

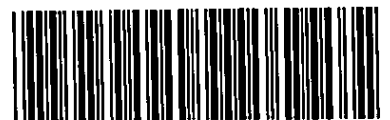
COMPANY REGISTRATION NUMBER 2530637

**Latham of Torbay Limited**  
**Financial Statements**  
**For**  
**31 December 2006**

**BISHOP FLEMING**

Chartered Accountants & Registered Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

SATURDAY



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COMPANIES HOUSE

# **Latham of Torbay Limited**

## **Financial Statements**

**Year Ended 31 December 2006**

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<b>Contents</b>	<b>Pages</b>
Officers and professional advisers	<b>1</b>
The director's report	<b>2 to 3</b>
Independent auditor's report to the shareholders	<b>4 to 5</b>
Profit and loss account	<b>6</b>
Balance sheet	<b>7</b>
Cash flow statement	<b>8 to 9</b>
Notes to the financial statements	<b>10 to 18</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	<b>19</b>
Notes to the detailed profit and loss account	<b>20 to 21</b>

# **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  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

# Latham of Torbay Limited

## The Director's Report

### Year Ended 31 December 2006

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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 2006

#### 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 2006 to have been a successful year given the continued difficult trading conditions encountered during the year, but were aided by the appropriate level of Vauxhall registration targets negotiated. During the year the company was awarded a franchise in respect of authorised Chevrolet service provider

#### Key performance indicators

Given the straightforward nature of the business, the company's director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

#### Results and dividends

The profit for the year, after taxation, amounted to £48,944. Particulars of dividends paid are detailed in note 8 to the financial statements

#### Principle risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

As for many businesses of our size, the business environment in which we operate continues to be challenging. The car market in the UK is highly competitive and margins continue to be tight. Our models available for sale are determined by Vauxhall, and there continues to be significant competition between the Vauxhall dealers in the area, and markets available to internet consumers. There is also competition between the different car manufacturers with the varying models and offers available to consumers. We are also subject to the spending patterns of consumers, especially determined by the overall level of disposable income within our economy.

#### 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 2006	At 1 January 2006
Mr S M Latham	Ordinary	60,000	60,000
	Redeemable Preference	<u>1</u>	<u>1</u>

**Latham of Torbay Limited****The Director's Report** *(continued)***Year Ended 31 December 2006**

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**Director's responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He 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.

In so far as the director is aware

there is no relevant audit information of which the company's auditor is unaware, and

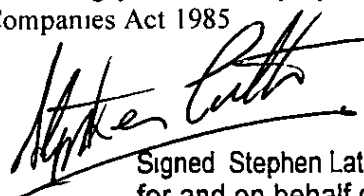
the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**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



Signed Stephen Latham  
for and on behalf of  
Latham of Torbay Ltd.

Mr S M Latham  
Director

Approved by the director on 6 9 6 2007

**Latham of Torbay Limited****Independent Auditor's Report to the Shareholders of  
Latham of Torbay Limited****Year Ended 31 December 2006**

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We have audited the financial statements of Latham of Torbay Limited for the year ended 31 December 2006 on pages 6 to 18, which have been prepared on the basis of the accounting policies set out on pages 10 to 11

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 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 director and auditor**

The director's responsibilities for preparing 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 Director's 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's 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 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.

## Latham of Torbay Limited

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

Year Ended 31 December 2006

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#### Opinion

In our opinion

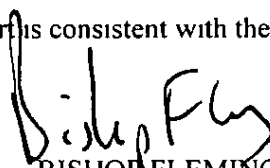
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Director's Report is consistent with the financial statements

