

COMPANY REGISTRATION NUMBER 2863609

**MSF Motor Group Limited and its  
Subsidiary Undertakings**  
**Financial Statements**  
**For**  
**31 December 2006**

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

FRIDAY



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

## **Financial Statements**

**Year Ended 31 December 2006**

<b>Contents</b>	<b>Page</b>
Officers and Professional Advisers	1
The Directors' Report	2
Independent Auditor's Report to the Shareholders	5
Group Profit and Loss Account Profit and Loss Account	7
Group Statement of Total Recognised Gains and Losses	8
Group Balance Sheet	9
Balance Sheet	10
Group Cash Flow Cash Flow Statement	11
Notes to the Financial Statements	14

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

### **Officers and Professional Advisers**

<b>The Board of Directors</b>	N Smillie MSF Accident Repair Centres Limited
<b>Company Secretary</b>	N Smillie
<b>Registered Office</b>	33 George Street Wakefield West Yorkshire WF1 1LX
<b>Auditor</b>	Jolliffe Cork LLP Chartered Accountants & Registered Auditors 33 George Street Wakefield WF1 1LX
<b>Bankers</b>	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 2006**

The directors present their report and the financial statements of the group for the year ended 31 December 2006

#### **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

In early 2006, following an extended period of difficult trading conditions, during which the Group suffered seriously debilitating trading losses, it entered into protracted discussions with a third party with a view to the sale of its Leeds Peugeot dealership

Despite having reached Heads of Terms, and having agreed various completion dates, the prospective purchaser was unable to complete on the transaction. As a consequence, and as a result of the significant restructuring of the business that had already taken place to accommodate the detailed terms of the transaction, the Group found itself in the invidious position of having to quickly find an alternative buyer

After a brief but extensive marketing process, the trade and assets of all three of the Group's Peugeot dealerships were sold to CD Bramhall (Dealerships) Ltd in early December, 2006

Cotelamp Ltd (formerly MSF Motors (Yorkshire) Limited), subsequently went into liquidation in April 2007

After the sale of the Group's motor vehicle dealerships its sole trading activity became the operation of its existing two Accident Repair Centres, one of which was sold to Just Car Clinics Ltd, in February 2007

#### **Results and Dividends**

The loss for the year amounted to £2,988,621. 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

		<b>Ordinary Shares of £1 each</b>	
		<b>At</b>	<b>At</b>
		<b>31 December 2006</b>	<b>1 January 2006</b>
N Smillie		150	150
JR Fletcher OBE	(Resigned 1 November 2006)		
C Jackson	(Resigned 1 November 2006)	—	—

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

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

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

### **Year Ended 31 December 2006**

#### **Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and 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 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 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

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

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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

**Year Ended 31 December 2006**

#### **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 17 October 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 2006**

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 2006 on pages 7 to 31, which have been prepared on the basis of the accounting policies set out on pages 14 to 15

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**

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 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 2006**

However, the information available to us was limited since the business of Cotelamp Limited was sold on 13 December 2006 which resulted in the transfer of the majority of the accounting records connected with the business disposal being passed to the new owner but of the remainder that weren't these could then not be accessed because the company's dealer management system facility had been terminated. The company was then put into liquidation on 16 April 2007. Financial Statements have been prepared for the company based on management information and the statement of affairs provided by the liquidator however, with respect to transactions in the profit and loss account because of the limitation of scope of the evidence available to us we were not able to conduct our audit procedures fully. In addition, as a consequence of Cotelamp Limited entering into liquidation no report in respect of the requirements of FRS 17 has been obtained and consequently these financial statements do not provide adequate disclosures as required by the standard.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Qualified opinion arising from limitation of scope**

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the disclosure of transactions within the profit and loss account, 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 and parent company's affairs as at 31st December 2006 and of its loss for the year then ended,
- the financial statements have been prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.

In respect solely of the limitations of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records have been maintained.

