

**MSF Motor Group Limited and its
Subsidiary Undertakings
Financial Statements
For
31 December 2005**



JOLLIFFE CORK LLP
Chartered Accountants & Registered Auditors
33 George Street
Wakefield
WF1 1LX

MSF Motor Group Limited and its Subsidiary Undertakings

Financial Statements

Year Ended 31 December 2005

Contents	Page
Officers and Professional Advisers	1
The Directors' Report	2
Independent Auditor's Report to the Shareholders	4
Group Profit and Loss Account Profit and Loss Account	6
Group Statement of Total Recognised Gains and Losses	7
Group Balance Sheet	8
Balance Sheet	9
Group Cash Flow Cash Flow Statement	10
Notes to the Financial Statements	13

MSF Motor Group Limited and its Subsidiary Undertakings

Officers and Professional Advisers

The Board of Directors	N Smillie MSF Accident Repair Centres Limited
Company Secretary	N Smillie
Registered Office	33 George Street Wakefield West Yorkshire WF1 1LX
Auditor	Jolliffe Cork LLP Chartered Accountants & Registered Auditors 33 George Street Wakefield WF1 1LX
Bankers	The Royal Bank of Scotland plc 3rd Floor 2 Whitehall Quay Leeds LS1 4HR

MSF Motor Group Limited and its Subsidiary Undertakings

The Directors' Report

Year Ended 31 December 2005

The directors present their report and the financial statements of the group for the year ended 31 December 2005

Principal Activities and Business Review

The principal activities of the group are the operation of motor vehicle dealerships and the repair of accident damaged vehicles

Trading conditions were extremely challenging throughout the year which mirrored the general downturn in market conditions

Results and Dividends

The loss for the year amounted to £974,173 The directors have not recommended a dividend

Financial Risk Management Objectives and Policies

The directors have considered the financial risk management objectives and policies appropriate to the company and such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

The Directors and their Interests

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

	Ordinary Shares of £1 each	
	At 31 December 2005	At 1 January 2005
N Smillie	150	150
JR Fletcher OBE	150	150
C Jackson	-	-

MSF Accident Repair Centres Limited was appointed as a director on 3 December 2007

JR Fletcher OBE resigned as a director on 1 November 2006

C Jackson resigned as a director on 1 November 2006

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year In preparing these financial statements, the directors are required to

select suitable accounting policies, as described on pages 13 to 14, and then apply them consistently;

make judgements and estimates that are reasonable and prudent,

MSF Motor Group Limited and its Subsidiary Undertakings

The Directors' Report *(continued)*

Year Ended 31 December 2005

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

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 group and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution to re-appoint Jolliffe Cork LLP 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
33 George Street
Wakefield
West Yorkshire
WF1 1LX

Signed by order of the directors



N Smillie
Company Secretary

Approved by the directors on 28 March 2008

MSF Motor Group Limited and its Subsidiary Undertakings

Independent Auditor's Report to the Shareholders of MSF Motor Group Limited and its Subsidiary Undertakings

Year Ended 31 December 2005

We have audited the group and parent company financial statements ("the financial statements") of MSF Motor Group Limited and its Subsidiary Undertakings for the year ended 31 December 2005 on pages 6 to 31, which have been prepared on the basis of the accounting policies set out on pages 13 to 14

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 Directors and Auditor

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' 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 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 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.

**MSF Motor Group Limited and its Subsidiary
Undertakings**

**Independent Auditor's Report to the Shareholders of
MSF Motor Group Limited and its Subsidiary Undertakings *(continued)***

Year Ended 31 December 2005

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 the parent company's affairs as at 31 December 2005 and of the group's loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985



