

**MSV Group Limited**

Financial statements

For the year ended 31 December 2005

Grant Thornton 



**Company No. 4975889**

## Company information

<b>Company registration number</b>	4975889
<b>Registered office</b>	Brands Hatch Circuit Fawkham Longfield Kent DA3 8NG
<b>Directors</b>	Dr J C Palmer Sir P J Ogden J F Britten
<b>Secretary</b>	W M Fraser
<b>Bankers</b>	Allied Irish Bank 100 Gray's Inn Road London WC1X 8AL  Barclays Bank plc 2 Carfax Horsham West Sussex RH12 1DN
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors The Explorer Building Fleming Way Manor Royal Crawley West Sussex RH10 9GT

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# Report of the directors

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

## Principal activities and business review

The principal activity of the group during the period was the operation of motor racing circuits and related ancillary activities. The company is a holding company. There was a profit for the period after taxation amounting to £1,881,000 (2004: £734,000).

## Results and dividends

The results for the period are shown in the attached financial statements. The directors recommended and paid a dividend of £400,000 in 2006.

## Directors

The directors in office during the period are shown below. The interests of the directors in the ordinary £1 shares of the company at 31 December 2005 and 1 January 2005, or date of appointment if later, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	Ordinary shares of £1 each	
	31 Dec 2005	1 Jan 2005
Dr J C Palmer	9,450	9,450
Sir P J Ogden (appointed 15 March 2005)	3,150	3,150
J F Britten (appointed 15 March 2005)	3,150	3,150

## Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

### Interest rate risk

The group finances its operations through a mixture of retained profits, asset finance, bank borrowings and borrowing from group companies. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of utilising fixed rate facilities which give certainty on interest payments.

### Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. The policy throughout the year has been to ensure continuity of funding by using fixed rate debt from the company's bankers. Due to the nature of the company's business customers pay in advance of events so the company remains cash positive. Debt is structured so repayments can be made out of cash generated through operations.

**Directors' responsibilities**

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

United Kingdom 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 judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disabled employees**

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.


**Employee involvement**

During the period, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

**Auditor**

A resolution to re-appoint Grant Thornton UK 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.

BY ORDER OF THE BOARD

  
Bill Fraser  
Company Secretary  
18 December 2006

# Report of the independent auditors to the members of MSV Group Limited

We have audited the group and parent company financial statements of MSV Group Limited for the year ended 31 December 2005 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

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

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and 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 if, in our opinion, the report of the directors 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 report of the directors, and consider whether it is consistent with the audited financial statements of the directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **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 judgments 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.

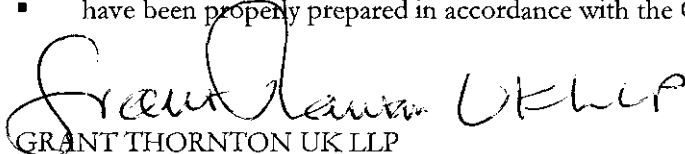
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

# Report of the independent auditors to the members of MSV Group Limited (continued)

## 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 profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
**GATWICK**

19 December 2006

## Principal accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the group are set out below.

### Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

- FRS 21 'Events after the Balance Sheet date (IAS 10)'; and
- the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'.

#### *FRS 21 'Events after the Balance Sheet date (IAS 10)'*

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

The adoption of this accounting policy has not lead to any prior year adjustments.

#### *FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'*

The adoption of FRS 25 (presentation only) has resulted in a change in accounting policy in respect of share capital classification. The share capital of MSV Group Limited does not meet the definition of a financial liability, and so is classed as an equity instrument, with any dividends paid on the shares being debited directly to equity.

### Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2005. Subsidiaries are dealt with by the acquisition method of accounting.

### Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Turnover is recognised once the customer has completed the relevant event. Sponsorship income is recognised over the period that the sponsorship is earned.

Rent receivable under operating leases is recognised as income on a straight line basis over the period of the lease and is recognised as other operating income.



**Goodwill**

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life of 10 years.