33 George Street  
Wakefield  
WF1 1LX

17 October 2008

  
JOLLIFFE CORK LLP  
Chartered Accountants  
& Registered Auditors



# MSF Motor Group Limited and its Subsidiary Undertakings

## Group Profit and Loss Account Profit and Loss Account

Year Ended 31 December 2006

		2006		2005
		Continuing operations	Discontinued operations	
	Note	£	£	Total £
Turnover		1,979,179	23,772,702	34,547,536
Cost of sales		1,458,628	22,913,188	30,479,834
<b>Gross Profit</b>		<b>520,551</b>	<b>859,514</b>	<b>4,067,702</b>
Net operating expenses	2	1,348,504	2,846,546	4,829,219
<b>Operating Loss</b>	3	<b>(827,953)</b>	<b>(1,987,032)</b>	<b>(2,814,985)</b>
Profit on disposal of discontinued operations	6	71,545		71,545
<b>Loss on Ordinary Activities Before Interest</b>		<b>(756,408)</b>	<b>(1,987,032)</b>	<b>(2,743,440)</b>
Interest receivable				154,688
Interest payable and similar charges			7	(399,869)
<b>Loss on Ordinary Activities Before Taxation</b>				<b>(2,988,621)</b>
Tax on loss on ordinary activities				—
<b>Loss for the Financial Year</b>			25	<b>(2,988,621)</b>

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

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

## **Group Statement of Total Recognised Gains and Losses**

**Year Ended 31 December 2006**

	<b>2006 £</b>	<b>2005 £</b>
Loss for the financial year attributable to the shareholders of the parent company	<b>(2,988,621)</b>	<b>(974,173)</b>
Unrealised profit on revaluation of certain fixed assets	<b>1,500,320</b>	<b>178,521</b>
Unrealised profit on revaluation of tangible fixed assets		
Plant & Machinery	<b>93,816</b>	–
Fixtures & Fittings	<b>(3,970)</b>	–
Equipment	<b>(926)</b>	–
Total recognised gains and losses relating to the year	<b>(1,399,381)</b>	<b>(795,652)</b>
Prior year adjustment	<b>–</b>	<b>(645,000)</b>
Total gains and losses recognised since the last annual report	<b><u>(1,399,381)</u></b>	<b><u>(1,440,652)</u></b>

# MSF Motor Group Limited and its Subsidiary Undertakings

## Group Balance Sheet

31 December 2006

	Note	2006 £	2005 £
<b>Fixed Assets</b>			
Tangible assets	8	4,483,448	3,725,397
Investments	9	307,474	307,474
		<u>4,790,922</u>	<u>4,032,871</u>
<b>Current Assets</b>			
Stocks	10	71,226	3,407,443
Debtors	12	984,337	5,556,895
Cash at bank and in hand		51,168	1,334
		<u>1,106,731</u>	<u>8,965,672</u>
<b>Creditors: Amounts Falling due Within One Year</b>	13	<u>5,841,492</u>	<u>11,553,657</u>
<b>Net Current Liabilities</b>		<u>(4,734,761)</u>	<u>(2,587,985)</u>
<b>Total Assets Less Current Liabilities</b>		<u>56,161</u>	<u>1,444,886</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	14	<u>14,656</u>	<u>4,000</u>
<b>Net Assets Excluding Pension Liability</b>		<u>41,505</u>	<u>1,440,886</u>
Defined benefit pension scheme liability	16	—	(850,000)
<b>Net Assets Including Pension Liability</b>		<u>41,505</u>	<u>590,886</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	20	300	300
Revaluation reserve	21	1,773,984	184,744
Other reserves	21	2,656,638	2,656,638
Profit and loss account	21	(4,389,417)	(2,250,796)
<b>Shareholders' Funds</b>	22	<u>41,505</u>	<u>590,886</u>

These financial statements were approved by the directors on the 17 October 2008 and are signed on their behalf by



N Smillie

The notes on pages 14 to 31 form part of these financial statements

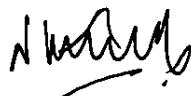
# MSF Motor Group Limited and its Subsidiary Undertakings

