

Company Registration No. 2759719 (England and Wales)

MERRITTS MOTOR GROUP LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 JANUARY 2009

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MERRITTS MOTOR GROUP LIMITED

DIRECTORS AND ADVISERS

Directors	J. A. Merritt D. J. Wallington T. J. Merritt
Company number	2759719
Registered office	44 London Road Amersham Bucks HP7 9DD
Registered auditors	HLB Vantis Audit plc Torrington House 47 Holywell Hill St. Albans Hertfordshire AL1 1HD
Business address	44 London Road Amersham Bucks HP7 9DD
Bankers	Barclays Bank plc PO Box 104 St Albans Hertfordshire AL1 3AN

MERRITTS MOTOR GROUP LIMITED

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MERRITTS MOTOR GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2009

The directors present their report and financial statements for the year ended 31 January 2009.

Directors

The following directors have held office since 1 February 2008:

J. A. Merritt

D. J. Wallington

T. J. Merritt

S. J. Kidney

(Resigned 16 September 2008)

Principal activities and review of the business

The principal activity of the group continued to be that of purchasing, selling and repairing motor vehicles and other ancillary services.

Turnover has fallen 0.3% compared to the year ended 31 January 2008, with a gross margin of 12.6% (2008: 13.5%). The group recorded a loss before tax of £362,030 (2008: £472,906).

The directors are satisfied with the performance in the year given the economic conditions and believe that the group is in a strong position to improve its performance in the future.

On 31 October 2008 Merritts Motor Group Limited sold its shareholding in Merritts Chesham Limited to its parent company, Biggleswade Investments Limited, for £400,000.

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Principal risks and uncertainties

The directors have put in place risk management processes to identify and mitigate business risks. The principal risks facing the business are detailed below.

Manufacturer supply of new products

The group is reliant on the development and launch of new vehicle products from the car manufacturers. This exposes the group to risks in a number of areas as the group is dependent on the manufacturers in respect of:

- availability of new vehicles
- quality of new vehicles
- pricing of new vehicles
- investment in marketing of new vehicles

The directors are confident that future new products from the manufacturers will be of continued high quality and that the manufacturers will continue to invest in the marketing of their new models. The directors mitigate this risk by operating a number of franchises from different manufacturers and focussing on used vehicles sales and after-sales services.

MERRITTS MOTOR GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

Economic conditions

The directors are aware that the business is dependent on consumer spending. The challenging economic conditions have resulted in a decrease in consumer spending that has had an adverse impact on the profitability of some of the group's trading subsidiaries.

The directors manage this risk by monitoring market conditions and by changing marketing and pricing strategies where required. In addition, the group holds a portfolio of brands that appeal to a wide range of income groups in order to reduce the impact of an economic downturn.

Competition

Competitive pressure locally and across the UK is a continuing risk for the group. The group manages this risk by providing added value services to its customers, developing key relationships with major customers and suppliers and striving to deliver superior levels of customer service at all times.

Interest rate risk

The group is exposed to interest rate risk on its bank overdraft. The directors consider that the cost of mitigating this risk outweighs any potential benefits.

Liquidity risk

The group manages liquidity risk by ensuring that sufficient facilities are in place to meet the group's working capital requirements.

Credit risk

The risk of default on trade debtors is managed by the group by setting credit limits for customers, based on third party credit references and on the customer's past payment history. Credit limits are reviewed by the directors periodically or where the collection history of a specific debtor gives cause for concern.

Summary of key performance indicators

The directors monitor the performance of the group by reference to financial and non-financial key performance indicators.

	2009	2008
Growth in turnover (%)	-0.3	9.7
New vehicle units sold	1,037	848
Capital expenditure (£)	116,000	141,000
Average employee number	114	125

Future developments

The directors recognise that industry competition has put pressure on prices and margins. We believe continued manufacturer investment in the product range and our investment in customer care, together with our strong working relationship with our manufacturers will enable us to improve on our market position.

Post balance sheet events

After the year end Merritts Autopoint Limited ceased to be a Skoda franchise by mutual agreement.

MERRITTS MOTOR GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

Auditors

The auditors, HLB Vantis Audit plc, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

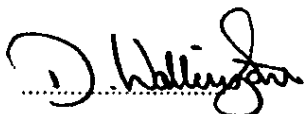
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



D. WALLINGTON, DIRECTOR

30.11.09

MERRITTS MOTOR GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MERRITTS MOTOR GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Merritts Motor Group Limited for the year ended 31 January 2009 set out on pages 6 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

MERRITTS MOTOR GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF MERRITTS MOTOR GROUP LIMITED

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 group's and parent company's affairs as at 31 January 2009 and of the group's loss 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 Directors' Report is consistent with the financial statements.

