

Penarth Commercial Properties (Holdings) Limited
(formerly Mandaco 400 Limited)

**Directors' report and consolidated
financial statements**

Registered number 5159037

**For the eight month period ended
28 February 2005**



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Directors' report

The directors present their first report and the audited financial statements for the period ended 28 February 2005.

Incorporation and change of name

The company was incorporated on 21 June 2004 as Mandaco 400 Limited and changed its name to Penarth Commercial Properties (Holdings) Limited by special resolution on 10 September 2004. Accordingly, the financial statements cover the eight month period from the date of incorporation to 28 February 2005.

Group restructuring

The company was set up for the purpose of restructuring the group in order to implement changes to the group's ultimate shareholders. On 27 September 2004 the company acquired 100% of the share capital of Penarth Commercial Properties Limited (see note 24).

The post acquisition consolidated results of the group have been included in the financial statements, representing the five month period to 28 February 2005.

Principal activities

The company acts as a holding company for the group.

The principal activities of the group are sawmilling, motor dealers, repairers and vehicle hire.

Business review

The Group profit for the period before tax was £152,843. The profit and loss account for the period is shown on page 5.

Proposed dividend

The directors recommend that a final ordinary dividend of £50,000 be paid for the period.

Political and charitable donations

Neither the company nor the group made any political contributions during the period. Group donations to local charities amounted to £940.

Directors and directors' interests

The directors who held office during the period had the following interests in the ordinary share capital of the company:

	Ordinary shares of 10p each	
	End of period	Date of appointment
W M Barritt (appointed 21 September 2004)	-	-
R C Pugsley (appointed 21 September 2004)	4,250,000	4,250,000
	<hr/>	<hr/>

Directors' report *(continued)*

Employees

The group gives full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Furthermore, should existing employees become disabled, every effort would be made to find them appropriate work and to provide training where necessary.

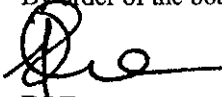
The directors recognise the importance of good relations with employees. As the group is managed on a de-centralised basis, the management of each subsidiary is responsible for the participation practices appropriate to its own particular needs and background.

Auditors

During the period KPMG LLP were appointed as first auditors of the company.

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



R.J. Evans
Secretary

1st November

2005

Statement of directors' responsibilities

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 Group and of the profit or loss for that period. 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;
- state whether applicable 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



KPMG LLP

Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

Independent auditors' report to the members of Penarth Commercial Properties (Holdings) Limited (formerly Mandaco 400 Limited)

We have audited the financial statements on pages 5 to 23.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 Group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 28 February 2005 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditor

4 November 2005

Consolidated profit and loss account
for the eight month period ended 28 February 2005

	<i>Note</i>	Continuing operations 2005 £	Acquisition 2005 £	8 months ended 28 February 2005 £
Turnover from continuing activities	2	-	19,490,581	19,490,581
Cost of sales		-	(16,701,734)	(16,701,734)
Gross profit		-	2,788,847	2,788,847
Distribution costs		-	(1,202,736)	(1,202,736)
Administrative expenses		(58,744)	(1,297,140)	(1,355,884)
Other operating income		-	121,280	121,280
Group operating (loss)/profit from continuing activities		(58,744)	410,251	351,507
Interest receivable and similar income	6	-	3,146	3,146
Interest payable and similar charges	6	(75,000)	(126,810)	(201,810)
(Loss)/profit on ordinary activities before taxation	3-6	(133,744)	286,587	152,843
Tax on (loss)/profit on ordinary activities	7	-	(61,738)	(61,738)
(Loss)/profit on ordinary activities after taxation	18	(133,744)	224,849	91,105
Equity and non-equity dividends paid and proposed		(50,000)	-	(50,000)
Retained (loss)/profit for the period	18	(183,744)	224,849	41,105

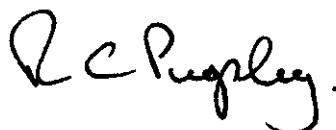
The above results represent the total recognised gains and losses for the period.