## Balance Sheet

31 December 2006

	Note	2006 £	2005 £
<b>Fixed Assets</b>			
Tangible assets	8	4,206,830	2,848,019
Investments	9	<u>910,427</u>	<u>910,527</u>
		5,117,257	3,758,546
<b>Current Assets</b>			
Debtors	12	157,215	1,618,063
Cash at bank		<u>980,310</u>	<u>268,589</u>
		1,137,525	1,886,652
<b>Creditors: Amounts Falling due Within One Year</b>	13	<u>7,846,199</u>	<u>7,832,167</u>
<b>Net Current Liabilities</b>		<u>(6,708,674)</u>	<u>(5,945,515)</u>
<b>Total Assets Less Current Liabilities</b>		<u>(1,591,417)</u>	<u>(2,186,969)</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	20	300	300
Revaluation reserve	21	1,685,064	184,744
Profit and loss account	21	<u>(3,276,781)</u>	<u>(2,372,013)</u>
<b>Deficit</b>		<u>(1,591,417)</u>	<u>(2,186,969)</u>

These financial statements were approved by the directors on the 17 October 2008 and are signed on their behalf by



N Smillie

The notes on pages 14 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 2006

	2006	2005
	£	£
<b>Net Cash Inflow from Operating Activities</b>	<b>2,808,947</b>	<b>944</b>
<b>Returns on Investments and Servicing of Finance</b>		
Income from group undertakings	—	(178,500)
Interest received	154,688	178,500
Interest paid	(398,658)	(391,156)
Interest element of hire purchase	<u>(1,211)</u>	<u>—</u>
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	<b>(245,181)</b>	<b>(391,156)</b>
<b>Capital Expenditure</b>		
Payments to acquire tangible fixed assets	(86,374)	(302,929)
Receipts from sale of fixed assets	<u>431,115</u>	<u>11,457</u>
<b>Net Cash Inflow/(Outflow) from Capital Expenditure</b>	<b>344,741</b>	<b>(291,472)</b>
<b>Acquisitions and Disposals</b>		
Disposal of shares in group undertakings	<u>71,545</u>	<u>(117,572)</u>
<b>Net Cash Inflow/(Outflow) from Acquisitions and Disposals</b>	<b>71,545</b>	<b>(117,572)</b>
<b>Cash Inflow/(Outflow) Before Financing</b>	<b>2,980,052</b>	<b>(799,256)</b>
<b>Financing</b>		
(Repayment of)/increase in bank loans	(2,575,000)	5,468,750
Capital element of hire purchase	<u>30,486</u>	<u>(4,730)</u>
<b>Net Cash (Outflow)/Inflow from Financing</b>	<b>(2,544,514)</b>	<b>5,464,020</b>
<b>Increase in Cash</b>	<b><u>435,538</u></b>	<b><u>4,664,764</u></b>

The notes on pages 14 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 2006

### Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities

	2006 £	2005 £
Operating loss	(2,814,985)	(761,517)
Depreciation	136,875	370,713
Loss/(Profit) on disposal of fixed assets	349,574	(562)
Decrease in stocks	3,336,217	149,287
Decrease in debtors	4,572,558	261,720
(Decrease)/increase in creditors	(2,771,292)	24,303
Defined benefit pension scheme contributions paid	—	(43,000)
Net cash inflow from operating activities	<u>2,808,947</u>	<u>944</u>

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

	2006 £	2005 £
Increase in cash in the period	435,538	4,664,764
Net cash outflow from/(inflow) from bank loans	2,575,000	(5,468,750)
Cash outflow in respect of hire purchase	<u>(30,486)</u>	<u>4,730</u>
	2,980,052	(799,256)
Change in net debt	2,980,052	(799,256)
Net debt at 1 January 2006	<u>(6,871,941)</u>	<u>(6,233,258)</u>
Net debt at 31 December 2006	<u>(3,891,890)</u>	<u>(6,871,941)</u>