JOLLIFFE CORK LLP
Chartered Accountants
& Registered Auditors

33 George Street
Wakefield
WF1 1LX

28 March 2008

MSF Motor Group Limited and its Subsidiary Undertakings

Group Profit and Loss Account Profit and Loss Account

Year Ended 31 December 2005

		2005		2004 (restated)	
	Note	£	£	£	£
Turnover					
Continuing operations		34,547,536		37,029,801	
Discontinued operations		—		37,833,000	
Group Turnover			34,547,536		74,862,801
Cost of sales	2		(30,479,834)		(67,471,446)
Gross Profit			4,067,702		7,391,355
Net operating expenses	2		4,829,219		4,362,749
Operating (Loss)/Profit:	3				
Continuing operations		(761,517)		2,706,606	
Discontinued operations		—		322,000	
Group Operating (Loss)/Profit			(761,517)		3,028,606
Loss on disposal of discontinued operations	6		—		(937,939)
			(761,517)		2,090,667
Interest receivable			178,500		—
Interest payable and similar charges	7		(391,156)		(364,454)
(Loss)/Profit on Ordinary Activities Before Taxation			(974,173)		1,726,213
Tax on (loss)/profit on ordinary activities	8		—		96,000
(Loss)/Profit for the Financial Year		9	(974,173)		1,630,213

All of the activities of the group are classed as continuing

The company has taken advantage of section 230 of the Companies Act 1985
not to publish its own Profit and Loss Account

The notes on pages 13 to 31 form part of these financial statements

MSF Motor Group Limited and its Subsidiary Undertakings

Group Statement of Total Recognised Gains and Losses

Year Ended 31 December 2005

	2005	2004 (restated)
	£	£
(Loss)/Profit for the financial year attributable to the shareholders of the parent company	(974,173)	1,630,213
Unrealised profit on revaluation of certain fixed assets	178,521	—
Unrealised profit on revaluation of tangible fixed assets		
Motor Vehicles	—	9,223
Total recognised gains and losses relating to the year	(795,652)	1,639,436
Prior year adjustment (see note 10)	(645,000)	—
Total gains and losses recognised since the last annual report	<u>(1,440,652)</u>	<u>1,639,436</u>

The notes on pages 13 to 31 form part of these financial statements

MSF Motor Group Limited and its Subsidiary Undertakings

Group Balance Sheet

31 December 2005

		2005		2004 (restated)	
	Note	£	£	£	£
Fixed Assets					
Tangible assets	11		3,725,397		3,625,556
Investments	12		307,474		307,474
			<u>4,032,871</u>		<u>3,933,030</u>
Current Assets					
Stocks	13	3,407,443		3,556,730	
Debtors	15	5,556,895		5,640,115	
Cash in hand		1,334		1,990	
		<u>8,965,672</u>		<u>9,198,835</u>	
Creditors: Amounts Falling due Within One Year	16	<u>11,553,657</u>		<u>10,887,068</u>	
Net Current Liabilities			<u>(2,587,985)</u>		<u>(1,688,233)</u>
Total Assets Less Current Liabilities			<u>1,444,886</u>		<u>2,244,797</u>
Creditors: Amounts Falling due after More than One Year	17		<u>4,000</u>		<u>8,259</u>
Net Assets Excluding Pension Liability			<u>1,440,886</u>		<u>2,236,538</u>
Defined benefit pension scheme liability	19		<u>(850,000)</u>		<u>(645,000)</u>
Net Assets Including Pension Liability			<u>590,886</u>		<u>1,591,538</u>
Capital and Reserves					
Called-up equity share capital	23		300		300
Revaluation reserve	24		184,744		69,855
Other reserves	24		2,656,638		2,656,638
Profit and loss account	24		<u>(2,250,796)</u>		<u>(1,135,255)</u>
Shareholders' Funds	25		<u>590,886</u>		<u>1,591,538</u>

These financial statements were approved by the directors on the 28 March 2008 and are signed on their behalf by



N Smillie

The notes on pages 13 to 31 form part of these financial statements

MSF Motor Group Limited and its Subsidiary Undertakings

Company Balance Sheet

31 December 2005

	Note	2005		2004	
		£	£	£	£
Fixed Assets					
Tangible assets	11		2,848,019		2,026,359
Investments	12		910,527		910,529
			<u>3,758,546</u>		<u>2,936,888</u>
Current Assets					
Debtors	15	1,618,063		295,663	
Cash at bank		268,589		—	
		<u>1,886,652</u>		<u>295,663</u>	
Creditors: Amounts Falling due Within One Year	16	<u>7,832,167</u>		<u>5,731,353</u>	
Net Current Liabilities			<u>(5,945,515)</u>		<u>(5,435,690)</u>
Total Assets Less Current Liabilities			<u>(2,186,969)</u>		<u>(2,498,802)</u>
Capital and Reserves					
Called-up equity share capital	23		300		300
Revaluation reserve	24		184,744		9,223
Profit and loss account	24		<u>(2,372,013)</u>		<u>(2,508,325)</u>
Deficit			<u>(2,186,969)</u>		<u>(2,498,802)</u>