**Fixed assets**

All fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

**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:

Long leasehold property	- 50 years
Freehold building	- 50 years
Track (in freehold buildings)	- 10 years
Plant & machinery	- 10 years straight line or 20% reducing balance
Fixtures & fittings	- 3-10 years straight line or 20% - 25% reducing balance
Helicopter	- 10% reducing balance
Motor vehicles	- 5 years straight line or 20% - 25% reducing balance

No depreciation is provided on freehold land.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Stocks consist of motor vehicle parts and catering items. Work in progress consists of costs incurred in building vehicles for resale.

**Leasing and hire purchase commitments**

Assets held under hire purchase and finance lease contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives. The capital element of the contract payment is included under creditors. The interest element of the contract obligations is charged to the profit and loss account over the period of the contract.

**Operating lease agreements**

Rentals payable under 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.

**Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. *Deferred tax assets are recognised when it is more likely than not that they will be recovered.* Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**Financial Instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Consolidated profit and loss account

		Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
	Note		
Turnover	1	29,372	27,672
Cost of sales		(15,008)	(14,460)
Gross profit		14,364	13,212
Administrative expenses		(10,936)	(11,169)
Other operating income		143	157
<b>Operating profit</b>		<b>3,571</b>	<b>2,200</b>
Net interest	2	(488)	(559)
<b>Profit on ordinary activities before taxation</b>		<b>3,083</b>	<b>1,641</b>
Tax on profit on ordinary activities	4	(1,202)	(907)
Profit transferred to reserves	16,17	1,881	734

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

## Balance sheets

	Note	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
<b>Fixed assets</b>					
Intangible assets	6	4,797	5,397	-	-
Tangible assets	7	21,873	21,444	-	-
Investments	8	100	100	9,000	9,000
		<u>26,770</u>	<u>26,941</u>	<u>9,000</u>	<u>9,000</u>
<b>Current assets</b>					
Stocks	9	992	894	-	-
Debtors	10	1,545	1,007	5,854	5,705
Cash at bank		3,244	1,924	13	170
		<u>5,781</u>	<u>3,825</u>	<u>5,867</u>	<u>5,875</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(7,519)</u>	<u>(5,785)</u>	<u>(79)</u>	<u>(296)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,738)</u>	<u>(1,960)</u>	<u>5,788</u>	<u>5,579</u>
<b>Total assets less current liabilities</b>		<u>25,032</u>	<u>24,981</u>	<u>14,788</u>	<u>14,579</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(8,036)</u>	<u>(9,915)</u>	<u>(318)</u>	<u>(301)</u>
<b>Provision for liabilities and charges</b>					
Deferred taxation	14	<u>(281)</u>	<u>(232)</u>	<u>-</u>	<u>-</u>
		<u>16,715</u>	<u>14,834</u>	<u>14,470</u>	<u>14,278</u>
<b>Capital and reserves</b>					
Called up shares capital	15	16	16	16	16
Share premium account	16	14,084	14,084	14,084	14,084
Profit and loss account	16	2,615	734	370	178
<b>Shareholders' funds</b>	17	<u>16,715</u>	<u>14,834</u>	<u>14,470</u>	<u>14,278</u>

These financial statements were approved by the directors on 18 December 2006 and are signed on their behalf by:

.....  
Dr J C Palmer  
Director

## Consolidated cash flow statement

		Year ended 31 December 2005	25 November 2003 to 31 December 2004
	Note	£'000	£'000
<b>Net cash inflow from operating activities</b>	18	<b>6,200</b>	<b>5,114</b>
<b>Returns on investments and servicing of finance</b>			
Interest receivable	2	217	80
Interest paid	2	(705)	(338)
		<u>(488)</u>	<u>(258)</u>
<b>Taxation</b>		<b>(1,034)</b>	<b>(191)</b>
<b>Capital expenditure and finance investment</b>			
Purchase of tangible fixed assets		(1,651)	(1,329)
Sale of tangible fixed assets		22	87
		<u>(1,629)</u>	<u>(1,242)</u>
<b>Acquisitions</b>			
Purchase of subsidiary undertakings		-	(15,891)
Net overdraft from purchase of subsidiary undertakings		-	(797)
		<u>-</u>	<u>(16,688)</u>
<b>Financing</b>			
Receipts from borrowings		-	15,150
Repayments of borrowings		(1,092)	(92)
Capital element of finance lease rentals		(396)	(110)
<b>Net cash inflow from financing</b>		<b>(1,488)</b>	<b>14,948</b>
<b>Increase in cash</b>	19, 20	<b><u>1,561</u></b>	<b><u>1,683</u></b>