The notes on pages 14 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 2006

### Analysis of Changes in Net Debt

	At 1 Jan 2006 £	Cash flows £	At 31 Dec 2006 £
Net cash			
Cash in hand and at bank	1,334	49,834	51,168
Overdrafts	<u>(1,397,325)</u>	<u>385,703</u>	<u>(1,011,622)</u>
	<u>(1,395,991)</u>	<u>435,537</u>	<u>(960,454)</u>
Debt			
Debt due within 1 year	<u>(5,468,750)</u>	<u>2,575,000</u>	<u>(2,893,750)</u>
Hire purchase agreements	<u>(7,200)</u>	<u>(30,486)</u>	<u>(37,686)</u>
	<u>(5,475,950)</u>	<u>2,544,514</u>	<u>(2,931,436)</u>
Net debt	<u>(6,871,941)</u>	<u>2,980,051</u>	<u>(3,891,890)</u>

The notes on pages 14 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 2006**

#### **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 2006

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 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 property	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 2006**

#### **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 £1,591,417 (2005 £2,186,969) 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 2006

#### 2. Analysis of Cost of Sales and Net Operating Expenses

	Continuing Operations £	Discontinued Operations £	Total £
<b>Year Ended 31 December 2006</b>			
Cost of sales	<u>1,458,628</u>	<u>22,913,188</u>	<u>24,371,816</u>
Administrative expenses	<u>1,348,504</u>	<u>2,846,546</u>	<u>4,195,050</u>
Net operating expenses	<u>1,348,504</u>	<u>2,846,546</u>	<u>4,195,050</u>
<b>Year Ended 31 December 2005</b>			
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>

#### 3. Operating Loss

Operating loss is stated after charging/(crediting)

	2006 £	2005 £
Depreciation of owned fixed assets	136,875	364,953
Depreciation of assets held under hire purchase agreements	—	5,760
Loss/(Profit) on disposal of fixed assets	349,574	(562)
Auditor's remuneration		
- as auditor	<u>17,200</u>	<u>30,400</u>

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31 December 2006

#### 4. Particulars of Employees

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

	2006	2005
	No	No
Number of administrative staff	20	28
Number of other staff	126	169
	<u>146</u>	<u>197</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	1,779,044	3,930,493
Social security costs	92,428	284,243
Other pension costs	—	61,954
Other pension costs	40,700	44,200
	<u>1,912,172</u>	<u>4,320,890</u>

#### 5. Directors' Emoluments

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

	2006	2005
	£	£
Emoluments receivable	169,500	242,364
Value of company pension contributions to money purchase schemes	40,700	44,200
	<u>210,200</u>	<u>286,564</u>

Fees and other emoluments (excluding pension contributions) paid to the highest paid director totalled £72,000 (2005 £87,020) and contributions of £700 (2005: £4,200) were paid to a pension scheme on his behalf

#### 6. Profit on Disposal of Discontinued Operations

	2006	2005
	£	£
Disposal of discontinued operations		
Goodwill on sale of operation	<u>71,545</u>	<u>—</u>

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 7. Interest Payable and Similar Charges

	2006 £	2005 £
Interest payable on bank borrowing	398,658	391,156
Finance charges	1,211	—
	<u>399,869</u>	<u>391,156</u>

### 25. Loss Attributable to Members of the Parent Company

The loss dealt with in the accounts of the parent company was £(904,768) (2005 - £133,312)

### 8. Tangible Fixed Assets

Group	Freehold Property £	Leasehold Property £	Freehold Investment Property £	Plant & Machinery £	Other Assets £	Total £
<b>Cost or Valuation</b>						
At 1 Jan 2006	900,000	744,408	1,947,175	899,297	1,060,361	5,551,241
Additions	—	19,864	—	6,222	60,288	86,374
Disposals	—	(707,571)	—	(554,044)	(957,999)	(2,219,614)
Revaluation	—	—	1,352,825	(173,451)	(87,497)	1,091,877
Transfers	(900,000)	—	900,000	—	—	—
<b>At 31 Dec 2006</b>	<u>—</u>	<u>56,701</u>	<u>4,200,000</u>	<u>178,024</u>	<u>75,153</u>	<u>4,509,878</u>
<b>Depreciation</b>						
At 1 Jan 2006	—	255,609	144,310	661,171	764,753	1,825,843
Charge for the year	—	4,800	3,185	33,869	95,021	136,875
On disposals	—	(240,059)	—	(427,773)	(771,093)	(1,438,925)
Revaluation adjustment	—	—	(147,495)	(267,267)	(82,601)	(497,363)
<b>At 31 Dec 2006</b>	<u>—</u>	<u>20,350</u>	<u>—</u>	<u>—</u>	<u>6,080</u>	<u>26,430</u>
<b>Net Book Value</b>						
<b>At 31 Dec 2006</b>	<u>—</u>	<u>36,351</u>	<u>4,200,000</u>	<u>178,024</u>	<u>69,073</u>	<u>4,483,448</u>
At 31 Dec 2005	<u>900,000</u>	<u>488,799</u>	<u>1,802,865</u>	<u>238,126</u>	<u>295,608</u>	<u>3,725,398</u>