These financial statements were approved by the directors on the 28 March 2008 and are signed on their behalf by



N Smillie

The notes on pages 13 to 31 form part of these financial statements.

MSF Motor Group Limited and its Subsidiary Undertakings

Group Cash Flow Cash Flow Statement

Year Ended 31 December 2005

	2005		2004 (restated)	
	£	£	£	£
Net Cash Inflow from Operating Activities		944		2,138,051
Returns on Investments and Servicing of Finance				
Interest paid	<u>(391,156)</u>		<u>(364,454)</u>	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(391,156)		(364,454)
Capital Expenditure and Financial Investment				
Payments to acquire tangible fixed assets	<u>(302,929)</u>		<u>(500,196)</u>	
Receipts from sale of fixed assets	<u>11,457</u>		<u>—</u>	
Acquisition of investments	<u>—</u>		<u>(57,474)</u>	
Net Cash Outflow for Capital Expenditure and Financial Investment		(291,472)		(557,670)
Acquisitions and Disposals				
Disposal of shares in group undertakings	<u>(117,572)</u>		<u>(1,187,939)</u>	
Net Cash Outflow from Acquisitions and Disposals		(117,572)		(1,187,939)
Cash (Outflow)/Inflow Before Financing		(799,256)		27,988
Financing				
Increase in bank loans	<u>5,468,750</u>		<u>—</u>	
Capital element of hire purchase	<u>(4,730)</u>		<u>(66,932)</u>	
Net Cash Inflow/(Outflow) from Financing		5,464,020		(66,932)
Increase/(Decrease) in Cash		<u>4,664,764</u>		<u>(38,944)</u>

The notes on pages 13 to 31 form part of these financial statements.

MSF Motor Group Limited and its Subsidiary Undertakings

Group Cash Flow Cash Flow Statement *(continued)*

Year Ended 31 December 2005

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

	2005	2004 <i>(restated)</i>
	£	£
Operating (loss)/profit	(761,517)	3,028,606
Depreciation	370,713	381,032
Profit on disposal of fixed assets	(562)	—
Decrease in stocks	149,287	10,876,316
Decrease in debtors	261,720	641,353
Increase/(decrease) in creditors	24,303	(12,744,256)
Defined benefit pension scheme contributions paid	(43,000)	(45,000)
Net cash inflow from operating activities	<u>944</u>	<u>2,138,051</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

	2005	2004 <i>(restated)</i>
	£	£
Increase/(decrease) in cash in the period	4,664,764	(38,944)
Net cash (inflow) from bank loans	(5,468,750)	—
Cash outflow in respect of hire purchase	<u>4,730</u>	<u>66,932</u>
	(799,256)	27,988
Change in net debt	(799,256)	27,988
Net debt at 1 January 2005	(6,233,258)	(6,306,246)
Net debt at 31 December 2005	<u>(6,871,941)</u>	<u>(6,233,258)</u>

The notes on pages 13 to 31 form part of these financial statements

MSF Motor Group Limited and its Subsidiary Undertakings

Group Cash Flow Cash Flow Statement *(continued)*

Year Ended 31 December 2005

Analysis of Changes in Net Debt

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash			
Cash in hand and at bank	1,990	(656)	1,334
Overdrafts	<u>(6,223,318)</u>	<u>4,825,993</u>	<u>(1,397,325)</u>
	<u>(6,221,328)</u>	<u>4,825,337</u>	<u>(1,395,991)</u>
Debt			
Debt due within 1 year	–	(5,468,750)	(5,468,750)
Hire purchase agreements	<u>(11,930)</u>	<u>4,730</u>	<u>(7,200)</u>
	<u>(11,930)</u>	<u>(5,464,020)</u>	<u>(5,475,950)</u>
Net debt	<u>(6,233,258)</u>	<u>(638,683)</u>	<u>(6,871,941)</u>

The notes on pages 13 to 31 form part of these financial statements.

