

SIMONSTONE (BRISTOL) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2005

COMPANY NUMBER 04585756

Presented by:

Afford Astbury Bond LLP
Chartered Accountants
31 Wellington Road
Nantwich
Cheshire
CW5 7ED



SIMONSTONE (BRISTOL) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2005

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SIMONSTONE (BRISTOL) LIMITED

COMPANY INFORMATION

Directors	M Keen (Chairman) S Sowerby P Keen J Keen
Secretary	S Sowerby
Registered Office	100 Barbirolli Square Manchester M2 3AB
Company Number	4585756
Auditors	Afford Astbury Bond LLP Chartered Accountants Registered Auditors 31 Wellington Road Nantwich Cheshire CW5 7ED
Bankers	Bank of Scotland PO Box 208 21 Prince Street Bristol BS99 7JG
Solicitors	Addleshaw Goddard 100 Barbirolli Square Manchester M2 3AB

SIMONSTONE (BRISTOL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2005

The directors present their annual report and the audited financial statements for the year ended 31st December 2005.

Principal activity and review of the business

The company trades in the retail sale and repair of motor vehicles.

Having taken into consideration the well documented downturn in consumer spending in the UK which impacted the motor trade the directors are satisfied with the results for the year.

Fixed assets

The movement in tangible fixed assets during the year is set out in note 8 to the financial statements.

Results and dividends

The results for the year are set out in detail on page 4.

The directors have not paid a dividend during the year (2004 £150,000)

Directors and directors' interests

The directors who served during the year and their ultimate beneficial interests in the shares of the company were:

	Ordinary shares of £1 each	
	At 31 December 2005	At 31 December 2004
M Keen	5,000	5,000
J Keen	-	-
S Sowerby	-	-
P Keen	-	-

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

SIMONSTONE (BRISTOL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2005 (continued)

Directors' responsibilities for preparing the financial statements

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 profit or loss of the company for that year. In preparing those financial statements the directors are required to

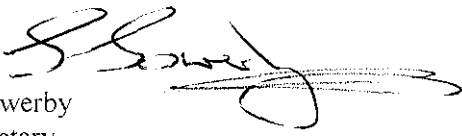
- select suitable accounting policies and then apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Afford Astbury Bond LLP as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

The Directors' Report was approved by the Board and signed on its behalf by:


S Sowerby
Secretary

Date

2/3/06

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SIMONSTONE (BRISTOL) LIMITED

We have audited the financial statements of Simonstone (Bristol) Limited on pages 4 to 14 for the year ended 31st December 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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 transactions with the company is not disclosed.

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


Basis of 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 estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Afford Astbury Bond LLP
Chartered Accountants
Registered Auditors
31 Wellington Road
Nantwich
Cheshire
CW5 7ED
Date 2/3/06

SIMONSTONE (BRISTOL) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2005

		Continuing operation	
	<u>Notes</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
Turnover	2	13,454,816	13,700,972
Cost of sales		(11,534,414)	(11,884,589)
Gross profit		1,920,402	1,816,383
Other operating income		269,051	582,021
Administration expenses		(2,042,532)	(1,975,606)
Operating profit		146,921	422,798
Interest receivable		4,774	2,433
Interest payable and similar charges	3	(66,140)	(64,919)
Profit on ordinary activities before taxation	4	85,555	360,312
Tax on profit on ordinary activities	7	(9,141)	(50,759)
Profit for the financial year after taxation		76,414	309,553
Dividends		-	(150,000)
Retained profit for the year		76,414	159,553

Statement of total recognised gains/losses

The company has no recognised gains or losses other than profits as disclosed for the two periods ended 31st December 2005.

Historical cost profits and losses

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The annexed notes form part of these financial statements.

SIMONSTONE (BRISTOL) LIMITED

BALANCE SHEET AT 31ST DECEMBER 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
Fixed assets			
Intangible assets	8	85,352	68,449
Tangible assets	8	205,766	178,295
		<u>291,118</u>	<u>246,744</u>
Current assets			
Stocks	9	1,414,682	1,486,455
Debtors	11	716,745	286,225
Cash at bank and in hand		290	20,975
		<u>2,131,717</u>	<u>1,793,655</u>
Creditors : amounts falling due within one year	12	<u>(2,036,312)</u>	<u>(1,668,847)</u>
Net current liabilities		<u>95,405</u>	<u>124,808</u>
Total assets less current liabilities		<u>386,523</u>	<u>371,552</u>
Creditors: amounts falling due after more than one year	13	<u>(74,296)</u>	<u>(135,739)</u>
Net assets		<u><u>312,227</u></u>	<u><u>235,813</u></u>
Capital and reserves			
Called up share capital	15	5,000	5,000
Profit and loss account	16	307,227	230,813
Shareholders' funds	17	<u><u>312,227</u></u>	<u><u>235,813</u></u>

The financial statements were approved by the Board and signed on its behalf by:

M Keen
Director

Date 2/3/06

The annexed notes form part of these financial statements.