HLB Vantis Audit plc
HLB Vantis Audit plc

30 November 2009

Chartered Accountants
Registered Auditor

Torrington House
47 Holywell Hill
St. Albans
Hertfordshire
AL1 1HD



MERRITTS MOTOR GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2009

	Notes	2009 £	2008 £
Turnover	2	33,679,296	33,795,386
Cost of sales		(29,442,507)	(29,218,450)
Gross profit		4,236,789	4,576,936
Administrative expenses		(4,260,223)	(4,818,490)
Other operating income		17,545	32,525
Operating loss	3	(5,889)	(209,029)
Loss on termination of operations		(103,424)	-
		<u>(103,424)</u>	<u>-</u>
Loss on ordinary activities before interest		(109,313)	(209,029)
Investment income	4	49,538	-
Interest payable and similar charges	5	(302,255)	(263,877)
Loss on ordinary activities before taxation		(362,030)	(472,906)
Tax on loss on ordinary activities	6	(9,220)	12,358
Loss on ordinary activities after taxation		<u>(371,250)</u>	<u>(460,548)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

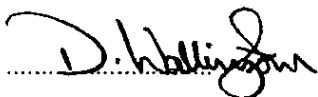
MERRITTS MOTOR GROUP LIMITED

BALANCE SHEETS

AS AT 31 JANUARY 2009

		Group		Company	
	Notes	2009	2008	2009	2008
		£	£	£	£
Fixed assets					
Intangible assets	8	2,470	207,798	-	-
Tangible assets	9	694,132	882,740	9,500	18,598
Investments	10	-	-	399,310	399,410
		<u>696,602</u>	<u>1,090,538</u>	<u>408,810</u>	<u>418,008</u>
Current assets					
Stocks	11	2,864,912	3,946,361	-	-
Debtors	12	1,461,732	1,093,771	423,266	1,140,055
Cash at bank and in hand		692,272	983,437	-	-
		<u>5,018,916</u>	<u>6,023,569</u>	<u>423,266</u>	<u>1,140,055</u>
Creditors: amounts falling due within one year	13	<u>(6,160,829)</u>	<u>(7,197,388)</u>	<u>(4,080,299)</u>	<u>(3,542,532)</u>
Net current liabilities		<u>(1,141,913)</u>	<u>(1,173,819)</u>	<u>(3,657,033)</u>	<u>(2,402,477)</u>
Total assets less current liabilities		<u>(445,311)</u>	<u>(83,281)</u>	<u>(3,248,223)</u>	<u>(1,984,469)</u>
Provisions for liabilities	14	<u>(20,643)</u>	<u>(11,423)</u>	-	-
		<u>(465,954)</u>	<u>(94,704)</u>	<u>(3,248,223)</u>	<u>(1,984,469)</u>
Capital and reserves					
Called up share capital	16	299,310	299,310	299,310	299,310
Profit and loss account	17	(765,264)	(394,014)	(3,547,533)	(2,283,779)
Shareholders' funds	18	<u>(465,954)</u>	<u>(94,704)</u>	<u>(3,248,223)</u>	<u>(1,984,469)</u>

Approved by the Board and authorised for issue on 30.11.09



D. WALLINGTON
Director

Company Registration No. 2759719

MERRITTS MOTOR GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2009

	2009	2008
	£	£
Net cash (outflow)/inflow from operating activities	(160,022)	465,385
Returns on investments and servicing of finance		
Interest paid	(302,255)	(263,877)
Net cash outflow for returns on investments and servicing of finance	(302,255)	(263,877)
Taxation	(9,220)	14,781
Capital expenditure and financial investment		
Payments to acquire tangible assets	(81,490)	(140,871)
Payments to acquire investments	(100,000)	-
Net cash outflow for capital expenditure	(181,490)	(140,871)
Acquisitions and disposals		
Sale of subsidiary undertakings (net of cash acquired)	400,000	-
Payments for exceptional items	(11,411)	-
Net cash inflow for acquisitions and disposals	388,589	-
Net cash (outflow)/inflow before management of liquid resources and financing	(264,398)	75,418
(Decrease)/Increase in cash in the year	(264,398)	75,418