# Notes to the financial statements

## 1 Turnover and profit on ordinary activities

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the group as set out in the report of the directors and arose wholly in the United Kingdom.

The profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
Operating lease rentals		
- land and buildings	283	282
- machinery	43	59
Amortisation	600	600
Depreciation		
- tangible fixed assets, owned	1,040	1,008
- tangible fixed assets, held under finance leases and hire purchase agreements	162	146
Profit on disposal of fixed assets	(1)	(44)
Auditors' remuneration		
- audit services	50	48
- non-audit services - tax compliance	8	8
- non-audit services - advice in connection with acquisitions	-	214
	<u>          </u>	<u>          </u>

## 2 Net interest

	Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
Shareholders' loans	-	301
Bank loans, overdrafts and other loans	663	281
Hire purchase interest	36	55
Interest receivable	(217)	(80)
Amortisation of finance charge	6	2
	<u>          </u>	<u>          </u>
	488	559

## Financial statements for the year ended 31 December 2005

**3 Directors and employees**

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

	Year ended 31 December 2005 Number	25 November 2003 to 31 December 2004 Number
Operational	80	100
Casual	377	483
Sales, management and administration	67	38
	<u>524</u>	<u>621</u>

The aggregate payroll costs of the above were:

	Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
Wages and salaries	6,559	6,814
Social security costs	545	631
	<u>7,104</u>	<u>7,445</u>

Remuneration in respect of the director was as follows:

	Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
Emoluments	<u>441</u>	<u>388</u>

The emoluments for the highest paid director was £441,000 (2004: £388,000).

## Financial statements for the year ended 31 December 2005

**4 Tax on profit on ordinary activities**

(a) Analysis of charge in the year

	Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
Current tax:		
In respect of the year:		
UK corporation tax	1,166	927
Prior period amendments	(13)	-
Total current tax	1,153	927
Deferred tax:		
Origination and reversal of timing differences	49	(20)
Tax on profit on ordinary activities	1,202	907

**4 Tax on profit on ordinary activities (continued)**

(b) Factors affecting current tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK at 30%. The differences are explained below:

	Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
Profit on ordinary activities before tax	3,083	1,641
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	925	492
Effect of:		
Expenses not deductible for tax purposes	314	398
Capital allowances for the period in excess of depreciation	(24)	(119)
Movement in general provisions	(43)	158
Marginal relief	(6)	(2)
Prior period amendments	(13)	-
Current tax for the year	1,153	927

**5 Profit for the financial period**

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £192,000 (2004: £178,000).



## 6 Intangible fixed assets

	Goodwill on consolidation £'000
Cost	
At 1 January 2005 and 31 December 2005	5,997
Amortisation	
At 1 January 2005	600
Charge for the period	600
At 31 December 2005	1,200
Net book amount at 31 December 2005	4,797
Net book amount at 31 December 2004	5,397

The goodwill on consolidation arose on the acquisition of JPM Limited and is being amortised over 10 years.