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Basis of Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to the 31 December 2005.

The acquisition method of accounting has been adopted. Under this method the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Turnover

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

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

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

Leasehold Improvements	5% straight line
Plant and Machinery	20% straight line
Fixtures and Fittings	20% straight line
Motor Vehicles	33 1/3% straight line
Equipment	20% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

1. Accounting Policies *(continued)*

Investment Properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view

Stocks

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

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 and Other Post-Retirement Benefits

A member company of the group operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees.

The group also operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. 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.

Going Concern

The financial statements have been prepared on a going concern basis. The company had a net deficit of £2,186,969 (2004 £2,498,802) at the balance sheet date. The company is dependent on the continued support of its directors and creditors.

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

2. Analysis of Cost of Sales and Net Operating Expenses

	Continuing Operations £	Discontinued Operations £	Total £
Year Ended 31 December 2005			
Cost of sales	<u>30,479,834</u>	<u>-</u>	<u>30,479,834</u>
Administrative expenses	<u>4,829,219</u>	<u>-</u>	<u>4,829,219</u>
Net operating expenses	<u>4,829,219</u>	<u>-</u>	<u>4,829,219</u>
Year Ended 31 December 2004 (Restated)			
Cost of sales	<u>32,734,446</u>	<u>34,737,000</u>	<u>67,471,446</u>
Distribution costs	2,151	-	2,151
Administrative expenses	4,561,598	3,108,000	7,669,598
Other operating income	<u>(2,975,000)</u>	<u>(334,000)</u>	<u>(3,309,000)</u>
Net operating expenses	<u>1,588,749</u>	<u>2,774,000</u>	<u>4,362,749</u>

3. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging/(crediting)

	2005 £	2004 (restated) £
Depreciation of owned fixed assets	<u>364,953</u>	310,314
Depreciation of assets held under hire purchase agreements	<u>5,760</u>	9,720
Profit on disposal of fixed assets	<u>(562)</u>	-
Auditor's remuneration - as auditor	<u>30,400</u>	<u>29,500</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

4. Particulars of Employees

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

	2005	2004 (restated)
	No	No
Number of administrative staff	28	30
Number of other staff	169	189
	<u>197</u>	<u>219</u>

The aggregate payroll costs of the above were

	2005	2004 (restated)
	£	£
Wages and salaries	3,930,493	3,859,146
Social security costs	284,243	403,071
Staff pension costs	61,954	64,480
Directors pension costs	44,200	40,000
	<u>4,320,890</u>	<u>4,366,697</u>

5. Directors' Emoluments

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were

	2005	2004 (restated)
	£	£
Emoluments receivable	242,364	166,763
Value of company pension contributions to money purchase schemes	44,200	40,000
	<u>286,564</u>	<u>206,763</u>

Fees and other emoluments (excluding pension contributions) paid to the highest paid director totalled £87,020 (2004 £80,000) and contributions of £4,200 (2004 £20,000) were paid to a pension scheme on his behalf

6. Profit on Termination of Discontinued Operations

	2005	2004 (restated)
	£	£
Termination of discontinued operations (Profit)/Loss on termination of operation	<u>—</u>	<u>(937,939)</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

7. Interest Payable and Similar Charges

	2005	2004 (restated)
	£	£
Interest payable on bank borrowing	391,156	91,071
Other similar charges payable	—	273,383
	<u>391,156</u>	<u>364,454</u>

8. Taxation on Ordinary Activities

	2005	2004 (restated)
	£	£
Current tax		
UK Corporation tax based on the results for the year at 19% (2004 - 30%)	—	96,000
Total current tax	<u>—</u>	<u>96,000</u>

9. Profit Attributable to Members of the Parent Company

The profit dealt with in the accounts of the parent company was £133,312 (2004 - £1,815,331)