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31 December 2006

#### 8. Tangible Fixed Assets *(continued)*

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

	2006 £	2005 £
<b>Historical cost:</b>		
At 1 Jan 2006	62,000	72,000
Disposals in year	(62,000)	(10,000)
At 31 Dec 2006	-	62,000
<b>Depreciation:</b>		
At 1 Jan 2006	62,000	72,000
On disposals	(62,000)	(10,000)
At 31 Dec 2006	-	62,000

**Net historical cost value:**

#### Hire purchase agreements

Included within the net book value of £4,483,448 is £39,946 (2005 - £1,440) 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 £Nil (2005 - £5,760)

#### Capital commitments

	2006 £	2005 £
Contracted but not provided for in the financial statements	-	54,595

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 8. Tangible Fixed Assets *(continued)*

Company	Freehold Property £	Leasehold Property £	Freehold Investment Property £	Motor Vehicles £	Equipment £	Total £
<b>Cost or Valuation</b>						
At 1 Jan 2006	900,000	67,085	1,947,175	121,200	473,094	3,508,554
Additions	–	–	–	7,330	–	7,330
Disposals	–	(67,085)	–	(121,200)	(473,094)	(661,379)
Revaluation	–	–	1,352,825	–	–	1,352,825
Transfers	(900,000)	–	900,000	–	–	–
<b>At 31 Dec 2006</b>	<u>–</u>	<u>–</u>	<u>4,200,000</u>	<u>7,330</u>	<u>–</u>	<u>4,207,330</u>
<b>Depreciation</b>						
At 1 Jan 2006	–	67,085	144,310	23,300	425,840	660,535
Charge for the year	–	–	3,185	34,400	47,254	84,839
On disposals	–	(67,085)	–	(57,200)	(473,094)	(597,379)
Revaluation adjustment	–	–	(147,495)	–	–	(147,495)
<b>At 31 Dec 2006</b>	<u>–</u>	<u>–</u>	<u>–</u>	<u>500</u>	<u>–</u>	<u>500</u>
<b>Net Book Value</b>						
At 31 Dec 2006	<u>–</u>	<u>–</u>	<u>4,200,000</u>	<u>6,830</u>	<u>–</u>	<u>4,206,830</u>
At 31 Dec 2005	<u>900,000</u>	<u>–</u>	<u>1,802,865</u>	<u>97,900</u>	<u>47,254</u>	<u>2,848,019</u>

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 investment property was valued by Colliers Cre during May 2007 and is shown at open market value.

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31 December 2006

#### 8. Tangible Fixed Assets *(continued)*

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

	2006 £	2005 £
<b>Historical cost:</b>		
At 1 Jan 2006	62,000	72,000
Disposals in year	(62,000)	(10,000)
At 31 Dec 2006	<u>-</u>	<u>62,000</u>
<b>Depreciation:</b>		
At 1 Jan 2006	62,000	72,000
On disposals	(62,000)	(10,000)
At 31 Dec 2006	<u>-</u>	<u>62,000</u>

**Net historical cost value:**

**Capital commitments**

	2006 £	2005 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>54,595</u>

#### 9. Investments

Group	Investment in unlisted company £
<b>Cost</b>	
At 1 January 2006 and 31 December 2006	<u>307,474</u>
<b>Net Book Value</b>	
At 31 December 2006	<u>307,474</u>
At 31 December 2005	<u>307,474</u>