## 7 Tangible fixed assets

Group	Long Leasehold Property £'000	Freehold Land and Buildings £'000	Plant & Machinery £'000	Helicopter £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 January 2005	3,204	14,448	2,975	1,595	2,831	25,053
Additions	77	806	510	-	258	1,651
Disposals	-	-	-	-	(67)	(67)
At 31 December 2005	3,281	15,254	3,485	1,595	3,022	26,637
Depreciation						
At 1 January 2005	264	277	1,234	460	1,374	3,609
Charge for the period	64	303	333	114	387	1,201
Disposals	-	-	-	-	(46)	(46)
At 31 December 2005	328	580	1,567	574	1,715	4,764
Net book value at 31 December 2005	2,953	14,674	1,918	1,021	1,307	21,873
Net book value at 31 December 2004	2,940	14,171	1,741	1,135	1,457	21,444

Included within freehold property is land of £6,548,000 (2004: £6,548,000) which is not depreciated.

Included within the net book value of £21,873,000 (2004: £21,444,000) is £1,190,000 (2004: £1,152,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £162,000 (2004: £146,000).

## Financial statements for the year ended 31 December 2005

**8 Fixed asset investments**

**Group** **£'000**

At 1 January 2005 and 31 December 2005

Shares in trade investments held by subsidiary undertakings 100

The trade investment represents 7.32% of the share capital of Justin Wilson plc which was held by a subsidiary undertaking JPM Limited.

**Company** **£'000**

Shares in subsidiary undertakings 9,000

The investments represents the cost of the share capital of the company's wholly owned subsidiary undertakings, which are all incorporated in England and Wales as follows:

Subsidiary	Principal activity	Class of shares
JPM Limited	Provision of corporate track events and related activities	£1 ordinary
Motorsport Vision Limited	Operation of motor racing circuits and related ancillary activities	£1 ordinary

**9 Stocks**

Group	2005 £'000	2004 £'000
Consumables	922	789
Work in progress	70	105
	<u>992</u>	<u>894</u>

**10 Debtors**

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Trade debtors	804	633	-	-
Amounts due from subsidiary undertakings	-	-	5,759	5,611
Deferred tax	-	-	95	90
Prepayments and accrued income	593	312	-	-
Due from related undertaking	148	-	-	-
Other debtors	-	62	-	4
	<u>1,545</u>	<u>1,007</u>	<u>5,854</u>	<u>5,705</u>

## Financial statements for the year ended 31 December 2005

**11 Creditors: amounts falling due within one year**

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Bank loan	1,709	1,222	-	-
Bank overdrafts (secured)	-	241	-	-
Trade creditors	1,011	772	-	-
Corporation tax	1,046	927	79	177
Social security and other taxes	433	331	-	-
Other creditors	53	67	-	-
Amounts due to subsidiary undertaking	-	-	-	93
Payments received on account	665	318	-	-
Accruals and deferred income	2,302	1,511	-	26
Amounts due under finance leases and hire purchase contracts	300	396	-	-
	<u>7,519</u>	<u>5,785</u>	<u>79</u>	<u>296</u>

Other creditors includes £45,000 (2004: £67,000) due to a related party, Justin Wilson plc in which the group has a minority investment and in which Dr J C Palmer is also a director.

**12 Creditors: amounts falling due after more than one year**

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Shareholder loans	318	301	318	301
Bank loans	7,664	9,260	-	-
Amounts due under finance leases	54	354	-	-
	<u>8,036</u>	<u>9,915</u>	<u>318</u>	<u>301</u>

## Financial statements for the year ended 31 December 2005

**13 Borrowings**

Borrowings are repayable as follows:

	<b>Group</b> <b>2005</b> <b>£'000</b>	<b>Group</b> <b>2004</b> <b>£'000</b>	<b>Company</b> <b>2005</b> <b>£'000</b>	<b>Company</b> <b>2004</b> <b>£'000</b>
Within one year:				
Bank loans and overdraft	1,709	1,463	-	-
Finance leases	300	396	-	-
After one and within two years:				
Bank loans	1,600	1,710	-	-
Finance leases	54	300	-	-
After two and within five years:				
Bank loans	4,440	6,000	-	-
Finance leases	-	54	-	-
After more than five years:				
Bank loans	1,624	1,550	-	-
Shareholder loans	318	301	318	301
	<u>10,045</u>	<u>11,774</u>	<u>318</u>	<u>301</u>

The finance leases are secured on the assets to which they relate.