10. Prior Year Adjustment

In accordance with FRS 17 the net pension liability for the year ended 31 December 2004 has been introduced into the financial statements as a prior year adjustment

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

11. Tangible Fixed Assets

Group	Freehold Property £	Leasehold Property £	Freehold Investment Property £	Plant & Machinery £	Other Assets £	Total £
Cost or Valuation						
At 1 Jan 2005	1,799,681	1,631,794	–	770,613	1,000,758	5,202,846
Additions	–	103,917	–	132,684	66,328	302,929
Disposals	–	(6,533)	–	(4,000)	(6,725)	(17,258)
Revaluation	178,521	–	–	–	–	178,521
Transfers	(1,078,202)	(984,770)	1,947,175	–	–	(115,797)
At 31 Dec 2005	900,000	744,408	1,947,175	899,297	1,060,361	5,551,241
Depreciation						
At 1 Jan 2005	–	458,914	–	497,839	620,538	1,577,291
Charge for the year	–	56,802	–	166,570	147,341	370,713
On disposals	–	–	–	(3,238)	(3,125)	(6,363)
Transfers	–	(260,107)	144,310	–	–	(115,797)
At 31 Dec 2005	–	255,609	144,310	661,171	764,754	1,825,844
Net Book Value						
At 31 Dec 2005	900,000	488,799	1,802,865	238,126	295,607	3,725,397
At 31 Dec 2004	1,799,681	1,172,880	–	272,774	380,220	3,625,555

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

11. Tangible Fixed Assets *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2005 £	2004 £
Historical cost:		
At 1 Jan 2005	72,000	72,000
Disposals in year	(10,000)	-
At 31 Dec 2005	<u>62,000</u>	<u>72,000</u>
Depreciation:		
At 1 Jan 2005	72,000	58,223
On disposals	(10,000)	-
Charge for year	-	13,777
At 31 Dec 2005	<u>62,000</u>	<u>72,000</u>
Net historical cost value:		
At 1 Jan 2005	-	13,777

Hire purchase agreements

Included within the net book value of £3,725,397 is £1,440 (2004 - £20,448) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,760 (2004 - £9,720)

Capital commitments

	2005 £	2004 (restated) £
Contracted but not provided for in the financial statements	<u>54,595</u>	<u>-</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

11. Tangible Fixed Assets *(continued)*

Company	Freehold Property £	Leasehold Property £	Freehold Investment Property £	Motor Vehicles £	Equipment £	Total £
Cost or Valuation						
At 1 Jan 2005	1,799,681	214,579	–	124,200	473,094	2,611,554
Disposals	–	–	–	(3,000)	–	(3,000)
Revaluation	178,521	–	–	–	–	178,521
Transfers	(1,078,202)	(147,494)	1,947,175	–	–	721,479
At 31 Dec 2005	900,000	67,085	1,947,175	121,200	473,094	3,508,554
Depreciation						
At 1 Jan 2005	–	211,395	–	3,500	370,300	585,195
Charge for the year	–	–	–	19,800	55,540	75,340
Transfers	–	(144,310)	144,310	–	–	–
At 31 Dec 2005	–	67,085	144,310	23,300	425,840	660,535
Net Book Value						
At 31 Dec 2005	900,000	–	1,802,865	97,900	47,254	2,848,019
At 31 Dec 2004	1,799,681	3,184	–	120,700	102,794	2,026,359

The investment property is carried at historical cost which the directors consider to be an appropriate valuation on an existing use basis for the property concerned

Certain assets within equipment were revalued by J Foorde & Co, RICS as at 31 December 2000, on the basis of open market value for existing use. The surplus over the cost net book value of £432,000 was transferred to a revaluation reserve. This reserve has been released to the profit and loss account reserve as assets are depreciated.

The freehold property was valued by Colliers Cre on 6 September 2005 and is shown at open market value.