2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

9 August 2007

  
BISHOP FLEMING  
Chartered Accountants  
& Registered Auditors

**Latham of Torbay Limited****Profit and Loss Account****Year Ended 31 December 2006**

		<b>2006</b>	<b>2005</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	<b>7,280,178</b>	<b>7,343,873</b>
Cost of sales		<u>5,930,768</u>	<u>5,989,282</u>
<b>Gross profit</b>		<b>1,349,410</b>	<b>1,354,591</b>
Administrative expenses		<u>1,225,564</u>	<u>1,295,388</u>
<b>Operating profit</b>	<b>3</b>	<b>123,846</b>	<b>59,203</b>
Interest receivable and similar income		<b>15,620</b>	<b>35,281</b>
Interest payable and similar charges	<b>6</b>	<b>(78,106)</b>	<b>(83,485)</b>
<b>Profit on ordinary activities before taxation</b>		<u><b>61,360</b></u>	<u><b>10,999</b></u>
Tax on profit on ordinary activities	<b>7</b>	<b>12,416</b>	<b>9,120</b>
<b>Profit for the financial year</b>		<u><b>48,944</b></u>	<u><b>1,879</b></u>

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 2006**

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Intangible assets	9	43,722	49,822
Tangible assets	10	1,142,133	1,172,027
		<u>1,185,855</u>	<u>1,221,849</u>
<b>Current assets</b>			
Stocks	11	1,020,927	1,207,726
Debtors	12	165,119	395,051
		<u>1,186,046</u>	<u>1,602,777</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>1,577,060</u>	<u>1,938,669</u>
<b>Net current liabilities</b>		<u>(391,014)</u>	<u>(335,892)</u>
<b>Total assets less current liabilities</b>		<u>794,841</u>	<u>885,957</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	<u>367,707</u>	<u>488,834</u>
		<u>427,134</u>	<u>397,123</u>
<b>Provisions for liabilities</b>			
Deferred taxation	16	10,187	9,120
		<u>416,947</u>	<u>388,003</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	60,000	60,000
Other reserves	21	300,999	300,999
Profit and loss account	22	55,948	27,004
<b>Shareholders' funds</b>	23	<u>416,947</u>	<u>388,003</u>

These financial statements were approved and signed by the director on 6 AUG 2007

Mr S M Latham  
Director



Signed Stephen Latham  
for and on behalf of  
**Latham of Torbay Ltd.**

**Latham of Torbay Limited****Cash Flow Statement****Year Ended 31 December 2006**

	2006	2005
	£	£
<b>Net cash inflow from operating activities</b>	<b>365,061</b>	<b>4,692</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	15,620	35,281
Interest paid	(90,681)	(99,877)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(75,061)</b>	<b>(64,596)</b>
<b>Taxation</b>	<b>—</b>	<b>11</b>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(8,867)	(56,787)
Receipts from sale of fixed assets	366	—
<b>Net cash outflow from capital expenditure</b>	<b>(8,501)</b>	<b>(56,787)</b>
<b>Equity dividends paid</b>	<b>(20,000)</b>	<b>—</b>
<b>Cash inflow/(outflow) before financing</b>	<b>261,499</b>	<b>(116,680)</b>
<b>Financing</b>		
Repayment of bank loans	(139,928)	(102,426)
<b>Net cash outflow from financing</b>	<b>(139,928)</b>	<b>(102,426)</b>
<b>Increase/(decrease) in cash</b>	<b>121,571</b>	<b>(219,106)</b>
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
	2006	2005
	£	£
Operating profit	123,846	59,203
Interest payable	12,575	16,392
Amortisation	6,100	6,096
Depreciation	37,999	41,309
Loss on disposal of fixed assets	396	—
Decrease/(increase) in stocks	186,799	(245,827)
Decrease/(increase) in debtors	229,932	(206,151)
(Decrease)/increase in creditors	(232,586)	333,670
<b>Net cash inflow from operating activities</b>	<b>365,061</b>	<b>4,692</b>

The notes on pages 10 to 18 form part of these financial statements

**Latham of Torbay Limited****Cash Flow Statement** *(continued)***Year Ended 31 December 2006****Reconciliation of net cash flow to movement in net debt**

	2006		2005	
	£	£	£	£
Increase/(decrease) in cash in the period	121,571		(219,106)	
Net cash outflow from bank loans	<u>139,928</u>		<u>102,426</u>	
		261,499		(116,680)
Change in net debt		261,499		(116,680)
Net debt at 1 January 2006		(958,939)		(842,259)
Net debt at 31 December 2006		<u>(697,440)</u>		<u>(958,939)</u>