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2009

1	Reconciliation of operating loss to net cash (outflow)/inflow from operating activities	2009	2008
		£	£
	Operating loss	(5,889)	(209,029)
	Depreciation of tangible assets	120,673	130,731
	Amortisation of intangible assets	21,498	26,264
	Decrease in stocks	1,081,449	941,828
	(Increase)/decrease in debtors	(367,961)	136,154
	Decrease in creditors within one year	(1,009,792)	(560,563)
	Net cash (outflow)/inflow from operating activities	(160,022)	465,385

2	Analysis of net debt	1 February 2008	Cash flow	Other non-cash changes	31 January 2009
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	983,437	(291,165)	-	692,272
	Bank overdrafts	(1,668,151)	26,767	-	(1,641,384)
		(684,714)	(264,398)	-	(949,112)
	Net debt	(684,714)	(264,398)	-	(949,112)

3	Reconciliation of net cash flow to movement in net debt	2009	2008
		£	£
	(Decrease)/increase in cash in the year	(264,398)	75,418
	Movement in net debt in the year	(264,398)	75,418
	Opening net debt	(684,714)	(760,132)
	Closing net debt	(949,112)	(684,714)

4	Liquid resources
	Liquid resources are cash at bank and in hand.

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Going concern

The company and its subsidiaries use a bank overdraft, bank loans and financing facilities made available by manufacturers to fund their working capital requirements. Since the year end the group have secured additional financing from its bankers and the existing facilities have been renewed until June 2010.

The Merritt family have also given additional support to the group.

Due to this, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.4 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 January 2009. Intra-group sales and profits are eliminated fully on consolidation.

The results for Merritts Chesham Limited are consolidated up until 31 October 2008, when Merritts Motor Group Limited disposed of its shareholding in the company.

1.5 Turnover

Turnover is the total amount receivable by the company for goods supplies and services provided, excluding VAT and trade discounts.

Sales of motor vehicles are recognised on delivery to the customer together with the associated manufacturer vehicle bonus income. Any other manufacturer income in relation to achieving targets is recognised on an accruals basis.

1.6 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.7 Tangible fixed assets and depreciation

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

Leasehold improvements	4% straight line
Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance and 20% straight line

1.8 Leasing

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

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2009

1 Accounting policies (continued)

1.9 Investments

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

1.10 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Under supply agreements with the manufacturers, the group companies have access to consignment stock during a consignment period. Where the nature of these supply agreements transfers the 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.

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Deferred taxation

Deferred taxation 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.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2009 £	2008 £
Operating profit is stated after charging:		
Amortisation of intangible assets	21,498	26,264
Depreciation of tangible assets	120,673	130,731
Operating lease rentals		
- Plant and machinery	2,021	1,643
- Other assets	333,454	384,161
Fees payable to the group's auditor for the audit of the group's annual accounts (company £22,980; 2008: £22,500)	22,980	22,500
Fees payable to the group's auditor for non-audit work (company £14,385; 2008: £2,500)	14,385	2,500
	<u> </u>	<u> </u>

4 Investment income	2009 £	2008 £
Profit on disposal of subsidiary undertaking	49,538	-
	<u> </u>	<u> </u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

5	Interest payable	2009 £	2008 £
	On bank loans and overdrafts	158,050	107,103
	Other interest	144,205	156,774
		<u>302,255</u>	<u>263,877</u>
6	Taxation	2009 £	2008 £
	Current tax charge	-	-
	Deferred tax		
	Deferred tax charge/credit current year	9,220	2,423
	Deferred tax adjust re previous year	-	(14,781)
		<u></u>	<u></u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(362,030)	(472,906)
		<u></u>	<u></u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 19.17%)	(76,026)	(90,656)
		<u></u>	<u></u>
	Effects of:		
	Non deductible expenses	2,538	767
	Depreciation add back	51,300	18,057
	Capital allowances	(22,437)	(12,032)
	Tax losses utilised	44,940	83,864
	Other tax adjustments	(315)	-
		<u>76,026</u>	<u>90,656</u>
	Current tax charge	-	-
		<u></u>	<u></u>

The group has unrelieved tax losses of £1,080,070 (2008: £984,676) available to offset against future taxable trading profits.