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

11. Tangible Fixed Assets *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2005 £	2004 £
Historical cost:		
At 1 Jan 2005	72,000	72,000
Disposals in year	(10,000)	-
At 31 Dec 2005	<u>62,000</u>	<u>72,000</u>
Depreciation:		
At 1 Jan 2005	72,000	58,223
On disposals	(10,000)	-
Charge for year	-	13,777
At 31 Dec 2005	<u>62,000</u>	<u>72,000</u>
Net historical cost value:		
At 1 Jan 2005	-	13,777

Capital commitments

	2005 £	2004 <i>(restated)</i> £
Contracted but not provided for in the financial statements	<u>54,595</u>	<u>-</u>

12. Investments

Group	Investment in unlisted company £
Cost	
At 1 January 2005 and 31 December 2005	<u>307,474</u>
Net Book Value	
At 31 December 2005	<u>307,474</u>
At 31 December 2004	<u>307,474</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

Company	Group companies £	Investment in unlisted company £	Total £
Cost			
At 1 January 2005	1,179,389	307,474	1,486,863
Disposals	(117,572)	-	(117,572)
At 31 December 2005	<u>1,061,817</u>	<u>307,474</u>	<u>1,369,291</u>
Amounts Written Off			
At 1 January 2005	576,334	-	576,334
Written off in prior years written back	(117,570)	-	(117,570)
At 31 December 2005	<u>458,764</u>	<u>-</u>	<u>458,764</u>
Net Book Value			
At 31 December 2005	<u>603,053</u>	<u>307,474</u>	<u>910,527</u>
At 31 December 2004	<u>603,055</u>	<u>307,474</u>	<u>910,529</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

12. Investments *(continued)*

Interest in group undertakings

The following information relates to the subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the group

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held by		Nature of business
		Group %	Company %	
Cotelamp Limited, formerly MSF Motors (Yorkshire) Limited	Ordinary shares	100	100	Peugeot dealerships
MSF Accident Repair Centres Limited	Ordinary shares	100	100	Accident repair centres
M&S Motors (Durham) Limited	Ordinary shares	100	100	Dormant
Fletcher Dealership Limited	Ordinary shares	100	100	Dormant
Peter Garven Limited	Ordinary shares	100	100	Dormant

All of the above companies are registered in England and Wales and operate in Great Britain

Investment in unlisted company

The following information relates to the investment held by the group in an unlisted company

T J A Motors Limited	Ordinary shares	22	22	Holding company
----------------------	-----------------	----	----	-----------------

The above company is registered in England and Wales and operates in Great Britain

13. Stocks

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Stock	<u>3,407,443</u>	<u>3,556,730</u>	<u>—</u>	<u>—</u>

14. Consignment Stock

The value of consignment stock held by the group on behalf of vehicle manufacturers was £1,872,049 (2004 £2,820,439). The stock remains the property of the manufacturers until such time as it is formally adopted by the group.

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

15. Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	1,687,163	2,163,649	2,718	13,500
VAT recoverable	35,408	–	12,037	73,235
Amounts due from group undertakings	–	–	1,277,382	100
Amounts owed by related undertakings	3,078,160	–	56,936	–
Other debtors	95,407	2,979,276	–	81,208
Prepayments and accrued income	660,757	497,190	268,990	127,620
	<u>5,556,895</u>	<u>5,640,115</u>	<u>1,618,063</u>	<u>295,663</u>

16. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	6,866,075	6,223,318	5,468,750	–
Trade creditors	3,654,210	3,573,682	56,821	78,864
Amounts owed to group undertakings	–	–	1,443,213	4,758,282
Hire purchase agreements	3,200	3,671	–	–
Directors' loan accounts	650,000	650,000	650,000	650,000
Other creditors including taxation and social security				
PAYE and social security	101,412	–	101,412	–
VAT	–	89,427	–	–
Other creditors	–	90,824	2,812	145,579
Accruals and deferred income	278,760	256,146	109,159	98,628
	<u>11,553,657</u>	<u>10,887,068</u>	<u>7,832,167</u>	<u>5,731,353</u>

17. Creditors: Amounts Falling due after More than One Year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Hire purchase agreements	<u>4,000</u>	<u>8,259</u>	<u>–</u>	<u>–</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

18. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts payable within 1 year	4,303	4,303	-	-
Amounts payable between 2 to 5 years	5,378	8,366	-	-
	9,681	12,669	-	-
Less interest and finance charges relating to future periods	(2,481)	(739)	-	-
	7,200	11,930	-	-

19. Pension Commitments

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme.