Consolidated balance sheet
at 28 February 2005

	Note	2005	
		£	£
Fixed assets			
Intangible assets	9		37,210
Tangible assets	10		7,162,953
Investments	11		1,274
			<hr/>
			7,201,437
Current assets			
Stocks	12	10,956,060	
Debtors	13	3,242,882	
Cash at bank and in hand		-	
		<hr/>	
		14,198,942	
Creditors: amounts falling due within one year	14	(14,236,863)	
		<hr/>	
Net current liabilities			(37,921)
			<hr/>
Total assets less current liabilities			7,163,516
Creditors: amounts falling due after more than one year	15		(2,700,000)
Provisions for liabilities and charges	16		(172,411)
			<hr/>
Net assets			4,291,105
			<hr/>
Capital and reserves			
Called up share capital	17		425,000
Share premium account			3,825,000
Profit and loss account	18		41,105
			<hr/>
Equity shareholders' funds	19		4,291,105
			<hr/>

These financial statements were approved by the board of directors on ~~1st~~ Nov 2005 and were signed on its behalf by:


W M Barritt
Director

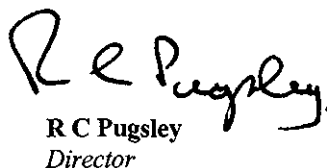

R C Pugsley
Director

Company balance sheet
at 28 February 2005

	Note	2005	
		£	£
Fixed assets			
Investments	11		8,500,000
Current assets			
Debtors	13	120,000	
Cash		2,256	
		<hr/>	
		122,256	
Creditors: amounts falling due within one year	14	<hr/>	(356,000)
		<hr/>	
Net current liabilities			(233,744)
			<hr/>
Total assets less current liabilities			8,266,256
Creditors: amounts falling due after more than one year	15		(2,700,000)
			<hr/>
Net assets			5,566,256
			<hr/>
Capital and reserves			
Called up share capital	17		425,000
Share premium account			3,825,000
Profit and loss account	18		1,316,256
			<hr/>
Equity shareholders' funds	19		5,566,256
			<hr/>

These financial statements were approved by the board of directors on 1st November 2005 and were signed on its behalf by:


W M Barritt
Director


R C Pugsley
Director

Consolidated cash flow statement
for the eight month period ended 28 February 2005

	<i>Note</i>	2005 £
Cash inflow from operating activities	25	2,300,513
Returns on investments and servicing of finance	26	(198,664)
Taxation		(34,645)
Capital expenditure and financial investment	26	(649,950)
Acquisitions	24	(1,250,000)
Cash inflow before financing		167,254
Financing	26	60,995
Increase in cash in the financial period		228,249

Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	2005 £
Increase in cash in the period		228,249
Cash inflow from increase in debt and lease financing		(60,995)
New loan notes issued		(3,000,000)
New debt on acquisition		(1,445,988)
Movement in net funds in the period		(4,278,734)
Net funds at the start of the period		-
Net debt at the end of the period	27	(4,278,734)

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with the historical cost accounting rules, modified to include the revaluation of certain land, buildings and investments and conform to applicable accounting standards now in fashion.

Basis of consolidation

The group financial statements consolidate the financial statements of Penarth Commercial Properties (Holdings) Limited and all its subsidiary undertakings.

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the parent company and are made up to 28 February 2005.

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

In accordance with Section 230(4) of the Companies Act 1985 Penarth Commercial Properties (Holdings) Limited is exempt from the requirement to present its own profit and loss account.

Fixed assets and depreciation

Depreciation is provided to write off the cost (or valuation) of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	10 to 35 years
Plant and machinery	-	1 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land. Assets acquired for the trade are not depreciated until brought into use.

Freehold land and buildings include the cost of planted timber owned by the company. The cost and maintenance of trees planted on land owned by the company is added to the fixed asset cost as incurred. When trees are harvested, the difference between the estimated value of timber brought into the mill and the fixed asset cost is treated as a profit on disposal.

The company has adopted the provisions allowable under FRS 15: Tangible Fixed Assets, and the last valuation of freehold land and buildings has not been updated. The date of the last valuation is shown in note 10.

Investment in subsidiary undertakings and joint ventures

Investments in subsidiary undertakings are stated at cost.

Notes (continued)

1 Accounting policies (continued)

Acquisitions and disposals

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of separable assets and liabilities acquired. Where the cost of acquisition exceeds the values attributable to such assets and liabilities, the difference is treated as purchased goodwill. For acquisitions since the incorporation of the company, purchased goodwill is capitalised and amortised through the profit and loss account over its estimated economic life, normally over a period of up to twenty years.

In attributing fair values, long term monetary assets and liabilities are discounted to their net present value and the difference is charged/credited to the profit and loss account at a constant rate on the amount outstanding.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Where hire fleet vehicles are acquired under "finance lease" arrangements, they are generally held for less than a year, after which they are resold, and are consequently shown as stock within current assets. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account in the period in which they are incurred.