SIMONSTONE (BRISTOL) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		146,921	422,798
Depreciation		73,961	49,480
Increase in stocks		71,773	(173,329)
Increase in debtors		(430,520)	(15,028)
(Decrease)/increase in creditors		191,977	(45,663)
Net cash inflow from operating activities		<u>54,112</u>	<u>238,258</u>
Cash flow statement			
Net cash inflow from operating activities		54,112	238,258
Returns on investments and servicing of finance	21	(60,768)	(61,317)
Capital expenditure	21	(118,335)	(67,439)
Dividends paid		-	(150,000)
Financing	21	98,020	37,100
Taxation		(51,223)	(17,536)
(Decrease)/increase in cash		<u>(78,194)</u>	<u>(20,934)</u>
Reconciliation of net cash flow to movement in net debt	22		
(Decrease)/increase in cash in the period/change in net debt		<u>(78,194)</u>	<u>(20,934)</u>
Net funds at 31st December 2004		<u>20,975</u>	<u>41,909</u>
Net funds at 31st December 2005		<u>(57,219)</u>	<u>20,975</u>

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost accounting rules.

Depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	- 25% per annum straight line
Fixtures and fittings	- 10% per annum straight line
Plant and machinery	- 10% per annum straight line
Computer equipment	- 25% per annum straight line

Pensions

The company operates a defined contribution/stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account, where material, taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method, where material, to the extent that it is probable that the liability will become payable in the foreseeable future.

Leased assets and hire purchase contracts

Where the assets are financed by leasing agreements 'finance leases' or hire purchase contracts the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease or hire purchase contract in proportion to the balance of capital payments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

Goodwill

Purchased goodwill incurred on the acquisition of new dealership sites is written off against the profit and loss account over its useful economic life, considered to range from ten to twenty years, a reasonable maximum estimated by the directors.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (continued)

2. Turnover

Turnover consists of the invoice value excluding VAT for goods and services supplied to third parties.

3. Interest payable and similar charges

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
On vehicle funding	<u>66,140</u>	<u>64,919</u>

4. Profit on ordinary activities before taxation is stated after charging:

Depreciation of tangible fixed assets	73,961	49,480
Equipment hire and leasing	3,892	2,640
Auditors' remuneration	<u>6,500</u>	<u>5,750</u>

5. Staff numbers and cost

Average number of people (including directors)
employed by the company during the year:

	<u>No. of Employees</u>	
	<u>2005</u>	<u>2004</u>
Production	14	16
Sales and distribution	18	18
Administration	23	29
	<u>55</u>	<u>63</u>

Cost in respect of these employees:

	<u>£</u>	<u>£</u>
Wages and salaries	1,334,359	1,356,844
Social security costs	135,915	139,499
Stakeholder pension contributions	<u>23,436</u>	<u>23,289</u>
	<u>1,493,710</u>	<u>1,519,632</u>

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (continued)

6. Directors' remuneration

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Directors emoluments	115,000	115,000
Emoluments excluding pension contributions:		
Chairman	Nil	Nil
Highest paid director	70,000	60,000

Number of other directors whose emoluments fell within the bands stated:

	<u>No. of Directors</u>	
	<u>2005</u>	<u>2004</u>
£0 - £5,000	1	1
£40,001 - £45,000	1	-
£50,001 - £55,000	-	1

7. Tax on profit on ordinary activities

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Taxation charge for the year:		
Corporation tax	9,141	51,223
Overprovision in prior period	-	(464)
	9,141	50,759

8. Intangible fixed assets

	Goodwill
	£
Cost	
At 1 st January 2005	85,561
Additions	35,942
At 31 st December 2005	121,503
Amortisation	
At 1 st January 2005	17,112
Charge for the year	19,039
At 31 st December 2005	36,151
Net book value	
At 31 st December 2005	85,352
At 31 st December 2004	68,449

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (continued)