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

7 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2009	2008
	£	£
Holding company's loss for the financial year	(1,263,754)	(546,209)

8 Intangible fixed assets Group

	Goodwill £
Cost	
At 1 February 2008	521,280
Disposal of subsidiary	(101,430)
At 31 January 2009	419,850
Amortisation	
At 1 February 2008	313,482
Charge for the year	103,898
At 31 January 2009	417,380
Net book value	
At 31 January 2009	2,470
At 31 January 2008	207,798

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

9 Tangible fixed assets Group

	Leasehold improve- ments £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 February 2008	1,246,760	545,377	851,205	2,643,342
Disposal of subsidiary	(115,659)	(40,087)	(18,569)	(174,315)
Additions	72,461	35,961	7,571	115,993
At 31 January 2009	1,203,562	541,251	840,207	2,585,020
Depreciation				
At 1 February 2008	675,065	375,859	709,678	1,760,602
Charge for the year	58,584	30,769	40,933	130,286
At 31 January 2009	733,649	406,628	750,611	1,890,888
Net book value				
At 31 January 2009	469,913	134,623	89,596	694,132
At 31 January 2008	571,695	169,518	141,527	882,740

Tangible fixed assets (continued) Company

	Fixtures, fittings & equipment £
Cost	
At 1 February 2008	68,455
Additions	1,777
At 31 January 2009	70,232
Depreciation	
At 1 February 2008	49,857
Charge for the year	10,875
At 31 January 2009	60,732
Net book value	
At 31 January 2009	9,500
At 31 January 2008	18,598

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2009

10 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 February 2008	399,410
Additions	100,000
Disposals	(100,100)
At 31 January 2009	399,310
Net book value	
At 31 January 2009	399,310
At 31 January 2008	399,410

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Merritts Jaguar Limited	England and Wales	Ordinary shares	100
Merritts Autopoint Limited	England and Wales	Ordinary shares	100
Merritts of Amersham Limited	England and Wales	Ordinary shares	100

The principal activity of these undertakings for the last relevant financial year was as follows:

		Capital and reserves 2008 £	Profit/(loss) for the year 2008 £
	Principal activity		
Merritts Jaguar Limited	Sale of motor vehicles	2,809,603	578,842
Merritts Autopoint Limited	Sale of motor vehicles	(667,983)	(282,468)
Merritts of Amersham Limited	Dormant	(245,108)	-

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2009

11 Stocks and work in progress

	Group 2009 £	2008 £	Company 2009 £	2008 £
Work in progress	12,348	10,885	-	-
Finished goods and goods for resale	1,368,422	2,475,085	-	-
Consignment stock	1,484,142	1,460,391	-	-
	<u>2,864,912</u>	<u>3,946,361</u>	<u>-</u>	<u>-</u>

The directors have considered the substance of stocking arrangements with the manufacturers and consider that the consignment stock held by the group should be recognised as an asset. The substance of the agreement means that the group has access to the benefit of the stock and exposure to the risks of holding it.

12 Debtors

	Group 2009 £	2008 £	Company 2009 £	2008 £
Trade debtors	399,747	820,445	5,198	-
Amounts owed by group undertakings	400,000	-	400,000	1,121,254
Other debtors	502,870	16,486	18,068	15,801
Prepayments and accrued income	159,115	256,840	-	3,000
	<u>1,461,732</u>	<u>1,093,771</u>	<u>423,266</u>	<u>1,140,055</u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

13 Creditors : amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	1,641,384	1,668,151	1,608,074	1,668,151
Trade creditors	1,424,409	2,922,097	1,580	8,349
Consignment creditor	1,484,142	1,460,391	-	-
Amounts owed to group undertakings	-	-	1,244,294	1,134,315
Taxes and social security costs	254,623	276,752	2,011	15,381
Directors current accounts	25,865	25,865	-	-
Other creditors	1,177,306	675,967	1,168,497	662,273
Accruals and deferred income	153,100	168,165	55,843	54,063
	<u>6,160,829</u>	<u>7,197,388</u>	<u>4,080,299</u>	<u>3,542,532</u>

The bank loan and overdraft are secured by a debenture charging all of the assets and undertakings of the group.

Consignment creditor

Consignment stock amounting to £1,484,142 (2008: £1,460,391) is secured by way of a first fixed charge and a first floating charge over all of the present and future property and assets of the company.

Trade creditors

Trade creditors includes amounts due under manufacturer funding plans amounting to £882,147 (2008: £1,518,202) which are secured by way of a first fixed charge and a first floating charge over all of the present and future property and assets of the company.