Pensions

The group participates in a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Death in service

The group administers a discretionary death in service self insurance scheme for dependent relatives of employees. A provision, representing the directors' best estimate of the company's ongoing liability arising from this scheme, is included in the balance sheet.

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks include vehicles in the hire fleet and can include both purchased and leased vehicles. These vehicles are generally held for less than a year and are stated at the lower of cost or net realisable value. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

2 Turnover

	8 months ended 28 February 2005 £
Motor dealers, repairers and vehicle hire	16,145,781
Sawmill	3,344,800
	<hr/>
	19,490,581
	<hr/>

All turnover originates in the United Kingdom.

3 Operating profit

	8 months ended 28 February 2005 £
<i>Operating profit is stated after charging/(crediting):</i>	
Auditor's remuneration:	
Audit	9,062
Other services	3,333
Depreciation and other amounts written off tangible fixed assets	160,431
Goodwill amortisation	3,385
Hire of plant and machinery - rentals payable under operating leases	27,520
Hire of other assets - rentals payable under operating leases	24,850
Profit on sale of fixed assets	(12,792)
	<hr/>
	£
Auditor's remuneration in respect of the company alone, included in the above is:	
Audit	750
Other services	2,250
	<hr/>

Notes (continued)

4 Remuneration of directors

	8 months ended 28 February 2005 £
Directors' emoluments	61,072
Company contributions to money purchase schemes	870
	<hr/>

Retirement benefits are accruing to the following number of directors under:

	2005
Money purchase schemes	2
	<hr/>

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees 2005
Management	16
Administration	29
Production, sales and other staff	208
	<hr/>
	253
	<hr/>

The aggregate payroll costs of these persons were as follows:

	8 months ended 28 February 2005 £
Wages and salaries	1,873,240
Social security costs	199,822
Other pension costs (see note 22)	27,826
	<hr/>
	2,100,888
	<hr/>

Notes (continued)

6 Interest payable and receivable

6a Interest receivable and similar income

8 months ended
28 February
2005
£

Group

Bank interest receivable	1,041
Other interest receivable	2,105
	<hr/>
	3,146
	<hr/>

6b Interest payable and similar charges

8 months ended
28 February
2005
£

Group and company

On bank loans and overdrafts	22,446
Vehicle stocking plans	103,776
Other interest payable or similar charges	588
Interest payable on loan notes	75,000
	<hr/>
	201,810
	<hr/>

7 Taxation

8 months ended
28 February
2005
£

Group

Current tax

UK corporation tax on profits for the period	37,854
Adjustments in respect of prior years	(3,209)
Group relief	(22,505)
	<hr/>

Total current tax	12,140
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Deferred tax

Origination and reversal of timing differences	64,100
Adjustment in respect of prior year	(14,502)
	<hr/>

Tax on profit on ordinary activities	61,738
	<hr/>

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	8 months ended 28 February 2005 £
Profit on ordinary activities before tax	152,843
Profit on ordinary activities before tax multiplied by standard rate of corporation tax rate of 30%	45,853
<i>Effects of:</i>	
Expenses not deductible for tax purposes	3,085
Capital allowances in excess of depreciation	(29,680)
Small companies relief	(3,119)
Other timing differences	(790)
Adjustments in respect of prior years	(3,209)
Total current tax charge (see above)	12,140

8 Profit and loss account

The profit for the financial period dealt with in the financial statements of the company is £1,316,256.

9 Intangible fixed assets

Group	Goodwill £
<i>Cost</i>	
At beginning of period	-
Additions	40,595
At end of period	40,595
<i>Accumulated amortisation</i>	
At beginning of period	-
Charge for period	3,385
At end of period	3,385
<i>Net book value</i>	
At 28 February 2005	37,210

Representing goodwill arising on the acquisition of Penarth Commercial Properties Limited (see note 24). The goodwill is being amortised on a straight line basis over 5 years, being the period over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

Notes (continued)