**Analysis of changes in net debt**

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash			
Overdrafts	(328,902)	121,571	(207,331)
Debt			
Debt due within 1 year	(141,203)	18,801	(122,402)
Debt due after 1 year	(488,834)	121,127	(367,707)
	<u>(630,037)</u>	<u>139,928</u>	<u>(490,109)</u>
Net debt	<u>(958,939)</u>	<u>261,499</u>	<u>(697,440)</u>

# Latham of Torbay Limited

## Notes to the Financial Statements

Year Ended 31 December 2006

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### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention

#### 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

#### 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

#### 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.

# Latham of Torbay Limited

## Notes to the Financial Statements

Year Ended 31 December 2006

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

#### 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 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.

#### 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.

	2006	2005
	£	£
United Kingdom	<u>7,280,178</u>	<u>7,343,873</u>

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2006****3. Operating profit**

Operating profit is stated after charging

	2006	2005
	£	£
Amortisation	6,100	6,096
Depreciation of owned fixed assets	37,999	41,309
Loss on disposal of fixed assets	396	—
Auditor's remuneration		
- as auditor	9,513	9,028
- for other services	1,085	585
Operating lease costs		
Plant and equipment	4,009	4,238
Other	7,314	3,049

**4. Particulars of employees**

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

	2006	2005
	No	No
Number of production staff	16	14
Number of distribution staff	21	23
Number of administrative staff	4	5
Number of management staff	6	7
	47	49

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	798,386	847,377
Social security costs	47,690	50,348
Staff pension costs	1,079	1,073
Directors pension costs	531	528
	847,686	899,326

**5. Director's emoluments**

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

	2006	2005
	£	£
Emoluments receivable	53,279	51,629
Value of company pension contributions to money purchase schemes	531	528
	53,810	52,157

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2006****6. Interest payable and similar charges**

	2006 £	2005 £
Other similar charges payable	<u>78,106</u>	<u>83,485</u>

**7. Taxation on ordinary activities****(a) Analysis of charge in the year**

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year	<u>11,349</u>	-
Total current tax	<u>11,349</u>	-
Deferred tax		
Origination and reversal of timing differences	<u>1,067</u>	9,120
Tax on profit on ordinary activities	<u>12,416</u>	<u>9,120</u>

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

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

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>61,360</u>	<u>10,999</u>
Profit on ordinary activities by rate of tax	11,658	-
Capital allowances for the year in excess of depreciation	(1,066)	-
Disallowable expenses	757	-
Total current tax (note 7(a))	<u>11,349</u>	-

**8. Dividends****Equity dividends**

	2006 £	2005 £
Paid		
Equity dividends on ordinary shares	<u>20,000</u>	-

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2006****9. Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2006 and 31 December 2006	<u>60,998</u>
<b>Amortisation</b>	
At 1 January 2006	11,176
Charge for the year	<u>6,100</u>
At 31 December 2006	<u>17,276</u>
<b>Net book value</b>	
At 31 December 2006	<u>43,722</u>
At 31 December 2005	<u>49,822</u>

**10. Tangible fixed assets**

	<b>Freehold Property £</b>	<b>Plant &amp; Machinery £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2006	1,214,780	194,528	100,090	1,509,398
Additions	–	4,288	4,579	8,867
Disposals	–	(24,085)	(7,178)	(31,263)
At 31 December 2006	<u>1,214,780</u>	<u>174,731</u>	<u>97,491</u>	<u>1,487,002</u>
<b>Depreciation</b>				
At 1 January 2006	144,570	146,141	46,660	337,371
Charge for the year	18,634	10,772	8,593	37,999
On disposals	–	(23,326)	(7,175)	(30,501)
At 31 December 2006	<u>163,204</u>	<u>133,587</u>	<u>48,078</u>	<u>344,869</u>
<b>Net book value</b>				
At 31 December 2006	<u>1,051,576</u>	<u>41,144</u>	<u>49,413</u>	<u>1,142,133</u>
At 31 December 2005	<u>1,070,210</u>	<u>48,387</u>	<u>53,430</u>	<u>1,172,027</u>



**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2006****11. Stocks**

	2006 £	2005 £
Finished goods	787,800	916,756
Vehicle consignment stock	233,127	290,970
	<u>1,020,927</u>	<u>1,207,726</u>

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.

