
Social security costs	<b>50,348</b>	61,180
Other pension costs	<b>1,073</b>	1,149
Director's other pension costs	<b>528</b>	525
	<b><u>899,326</u></b>	<b><u>932,336</u></b>

**5. Director's emoluments**

The director's aggregate emoluments in respect of qualifying services were:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments receivable	<b>51,629</b>	62,325
Value of company pension contributions to money purchase schemes	<b>528</b>	525
	<b><u>52,157</u></b>	<b><u>62,850</u></b>

**6. Interest payable and similar charges**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Other similar charges payable	<b><u>83,485</u></b>	<b><u>72,553</u></b>

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005****7. Taxation on ordinary activities****(a) Analysis of charge in the year**

	2005 £	2004 £
Current tax:		
Corporation tax	-	-
Over/under provision in prior year	-	(12,999)
Total current tax	-	(12,999)
Deferred tax:		
Origination and reversal of timing differences	9,120	(1,817)
Adjustment in respect of previous years:		
Deferred tax	-	(798)
Total deferred tax (note 15)	9,120	(2,615)
Tax on profit on ordinary activities	<u>9,120</u>	<u>(15,614)</u>

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

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>10,999</u>	<u>9,006</u>
Profit on ordinary activities by rate of tax	-	-
Adjustments in respect of prior year	-	(12,999)
Total current tax (note 7(a))	<u>-</u>	<u>(12,999)</u>

**8. Intangible fixed assets**

	Goodwill £
<b>Cost</b>	
At 1 January 2005 and 31 December 2005	<u>60,998</u>
<b>Amortisation</b>	
At 1 January 2005	5,080
Charge for the year	6,096
At 31 December 2005	<u>11,176</u>
<b>Net book value</b>	
At 31 December 2005	<u>49,822</u>
At 31 December 2004	<u>55,918</u>



**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005****9. Tangible fixed assets**

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
<b>Cost</b>				
At 1 January 2005	1,163,180	189,341	100,090	1,452,611
Additions	51,600	5,187	—	56,787
<b>At 31 December 2005</b>	<b>1,214,780</b>	<b>194,528</b>	<b>100,090</b>	<b>1,509,398</b>
<b>Depreciation</b>				
At 1 January 2005	125,941	133,193	36,928	296,062
Charge for the year	18,629	12,948	9,732	41,309
<b>At 31 December 2005</b>	<b>144,570</b>	<b>146,141</b>	<b>46,660</b>	<b>337,371</b>
<b>Net book value</b>				
<b>At 31 December 2005</b>	<b>1,070,210</b>	<b>48,387</b>	<b>53,430</b>	<b>1,172,027</b>
At 31 December 2004	1,037,239	56,148	63,162	1,156,549

**10. Stocks**

	2005 £	2004 £
Finished goods	916,756	682,962
Vehicle consignment stock	290,970	278,937
	<b>1,207,726</b>	<b>961,899</b>

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

**11. Debtors**

	2005 £	2004 £
Trade debtors	290,489	140,361
Corporation tax repayable	—	11
Other debtors	51,827	6,174
Prepayments and accrued income	52,735	42,365
	<b>395,051</b>	<b>188,911</b>

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005****12. Creditors: Amounts falling due within one year**

	2005	2004
	£	£
Bank loans and overdrafts	470,105	269,428
Trade creditors	135,433	122,698
Other taxation	39,536	16,335
Other creditors	1,046,296	811,998
Accruals and deferred income	247,299	183,863
	<u>1,938,669</u>	<u>1,404,322</u>

**13. Creditors: Amounts falling due after more than one year**

	2005	2004
	£	£
Bank loans and overdrafts	488,833	572,830
Shares classed as financial liabilities	1	1
	<u>488,834</u>	<u>572,831</u>

The bank loans are secured by a legal charge over the freehold properties and by way of a debenture over the assets of the company. The loans are repayable in equal monthly instalments and carry interest at commercial rates.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2005	2004
	£	£
Bank loans and overdrafts	<u>78,212</u>	<u>95,586</u>

**14. Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows:

	2005	2004
	£	£
Amounts repayable:		
In one year or less or on demand	108,256	100,114
In more than one year but not more than two years	115,183	146,427
In more than two years but not more than five years	288,225	380,983
In more than five years	78,212	95,586
	<u>589,876</u>	<u>723,110</u>

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005****15. Deferred taxation**

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
Provision brought forward	-	2,615
Profit and loss account movement arising during the year	9,120	(2,615)
Provision carried forward	<u>9,120</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	9,120	-
	<u>9,120</u>	<u>-</u>

**16. Commitments under operating leases**

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Assets Other Than Land &amp; Buildings</b> 2005 £	2004 £
Operating leases which expire:		
Within 1 year	762	3,048
Within 2 to 5 years	1,632	762
	<u>2,394</u>	<u>3,810</u>

**17. Related party transactions**

No transactions requiring disclosure are considered necessary under FRS8.

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005****18. Share capital****Authorised share capital:**

	2005	2004
	£	£
60,000 Ordinary shares of £1 each	60,000	60,000
301,000 Preference shares of £1 each	301,000	301,000
	<u>361,000</u>	<u>361,000</u>

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

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
Preference shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>60,001</u>	<u>60,001</u>	<u>60,001</u>	<u>60,001</u>
<b>Equity shares</b>				
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
<b>Shares classed as financial liabilities</b>				
Preference shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**Rights****Preference Shares**

The redeemable preference shares are non-equity shares. The basic entitlement to a dividend at the rate of 1% net per share is waived, and instead these shares are entitled to a balance of any post tax profits remaining after redemption of the preference shares in accordance with the formula included in the company's Articles of Association. The redemption is made quarterly. Holders of preference shares have one vote for every share held. The rights of preference shareholders on winding up are dependant upon a calculation determining funds in excess of 85% of the original total share capital, and such rights are ranked before those of ordinary shareholders.