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 9. Investments (continued)

Company	Group companies £	Investment in unlisted company £	Total £
<b>Cost</b>			
At 1 January 2006 and 31 December 2006	<u>1,061,817</u>	<u>307,474</u>	<u>1,369,291</u>
<b>Amounts Written Off</b>			
At 1 January 2006	458,764	-	458,764
Written off in year	<u>100</u>	<u>-</u>	<u>100</u>
At 31 December 2006	<u>458,864</u>	<u>-</u>	<u>458,864</u>
<b>Net Book Value</b>			
At 31 December 2006	<u>602,953</u>	<u>307,474</u>	<u>910,427</u>
At 31 December 2005	<u>603,053</u>	<u>307,474</u>	<u>910,527</u>

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



# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 10. Stocks

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Stock	<u>71,226</u>	<u>3,407,443</u>	<u>-</u>	<u>-</u>

### 11. Consignment Stock

The value of consignment stock held by the group on behalf of vehicle manufacturers was £nil (2005 £1,872,049) The stock remains the property of the manufacturers until such time as it is formally adopted by the group

### 12. Debtors

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	700,913	1,687,163	-	2,718
VAT recoverable	-	35,408	11,382	12,037
Amounts due from group undertakings	-	-	100	1,277,382
Amounts owed by related undertakings	-	3,078,160	-	56,936
Other debtors	60,885	98,219	-	-
Prepayments and accrued income	<u>222,539</u>	<u>660,757</u>	<u>145,733</u>	<u>268,990</u>
	<u>984,337</u>	<u>5,559,707</u>	<u>157,215</u>	<u>1,618,063</u>

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

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	3,905,372	6,866,075	2,893,750	5,468,750
Trade creditors	176,383	3,654,210	13,248	56,821
Amounts owed to group undertakings	-	-	3,365,170	1,443,213
Hire purchase agreements	23,030	3,200	-	-
Directors' loan accounts	308,181	650,000	308,181	650,000
Other creditors including taxation and social security	-	-	-	-
PAYE and social security	-	101,412	-	101,412
VAT	126,581	-	-	-
Amounts owed by related undertakings	7,811	-	19,730	-
Other creditors	550,000	2,812	550,000	2,812
Accruals and deferred income	<u>744,134</u>	<u>278,760</u>	<u>696,120</u>	<u>109,159</u>
	<u>5,841,492</u>	<u>11,556,469</u>	<u>7,846,199</u>	<u>7,832,167</u>

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

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

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Hire purchase agreements	<u>14,656</u>	<u>4,000</u>	<u>-</u>	<u>-</u>

### 15. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Amounts payable within 1 year	-	4,303	-	-
Amounts payable between 2 to 5 years	<u>-</u>	<u>5,378</u>	<u>-</u>	<u>-</u>
	-	9,681	-	-
Less interest and finance charges relating to future periods	<u>-</u>	<u>(2,481)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>-</u>

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

## **Notes to the Financial Statements**

### **Year Ended 31 December 2006**

#### **16. 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 MIPS scheme 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 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.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	–	4.4	4.4
Rate of increase in pensions in payment	–	2.7	2.7
Discount rate	–	4.7	5.3
Inflation assumption	–	2.9	2.9

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 16. Pension Commitments *(continued)*

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

		2006		2005		2004
	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £
Equities	—	—	7.5	722,000	7.5	635,000
Bonds	—	—	4.1	721,000	4.5	634,000
Total market value of assets		—		1,443,000		1,269,000
Present value of scheme liabilities		—		(2,657,000)		(2,191,000)
Deficit in the scheme		—		(1,214,000)		(922,000)
Related deferred tax asset		—		364,000		277,000
Net pension liability		—		(850,000)		(645,000)

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

	2006	2005
	£	£
At 1 January	(1,214,000)	(922,000)
Total operating charge	—	(44,000)
Total other finance costs	—	(40,000)
Actuarial income recognised in the statement of total recognised gains and losses	1,214,000	(251,000)
Contributions	—	43,000
At 31 December	—	(1,214,000)