**12. Debtors**

	2006 £	2005 £
Trade debtors	121,594	290,489
Other debtors	—	51,827
Prepayments and accrued income	43,525	52,735
	<u>165,119</u>	<u>395,051</u>

**13. Creditors: Amounts falling due within one year**

	2006 £	2005 £
Bank loans and overdrafts	329,733	470,105
Trade creditors	162,805	135,433
Corporation tax	11,349	—
Other taxation	26,515	39,536
Other creditors	877,675	1,046,296
Accruals and deferred income	168,983	247,299
	<u>1,577,060</u>	<u>1,938,669</u>

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

	2006 £	2005 £
Bank loans and overdrafts	367,706	488,833
Shares classed as financial liabilities	1	1
	<u>367,707</u>	<u>488,834</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.

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2006****14. Creditors: Amounts falling due after more than one year (continued)**

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

	2006 £	2005 £
Bank loans and overdrafts	<u>60,056</u>	<u>78,212</u>

**15. Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows

	2006 £	2005 £
Amounts repayable		
In one year or less or on demand	115,183	108,256
In more than one year but not more than two years	122,552	115,183
In more than two years but not more than five years	185,098	288,225
In more than five years	60,056	78,212
	<u>482,889</u>	<u>589,876</u>

**16. Deferred taxation**

The movement in the deferred taxation provision during the year was

	2006 £	2005 £
Provision brought forward	9,120	-
Profit and loss account movement arising during the year	1,067	9,120
Provision carried forward	<u>10,187</u>	<u>9,120</u>

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

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	10,187	9,120
	<u>10,187</u>	<u>9,120</u>

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2006****17. Commitments under operating leases**

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

	<b>Assets Other Than Land &amp; Buildings</b>	
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within 1 year	-	762
Within 2 to 5 years	<b>8,612</b>	<b>1,632</b>
	<b><u>8,612</u></b>	<b><u>2,394</u></b>

**18. Contingencies**

The company has entered into an agreement with General Motors Acceptance Corporation (UK) Limited, to secure all monies due to become due from the company by way of a floating charge over all vehicles, and a first fixed charge over present and future insurance claims

**19. Related party transactions**

No transactions requiring disclosure are considered necessary under FRS8

**20. Share capital****Authorised share capital:**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
60,000 Ordinary shares of £1 each	<b>60,000</b>	<b>60,000</b>
301,000 Preference shares of £1 each	<b>301,000</b>	<b>301,000</b>
	<b><u>361,000</u></b>	<b><u>361,000</u></b>

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

	<b>2006</b>		<b>2005</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
Preference shares of £1 each	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	<b><u>60,001</u></b>	<b><u>60,001</u></b>	<b><u>60,001</u></b>	<b><u>60,001</u></b>

**Amounts presented in equity:**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Ordinary shares of £1 each	<b><u>60,000</u></b>	<b><u>60,000</u></b>

**Amounts presented in liabilities:**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Preference shares of £1 each	<b><u>1</u></b>	<b><u>1</u></b>

**Latham of Torbay Limited****Notes to the Financial Statements****Year Ended 31 December 2006****20. Share capital (continued)****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 (2005 - nil) £1 redeemable preference shares at par.

**21. Other reserves**

	2006 £	2005 £
Capital redemption reserve	<u>300,999</u>	<u>300,999</u>

**22. Profit and loss account**

	2006 £	2005 £
Balance brought forward	27,004	25,125
Profit for the financial year	48,944	1,879
Equity dividends paid (FRS 25)	(20,000)	-
Balance carried forward	<u>55,948</u>	<u>27,004</u>

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

	2006 £	2005 £
Profit for the financial year	48,944	1,879
Equity dividends paid (FRS 25)	(20,000)	-
Net addition to shareholders' funds	<u>28,944</u>	<u>1,879</u>
Opening shareholders' funds	388,003	386,124
Closing shareholders' funds	<u>416,947</u>	<u>388,003</u>