The bank loans are repayable in instalments and were subject to a fixed interest rate of 6.105%. All loans are secured by a fixed legal charge over the group's freehold and leasehold properties and a floating charge over all other assets.

**14 Deferred taxation**

Deferred taxation provided for in the financial statements is set out below:

	<b>Group</b> <b>2005</b> <b>£'000</b>	<b>Group</b> <b>2004</b> <b>£'000</b>	<b>Company</b> <b>2005</b> <b>£'000</b>	<b>Company</b> <b>2004</b> <b>£'000</b>
Accelerated capital allowances	395	371	-	-
Other timing differences	(114)	(139)	(95)	(90)
	<u>281</u>	<u>232</u>	<u>(95)</u>	<u>(90)</u>
At 1 January	232	-	(90)	-
Acquisitions	-	252	-	-
Transfer from profit and loss account	49	(20)	(5)	(90)
At 31 December	<u>281</u>	<u>232</u>	<u>(95)</u>	<u>(90)</u>

**15 Share capital**

	2005 £'000	2004 £'000
Authorised share capital: 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 15,750 ordinary shares of £1 each	<u>16</u>	<u>16</u>

**16 Share premium account and reserves**

	Profit and loss account	
	Group £'000	Company £'000
Balance brought forward	734	178
Retained profit for the financial period	<u>1,881</u>	<u>192</u>
Balance carried forward	<u>2,615</u>	<u>370</u>

**17 Reconciliation of movements in shareholders' funds**

Group	2005 £'000	2004 £'000
Profit for the financial period	1,881	734
Issue of shares	-	14,100
Increase in shareholders' funds	<u>1,881</u>	<u>14,834</u>
Opening shareholders' funds	<u>14,834</u>	-
Closing shareholders' funds	<u>16,715</u>	<u>14,834</u>

**18 Net cash inflow from operating activities**

	Year ended 31 December 2005 £'000	25 November 2003 to 31 December 2004 £'000
Group		
Operating profit	3,571	2,200
Depreciation	1,201	1,154
Amortisation	600	600
Profit on disposal of fixed assets	(1)	(44)
Increase/(decrease) in stock	(98)	3
Increase in debtors	(538)	(675)
Increase in creditors	<u>1,465</u>	<u>1,876</u>
Net cash inflow from operating activities	<u>6,200</u>	<u>5,114</u>

**19 Reconciliation of net cash flow to movement in net debt**

Group	Year ended 31 December 2005	25 November 2003 to 31 December 2004
	£'000	£'000
Increase in cash in the period	1,561	1,683
Cash inflow from <i>financing</i>	1,092	(15,058)
Cash outflow from finance leases	396	110
Change in net debt resulting from cash flows	3,049	(13,265)
Loans and finance leases acquired with subsidiaries	-	(1,384)
Repayment of shareholder loans	-	5,100
Other non-cash items	-	(301)
Movement in net debt in period	3,049	(9,850)
Net debt at 31 December 2004	(9,850)	-
Net debt at 31 December 2005	(6,801)	(9,850)

**20 Analysis of changes in net debt**

Group	At 1 Jan 2005	Cash flow	At 31 Dec 2005
	£'000	£'000	£'000
Cash at bank and in hand	1,924	1,320	3,244
Overdrafts	(241)	241	-
	1,683	1,561	3,244
Debt	(10,783)	1,092	(9,691)
Finance leases	(750)	396	(354)
	(9,850)	3,049	(6,801)

**21 Operating lease commitments**

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

	Land & buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 2 to 5 years	23,000	23,000
After more than 5 years	257,000	257,000
	280,000	280,000

**22 Capital commitments**

Neither the group nor the company had any capital commitments at 31 December 2005 or 31 December 2004.

**23 Contingent liabilities**

Neither the group nor the company had any contingent liabilities at 31 December 2005 or 31 December 2004.

**24 Control**

Dr J C. Palmer controls the company by virtue of his 60% shareholding in its ordinary share capital.