10 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Assets in the course of construction £	Total £
Cost or valuation					
At beginning of period	-	-	-	-	-
Additions	6,540,437	4,612,452	453,665	2,524,343	14,130,897
Disposals	(1,734,430)	(211,639)	(67,727)	-	(2,013,796)
Transfers	593,910	1,930,433	-	(2,524,343)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	5,399,917	6,331,246	385,938	-	12,117,101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Analysis					
Assets at cost	3,049,917	6,331,246	385,938	-	9,767,101
Assets at valuation - 1989	1,500,000	-	-	-	1,500,000
- 1990	850,000	-	-	-	850,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,399,917	6,331,246	385,938	-	12,117,101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of period	-	-	-	-	-
Charge for period	40,945	99,420	20,066	-	160,431
On disposals	(281,770)	(211,639)	(53,078)	-	(546,487)
On acquisition	1,132,235	3,874,037	333,932	-	5,340,204
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	891,410	3,761,818	300,920	-	4,954,148
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 28 February 2005	4,508,507	2,569,428	85,018	-	7,162,953
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The freehold premises, included in the above at open market valuations, were professionally valued by Messrs Cooke & Arkwright on an existing use basis in reports dated 19 April 1989 and 28 March 1990.

The value of freehold land and buildings (included in the above at a valuation) determined according to the historical cost convention is as follows:

	Group 2005 £
Cost	715,148
Depreciation	(468,680)
	<hr/>
	246,468
	<hr/>

The amount of non-depreciable assets within freehold land and buildings is £1,453,729.

Notes (continued)

11 Investments

On 27 September 2004 the company acquired the entire share capital of Penarth Commercial Properties Limited, details of the acquisition being shown in note 24.

Details of the group's and company's investments are shown below:

At 28 February 2005, the company had the following trading subsidiaries all of which are registered in England and Wales:

Name	Activity	Proportion of nominal value of issued share capital held by group	Proportion of nominal value of issued share capital held by company
Penarth Commercial Properties Limited	- Intermediary holding company	100%	100%
Abbey Garages (Cardiff) Limited	- Motor dealers and repairers	100%	-
ETC Sawmills Limited	- Sawmillers	100%	-
Fordthorne Limited	- Motor vehicle rental	100%	-

Investments in subsidiary undertakings are stated at cost.

Penarth Commercial Properties Limited has a 50% joint venture investment in Certainfacts Limited set up to develop land and buildings, this company does not currently trade. The investment in the joint venture is shown at cost.

	Group 2005 £	Company 2005 £
Shares in group undertakings:		
At beginning of period	-	-
Additions	-	8,500,000
At end of period	-	8,500,000
Interest in joint venture undertaking		
At beginning of period	-	-
Additions	1	-
At end of period	1	-
Other quoted investments at cost:		
At beginning of period	-	-
Additions	1,273	-
At end of period	1,273	-
Total investments at end of period	1,274	8,500,000

The market value of quoted investments at 28 February 2005 amounted to £5,724.

Notes (continued)

12 Stocks

	Group 2005 £
Raw materials and consumables	439,389
Work in progress	265,436
Finished goods	279,555
Motor vehicles	9,971,680
	<hr/> 10,956,060 <hr/>

Vehicle stocks with a value of £662,751 which are the property of the group are subject to separate finance arrangements (notes 1 and 14).

13 Debtors

	Group 2005 £	Company 2005 £
<i>Amounts falling due within one year</i>		
Trade debtors	2,954,318	-
Other debtors	190,162	-
Prepayments and accrued income	73,687	-
Dividend receivable	-	120,000
	<hr/> 3,218,167	<hr/> 120,000
<i>Amounts falling due after more than one year</i>		
Secured loan	24,715	-
	<hr/> 3,242,882 <hr/>	<hr/> 120,000 <hr/>

Notes (continued)

14 Creditors: amounts falling due within one year

	Group 2005 £	Company 2005 £
Bank overdrafts	817,739	-
Vehicle stocking loan	400,000	-
Loan notes	300,000	300,000
Obligations under hire purchase contracts	60,995	-
Trade creditors	11,534,011	-
Amounts owed to subsidiary undertakings	-	-
Other creditors including taxation and social security:		
Corporation tax	88,019	-
Other taxes and social security	188,908	6,000
Accruals and deferred income	797,191	-
Proposed dividend	50,000	50,000
	<u>14,236,863</u>	<u>356,000</u>

The bank overdraft is secured on certain group properties.

The vehicle stocking loan comprises an amount due to a finance company which bears interest varying with the finance house base rate. The loan is secured by a floating charge over the group's vehicle stocks and other assets.

Within a period of 10 years, the loan notes are redeemable at the option of the noteholder up to a maximum of £300,000 per year, or such higher amount as may be approved by the company.