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2009

14 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 February 2008	11,423
Profit and loss account	9,220
Balance at 31 January 2009	<u>20,643</u>

The deferred tax liability is made up as follows:

	Group 2009 £	2008 £	Company 2009 £	2008 £
Accelerated capital allowances	<u>20,643</u>	<u>11,423</u>	<u>-</u>	<u>-</u>

15 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2009 £	2008 £
Contributions payable by the group for the year	<u>56,357</u>	<u>64,562</u>

16 Share capital

	2009 £	2008 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
299,310 Ordinary shares of £1 each	<u>299,310</u>	<u>299,310</u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

17 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance at 1 February 2008	(394,014)
Loss for the year	(371,250)
Balance at 31 January 2009	<u>(765,264)</u>

Company

	Profit and loss account £
Balance at 1 February 2008	(2,283,779)
Loss for the year	(1,263,754)
Balance at 31 January 2009	<u>(3,547,533)</u>

18 Reconciliation of movements in shareholders' funds Group

	2009 £	2008 £
Loss for the financial year	(371,250)	(460,548)
Opening shareholders' funds	(94,704)	365,844
Closing shareholders' funds	<u>(465,954)</u>	<u>(94,704)</u>

Company

	2009 £	2008 £
Loss for the financial year	(1,263,754)	(546,209)
Opening shareholders' funds	(1,984,469)	(1,438,260)
Closing shareholders' funds	<u>(3,248,223)</u>	<u>(1,984,469)</u>

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

19 Contingent liabilities

Group and company

The company is a member of VAT group with Merritts Jaguar Limited, Merritts of Amersham Limited and Merritts Autopoint Limited. At 31 January 2009 the VAT liability under the group registration was £141,904 (2008: £210,693).

The company has entered into a cross guarantee with other group companies in favour of Jaguar Financial Services Limited with regard to finance facilities provided to Merritts Jaguar Limited. At 31 January 2009 the liability was £1,739,585 (2008: £1,710,248).

The company has entered into a cross guarantee with other group companies in favour of Volkswagen Finance Limited with regard to finance facilities provided to Merritts Autopoint Limited. At 31 January 2009 the liability was £nil (2008: £216,472).

There is a bank cross guarantee and debenture between the company, Merritts Jaguar Limited, Merritts Chesham Limited, Merritts Autopoint Limited and Merritts Amersham Limited. At 31 January 2009 the total bank borrowings for the group were £1,052,196 (2008: £765,887).

20 Financial commitments

At 31 January 2009 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2009	2008
	£	£
Expiry date:		
In over five years	378,000	378,000

21 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	190,935	200,909
Company pension contributions to money purchase schemes	8,650	8,075
	199,585	208,984

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2008- 2).

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2009

22 Employees

Number of employees

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

	2009 Number	2008 Number
Directors	4	5
Administration and management	57	59
Sales and production	53	61
	<u>114</u>	<u>125</u>

Employment costs

	2009 £	2008 £
Wages and salaries	2,596,932	3,013,443
Social security costs	283,540	325,126
Other pension costs	56,357	64,562
	<u>2,936,829</u>	<u>3,403,131</u>

23 Control

The ultimate controlling party is the Merritts Trust (the beneficiaries of which are T.J Merritt and C.J Hitchcock) by virtue of its majority shareholding in Biggleswade Investments Limited, a company incorporated in the British Virgin Islands that owns 100% of the issued share capital of Merritts Motor Group Limited.

MERRITTS MOTOR GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2009

24 Related party transactions

Group and company

Mr J A Merritt is a director of the company and therefore both he and his children, Mr T J Merritt and Mrs C J Hitchcock, are related parties of the company. He is also a director and shareholder of Merritts Properties Limited with which the group trades. Mr T J Merritt is also a director of the company.

Mr J A Merritt has made loans to the group. As at 31 January 2009 £717,844 (2008: £488,138) was due to him. Interest charged on this loan amounted to £nil (2008: £309).

In addition Mr J A Merritt rents a property to the group. The annual rent was £100,000 (2008: £100,000).

Biggleswade Investments Limited (the parent company) has given the company's bankers a charge over a property owned by it as security for the company's borrowings.

On 31 October 2008 Merritts Motor Group Limited sold its shareholding in Merritts Chesham Limited to Biggleswade Investments Limited for £400,000. At the year end Biggleswade Investments Limited owed the company £400,000 (2008: £nil).

Mr T J Merritt and Mrs C J Hitchcock have made loans to the group totalling £476,518 (2008: £200,000). Interest charged on these loans during the year totalled £24,000 (2008: £24,000).

Merritts Properties Limited leases a property to the group. The annual rent amounted to £110,000 (2008: £110,000).

J.A. Merritt, a director of the group, contributed £15,000 (2008: £nil) towards the company's rental expense.

25 Post Balance Sheet Events

Group and company

After the year end Merritts Autopoint Limited ceased to be a Skoda franchise by mutual agreement.