The group also operates two pension schemes providing benefits based on final pensionable pay. One administered by MSF Motor Group Pension Scheme ('MSFPS') and the responsibility of MSF Motor Group Limited and the other by Motor Industry Pensions Limited ('MIPS') which is the responsibility of Cotelamp Limited. Both of these schemes are currently in the process of being wound up. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 5 April 2004.

The most recent actuarial valuation showed that the market value of the scheme's assets was £1,210,406 at 5 April 2004 and that the actuarial value of those assets represented 60% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company are at 14.1% of pensionable pay and members contributions remained at 4% of pensionable pay.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension Costs', under Financial Reporting Standard 17 'Retirement Benefits' the following transitional disclosures are required.

The latest actuarial valuation took place on 5 April 2004. The principal assumptions used by the independent qualified actuaries in updating the latest valuation for FRS 17 purposes were:

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

19. Pension Commitments *(continued)*

	2005 %	2004 %	2003 %
Rate of increase in salaries	4.4	4.4	4.3
Rate of increase in pensions in payment	2.7	2.7	2.7
Discount rate	4.7	5.3	5.4
Inflation assumption	2.9	2.9	2.8

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are

	Long-term rate of return expected %	2005 Value £	Long-term rate of return expected %	2004 Value £	Long-term rate of return expected %	2003 Value £
Equities	7.5	722,000	7.5	635,000	7.8	578,000
Bonds	4.1	721,000	4.5	634,000	4.8	577,000
Total market value of assets		1,443,000		1,269,000		1,155,000
Present value of scheme liabilities		(2,657,000)		(2,191,000)		(1,962,000)
Deficit in the scheme		(1,214,000)		(922,000)		(807,000)
Related deferred tax asset		364,000		277,000		242,000
Net pension liability		<u>(850,000)</u>		<u>(645,000)</u>		<u>(565,000)</u>

An analysis of the movements in surplus/(deficit) during the year are shown below

	2005 £	2004 (restated) £
At 1 January	(922,000)	(807,000)
Total operating charge	(44,000)	(47,000)
Total other finance costs	(40,000)	(34,000)
Actuarial income recognised in the statement of total recognised gains and losses	(251,000)	(79,000)
Contributions	43,000	45,000
At 31 December	<u>(1,214,000)</u>	<u>(922,000)</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

19. Pension Commitments *(continued)*

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating (loss)/profit

	2005	2004 <i>(restated)</i>
	£	£
Current service cost	(44,000)	(47,000)
Total operating charge	<u>(44,000)</u>	<u>(47,000)</u>

Analysis of the amount charged to finance costs

	2005	2004
	£	£
Other finance costs expected return on assets in the scheme	76,000	72,000
Other finance costs interest costs	(116,000)	(106,000)
Total finance costs	<u>(40,000)</u>	<u>(34,000)</u>

Analysis of the amount recognised in statement of total recognised gains and losses

	2005	2004
	£	£
STRGL difference between expected and actual return on assets	114,000	51,000
STRGL experience gains/(losses) arising from scheme liabilities	(5,000)	42,000
STRGL effect on changes in assumptions	(360,000)	(172,000)
Actuarial losses	<u>(251,000)</u>	<u>(79,000)</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

19. Pension Commitments *(continued)*

A history of experience gains and losses is shown below

	2005	2004	2003
Difference between the expected and actual return on scheme assets			
- amount (£)	114,000	51,000	42,000
- % of scheme assets	8	4	4
Experience (losses)/gains on scheme liabilities			
- amount (£)	(5,000)	42,000	6,000
- % of the present value of scheme liabilities	-	2	-
Total amount recognised in statement of total recognised gains and losses			
- amount (£)	(251,000)	(79,000)	191,000
- % of the present value of scheme liabilities	(9)	(4)	10