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 16. Pension Commitments *(continued)*

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating loss

	2006	2005
	£	£
Current service cost	—	(44,000)
Total operating charge	—	(44,000)

Analysis of the amount charged to finance costs

	2006	2005
	£	£
Other finance costs expected return on assets in the scheme	—	76,000
Other finance costs interest costs	—	(116,000)
Total finance costs	—	(40,000)

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

	2006	2005
	£	£
STRGL difference between expected and actual return on assets	—	114,000
STRGL experience gains/(losses) arising from scheme liabilities	—	(5,000)
STRGL effect on changes in assumptions	—	(360,000)
Actuarial losses	—	(251,000)

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 16. Pension Commitments *(continued)*

A history of experience gains and losses is shown below

	2006	2005	2004	2003	2002
Difference between the expected and actual return on scheme assets					
- amount (£)	—	114,000	51,000	42,000	193,000
- % of scheme assets	—	8	4	4	17
Experience (losses)/gains on scheme liabilities					
- amount (£)	—	(5,000)	42,000	6,000	11,000
- % of the present value of scheme liabilities	—	—	2	—	1
Total amount recognised in statement of total recognised gains and losses					
- amount (£)	—	(251,000)	(79,000)	191,000	299,000
- % of the present value of scheme liabilities	—	(9)	(4)	10	17

### 17. Commitments under Operating Leases

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

Group	2006		2005	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire				
Within 1 year	-	44,106	-	50,295
Within 2 to 5 years	-	-	-	45,001
After more than 5 years	129,000	-	738,850	-
	<u>129,000</u>	<u>44,106</u>	<u>738,850</u>	<u>95,296</u>

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31 December 2006

#### 17. Commitments under Operating Leases *(continued)*

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

Company	2006		2005	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire				
Within 1 year	-	-	-	<u>7,362</u>

#### 18. 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 2006 such borrowings amounted to £18,276,155 (2005 £14,279,659)

#### 19. 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

	2006 £
Rents payable	437,012
Interest receivable	154,688
Amounts payable	<u>22,442</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>
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At the year end there was a Director's current account balance owed by the company in the sum of £308,181

# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

Year Ended 31 December 2006

### 20. Share Capital

#### Authorised share capital:

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

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

	2006 No 300	£ 300	2005 No 300	£ 300
Ordinary shares of £1 each				

### 21. Reserves

Group	Revaluation reserve £	Capital redemption reserve £	Merger Reserve £	Profit and loss account £
Balance brought forward	184,744	387,900	2,268,738	(2,250,796)
Loss for the year	—	—	—	(2,988,621)
Amortisation of issue expenses on non-equity shares	—	—	—	850,000
Other gains and losses - Revaluation of fixed assets	<u>1,589,240</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance carried forward	<u>1,773,984</u>	<u>387,900</u>	<u>2,268,738</u>	<u>(4,389,417)</u>

Company	Revaluation reserve £	Profit and loss account £
Balance brought forward	184,744	(2,372,013)
Loss for the year	—	(904,768)
Other gains and losses - Revaluation of fixed assets	<u>1,500,320</u>	<u>—</u>
Balance carried forward	<u>1,685,064</u>	<u>(3,276,781)</u>



# MSF Motor Group Limited and its Subsidiary Undertakings

## Notes to the Financial Statements

### Year Ended 31 December 2006

#### 22. Reconciliation of Movements in Shareholders' Funds

	2006	2005
	£	£
Loss for the financial year	(2,988,621)	(974,173)
Other net recognised gains and losses	1,589,240	178,521
Transfer from revaluation reserve	—	63,632
Actuarial gain / loss recognised	850,000	(205,000)
Transfer to profit and loss account	—	(63,632)
Net reduction to shareholders' funds	(549,381)	(1,000,652)
Opening shareholders' funds	590,886	2,236,538
Prior year adjustment	—	(645,000)
Closing shareholders' funds	<u>41,505</u>	<u>590,886</u>

#### 23. 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