8. Tangible fixed assets

	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 st January 2005	96,465	53,352	79,459	18,085	247,361
Additions	31,919	19,888	15,898	18,688	86,393
Disposals	-	-	-	(9,186)	(9,186)
At 31st December 2005	<u>128,384</u>	<u>73,240</u>	<u>95,357</u>	<u>27,587</u>	<u>324,568</u>
Depreciation					
At 31 st January 2005	25,653	4,929	33,341	5,143	69,066
Charge for the year	19,536	6,679	22,388	6,319	54,922
Disposals	-	-	-	(5,186)	(5,186)
At 31st December 2005	<u>45,189</u>	<u>11,608</u>	<u>55,729</u>	<u>6,276</u>	<u>118,802</u>
Net book value					
At 31st December 2005	<u>83,195</u>	<u>61,632</u>	<u>39,628</u>	<u>21,311</u>	<u>205,766</u>
At 31 st December 2004	<u>70,812</u>	<u>48,423</u>	<u>46,118</u>	<u>12,942</u>	<u>178,295</u>

9. Stocks

	<u>2005</u> £	<u>2004</u> £
Goods for resale	<u>1,414,682</u>	<u>1,486,455</u>

The replacement cost of the above stocks would not be significantly different from the values stated.

10. Consignment stock

At the year end the company held consignment stocks of £218,627 (2004 £249,764). This has been reflected on the balance sheet as it is considered that the stock is in substance the property of the company.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (continued)

11. Debtors

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Trade debtors	271,375	197,752
Other debtors	373,732	55,992
Prepayments and accrued income	71,638	32,481
	<u>716,745</u>	<u>286,225</u>

12. Creditors : amounts falling due within one year

Bank overdraft	57,509	-
Trade creditors	541,191	347,030
Other creditors - secured	1,031,552	875,951
Loan from group company	53,862	50,000
Corporation tax	9,141	51,223
Other taxation and social security	128,519	114,167
Accruals and deferred income	214,538	230,476
	<u>2,036,312</u>	<u>1,668,847</u>

13. Creditors : amounts falling due after more than one year

Other loans	<u>74,296</u>	<u>135,739</u>
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Creditors not repayable by instalments

Amount repayable within five years		
Other loans	<u>74,296</u>	<u>135,739</u>

The company's other creditors who provide vehicle funding have floating charges over vehicle stocks.

The company have an agreed bank loan and overdraft facility secured for all sums between Simonstone Motor Group Plc and Simonstone (Bristol) Limited.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (continued)

14. Provision for liabilities and charges

The amounts provided for deferred taxation and the amounts involved if deferred taxation had been provided in full are as follows:-

	<u>Full provision</u>		<u>Provided</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated capital allowances	<u>16,783</u>	<u>28,438</u>	<u>-</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 19% (2004 32.75%).

15. Called up share capital

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Authorised 5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid 5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

16. Reserves

Profit and loss account		
At 1 st January 2005	230,813	71,260
Profit for the financial year	76,414	309,553
Dividends	-	(150,000)
At 31st December 2005	<u>307,227</u>	<u>230,813</u>

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (continued)

17. Reconciliation of movements in shareholders' funds	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	76,414	309,553
Dividends	-	(150,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	76,414	159,553
Opening shareholders' funds	235,813	76,260
	<hr/>	<hr/>
Closing shareholders' funds	<u>312,227</u>	<u>235,813</u>

18. Pension scheme

The company operates a defined contribution/stakeholder pension scheme. The pension cost charge for the year represented contributions payable by the company to the fund and amounted to £23,436 (2004 £23,289).

19. Related parties

During the year the company paid costs of £21,505 to Simonstone Properties Limited a related company and £80,000 to Simonstone Motor Group Plc the parent company. All transactions are considered to be on an arms length commercial basis between companies under the control of M Keen.

20. Ultimate holding company/controlling party

The company is owned by Simonstone Motor Group Plc a company registered in England which is under the ultimate control of M Keen, Director.

SIMONSTONE (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2005 (continued)

21. Gross cash flows	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Returns on investments and servicing of finance		
Interest paid	(65,542)	(63,750)
Interest received	4,774	2,433
	<u>(60,768)</u>	<u>(61,317)</u>
 Capital expenditure		
Payments to acquire tangible fixed assets	(122,335)	(71,239)
Receipt from sale of tangible fixed assets	4,000	3,800
	<u>(118,335)</u>	<u>(67,439)</u>
 Financing		
Issue of share capital	-	-
Loan from/to group company	3,862	(50,000)
Other loans	94,158	87,100
	<u>98,020</u>	<u>37,100</u>

22. Analysis of changes in net debt

	At 1st January 2005	Cash flows	At 31st December 2005
Cash at bank and in hand	<u>20,975</u>	<u>(78,194)</u>	<u>(57,219)</u>