20. Commitments under Operating Leases

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

Group	2005		2004	
	Land and buildings	Other items	Land and Buildings	Other items
	£	£	£ <i>(restated)</i>	£
Operating leases which expire				
Within 1 year	-	50,295	-	27,571
Within 2 to 5 years	-	45,001	-	22,560
After more than 5 years	738,850	-	552,000	-
	<u>738,850</u>	<u>95,296</u>	<u>552,000</u>	<u>50,131</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

20. Commitments under Operating Leases *(continued)*

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

Company	2005		2004	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire				
Within 1 year	<u>-</u>	<u>7,362</u>	<u>-</u>	<u>-</u>

21. Contingencies

Since the balance sheet date, the group no longer has any unlimited guarantees for other company borrowings

The group previously was party to an Unlimited Cross Company Guarantee, dated 22 December 1999, in respect of the bank borrowings of Montpellier Estates Limited. At 31 December 2005 such borrowings amounted to £14,279,659 (2004 £14,082,087)

22. Related Party Transactions

The company was under the control of the directors throughout the current and previous year

During the year the company undertook the following transactions with Montpellier Estates Limited, a company in which Ms J R Fletcher OBE is a director and shareholder

	2005 £
Rents payable	460,571
Interest payable	178,500
Property expenses payable	69,029
Amounts receivable	<u>3,076,625</u>

During the year the company undertook the following transactions with TJA Consultants Limited a company in which Mr N Smillie is a director and shareholder

Rents payable	<u>125,000</u>
---------------	----------------

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

23. Share Capital

Authorised share capital:

	2005	2004 (restated)
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2005		2004 (restated)	
	No	£	No	£
Ordinary shares of £1 each	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>

24. Reserves

Group	Revaluation reserve £	Capital redemption reserve £	Merger Reserve £	Profit and loss account (restated) £
Balance brought forward as previously reported	69,855	387,900	2,268,738	(490,255)
Prior year adjustment (note 10)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(645,000)</u>
Restated balance as at 1 January 2005	69,855	387,900	2,268,738	(1,135,255)
Loss for the year	-	-	-	(974,173)
Actuarial gain / loss recognised	-	-	-	(205,000)
Other gains and losses				
- Revaluation of fixed assets	178,521	-	-	-
Other movements				
- transfer to/from revaluation reserve	<u>(63,632)</u>	<u>-</u>	<u>-</u>	<u>63,632</u>
Balance carried forward	<u>184,744</u>	<u>387,900</u>	<u>2,268,738</u>	<u>(2,250,796)</u>

MSF Motor Group Limited and its Subsidiary Undertakings

Notes to the Financial Statements

Year Ended 31 December 2005

24. Reserves *(continued)*

Company	Revaluation reserve £	Profit and loss account £
Balance brought forward as previously reported	9,223	(2,508,325)
Profit for the year	–	133,312
Other gains and losses		
- Revaluation of fixed assets	178,521	–
Other movements		
- transfer to/from revaluation reserve	(3,000)	3,000
Balance carried forward	<u>184,744</u>	<u>(2,372,013)</u>

25. Reconciliation of Movements in Shareholders' Funds

	2005 £	2004 (restated) £
(Loss)/Profit for the financial year	(974,173)	1,630,213
Other net recognised gains and losses	178,521	9,223
Transfer from revaluation reserve	63,632	110,307
Actuarial gain / loss recognised	(205,000)	(645,000)
Transfer to profit and loss account	(63,632)	(110,307)
Net (reduction)/addition to shareholders' funds	(1,000,652)	994,436
Opening shareholders' funds	2,236,538	597,102
Prior year adjustment (see note 10)	(645,000)	–
Closing shareholders' funds	<u>590,886</u>	<u>1,591,538</u>

26. Post Balance Sheet Events

In December 2006 the business and assets of Cotelamp Limited, formerly MSF Motors (Yorkshire) Limited were sold to C D Bramall (Dealership) Limited and Cotelamp Limited subsequently went into liquidation in April 2007

In February 2007 the business and assets of the Durham division of MSF Accident Repair Centres Limited were sold to Just Car Clinic Limited

In May 2007 the group sold its freehold property and freehold investment property to Montpellier Estates Limited, a company in which Ms J R Fletcher OBE is a director and shareholder