**Ordinary Shares**

The ordinary shares carry no voting rights until all preference shares have been redeemed.

**Redemptions**

During the year, the company redeemed nil (2004 - nil) £1 redeemable preference shares at par.

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2005**

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**19. Other reserves**

	2005 £	2004 £
Capital redemption reserve	<u>300,999</u>	<u>300,999</u>

**20. Profit and loss account**

	2005 £	2004 £
Balance brought forward	25,125	505
Retained profit for the financial year	<u>1,879</u>	<u>24,620</u>
Balance carried forward	<u>27,004</u>	<u>25,125</u>

**21. Reconciliation of movements in shareholders' funds**

	2005 £	2004 £
Profit for the financial year	1,879	24,620
Opening shareholders' funds	<u>386,124</u>	<u>361,504</u>
Closing shareholders' funds	<u>388,003</u>	<u>386,124</u>

**Latham of Torbay Limited**

**Management Information**

**Year Ended 31 December 2005**

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**The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditor's report on pages 4 to 5.**

**Latham of Torbay Limited****Detailed Profit and Loss Account****Year Ended 31 December 2005**

	2005		2004	
	£	£	£	£
<b>Turnover</b>		<b>7,343,873</b>		<b>7,091,921</b>
<b>Cost of sales</b>				
Direct costs	<b>5,679,812</b>		5,490,831	
Obsolescent stock	<b>25,944</b>		5,416	
Direct wages	<b>283,526</b>		274,380	
		<b>5,989,282</b>		<b>5,770,627</b>
<b>Gross profit</b>		<b>1,354,591</b>		<b>1,321,294</b>
<b>Gross profit percentage</b>	<b>18.4%</b>		<b>18.6%</b>	
<b>Overheads</b>				
Administrative expenses		<b>1,295,388</b>		<b>1,270,920</b>
<b>Operating profit</b>		<b>59,203</b>		<b>50,374</b>
Interest receivable and similar income		<b>35,281</b>		<b>31,185</b>
		<b>94,484</b>		<b>81,559</b>
Interest payable and similar charges		<b>(83,485)</b>		<b>(72,553)</b>
<b>Profit on ordinary activities</b>		<b>10,999</b>		<b>9,006</b>

**Latham of Torbay Limited****Notes to the Detailed Profit and Loss Account****Year Ended 31 December 2005**

	2005		2004	
	£	£	£	£
<b>Administrative expenses</b>				
<b>Personnel costs</b>				
Directors salaries	41,797		54,207	
Directors national insurance contributions	4,728		6,337	
Directors pensions	528		525	
Wages and salaries	522,054		540,895	
Employers national insurance contributions	45,620		54,843	
Staff pension contributions	1,073		1,149	
		615,800		657,956
<b>Establishment expenses</b>				
Rent	—		6,027	
Rates and water	41,934		25,487	
Utilities	30,818		8,579	
Insurance	26,238		27,664	
Building maintenance	3,453		12,430	
		102,443		80,187
<b>General expenses</b>				
Vehicle costs	223,095		172,048	
Travel and subsistence	8,427		12,439	
Network Q subscription	14,841		14,557	
Vehicle preparation	3,381		275	
Policy adjustments	3,049		2,296	
Telephone and fax	22,406		24,866	
Equipment leasing charges	4,238		3,046	
Maintenance of equipment	32,068		31,319	
Postage and carriage	5,545		6,974	
Stationery and office	17,687		20,046	
Computer expenses	16,136		15,516	
Staff training	13,577		7,830	
Canteen and welfare	3,641		3,914	
Subscriptions and donations	1,473		2,737	
Miscellaneous costs	41,950		35,365	
Advertising	85,074		82,717	
Legal and professional	(796)		7,384	
Auditors remuneration	9,028		8,000	
Amortisation	6,096		5,080	
Depn of plant and machinery	12,948		24,408	
Depreciation of fixtures and fittings	9,732		8,512	
Depreciation of buildings	18,629		17,982	
Loss on disposal of fixed assets	—		175	
		552,225		507,486
Carried forward		1,270,468		1,245,629



**Latham of Torbay Limited****Notes to the Detailed Profit and Loss Account****Year Ended 31 December 2005**

	2005		2004	
	£	£	£	£
<b>Administrative expenses (continued)</b>				
Brought forward		1,270,468		1,245,629
<b>Financial costs</b>				
Bad debts written off	1,693		4,200	
Bank charges	6,835		6,785	
Credit card charges	10,915		9,922	
Discounts	5,477		4,384	
		<u>24,920</u>		<u>25,291</u>
		<u>1,295,388</u>		<u>1,270,920</u>
<b>Interest receivable and similar income</b>				
Bank interest receivable		11		527
Amounts written off lubricants contract		<u>35,270</u>		<u>30,658</u>
		<u>35,281</u>		<u>31,185</u>
<b>Interest payable and similar charges</b>				
Debenture interest		41,450		41,700
Interest on other loans		13,125		10,838
Stocking interest		<u>28,910</u>		<u>20,015</u>
		<u>83,485</u>		<u>72,553</u>