15 Creditors: amounts falling due after more than one year

	Group 2005 £	Company 2005 £
Loan notes	<u>2,700,000</u>	<u>2,700,000</u>

16 Provisions for liabilities and charges

The provisions for liabilities and charges comprise:

Group	Deferred taxation £	Death in service £	Total £
At beginning of period	-	-	-
Acquired with subsidiary (note 24)	62,813	60,000	122,813
Charged during the period	49,598	-	49,598
	<u>112,411</u>	<u>60,000</u>	<u>172,411</u>
At end of period	<u>112,411</u>	<u>60,000</u>	<u>172,411</u>

As shown in note 1 the death in service provision is in respect of a discretionary self insurance scheme for dependent relatives of employees who die whilst employed by the group. The group's policy is to award a discretionary amount assessed by the directors to the dependent relative and the timing of payment is by its nature not predictable.

Notes (continued)

16 Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation and the full potential liability/(asset) are set out below:

Group	2005 £
Difference between accumulated depreciation and amortisation and capital allowances	224,040
Other timing differences	(111,629)
	<hr/>
	112,411
	<hr/>

17 Called up share capital

	Group and Company 2005 £
<i>Authorised</i>	
5,000,000 Ordinary shares of 10p each	500,000
	<hr/>
<i>Allotted, called up and fully paid</i>	
4,250,000 Ordinary shares of 10p each	425,000
	<hr/>

18 Movements on reserves

Group	Profit and loss account £
At beginning of period	-
Retained profit for the period	41,105
	<hr/>
At end of period	41,105
	<hr/>
	Profit and loss account £
Company	
At beginning of period	-
Retained profit for the period	1,316,256
	<hr/>
At end of period	1,316,256
	<hr/>

Notes (continued)

19 Reconciliation of movements in shareholders' funds

Group	2005
	£
Profit for the financial period	41,105
Share capital issued in period	4,250,000
	<hr/>
Net addition to shareholders' funds	4,291,105
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	4,291,105
	<hr/>
 Company	 2005
	£
Profit for the financial period	1,316,256
Share capital issued in period	4,250,000
	<hr/>
Net addition to shareholders' funds	5,566,256
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	5,566,256
	<hr/>

20 Contingent liabilities

Penarth Commercial Properties Ltd, a wholly owned subsidiary of the company, has given an unlimited multilateral guarantee dated 7 December 1988 in respect of the net position of its bank overdraft and the bank overdrafts and cash balances of certain subsidiaries. At 28 February 2005, the net liability of the group amounted to £817,739.

21 Commitments

There were no capital commitments at the balance sheet date.

Annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows:

	Group
	Plant and machinery
	2005
	£
<i>Leases which expire</i>	
Within one year	8,201
Within two to five years	53,967
	<hr/>
	62,168
	<hr/>

As part of its normal trading activities, one of the group's subsidiaries has contracted to repurchase, at market values, certain vehicles previously sold or hired under Motability Schemes.

Notes (continued)

22 Pension scheme

The Group participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge represents the following contributions payable by the group during the period:

	2005 £
Contributions payable into group fund	19,265
Contributions payable into other personal pension plans	8,561
	<u>27,826</u>

23 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 from the requirement to disclose transactions with related parties where 90% of the voting rights of the reporting company are controlled by the same group and consolidated financial statements including the reporting company are prepared and are publicly available.

During the period, there were the following transactions with directors and companies within the Group.

In order to obtain the lowest acquisition price for the Group, Mr R C Pugsley, the director responsible for the day-to-day activities of Abbey Garages (Cardiff) Ltd, acquired vehicles from the company at an arms length value. Subsequently, the same vehicles were resold back to the company.

The value of transactions and the balance outstanding with the company is as follows:

Related party	Transaction	Amount to/(from)		Balance (to)/from at 31 December	
		2005 £	2004 £	2005 £	2004 £
R C Pugsley	Sales	132,574	-	-	-
	Purchases	(132,574)	-	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

24 Acquisitions

On 27 September 2004 the company purchased 100% of the issued share capital of Penarth Commercial Properties Limited for a total consideration of £8,500,000, generating goodwill of £40,595. This purchase has been accounted for as an acquisition.

From the date of acquisition to 28 February 2005, Penarth Commercial Properties Limited contributed £19,490,581 to turnover, £413,636 to profit before interest and goodwill amortisation and £289,972 to profit before goodwill amortisation, but after interest. It contributed £228,249 to the group's net operating cashflows, paid £198,664 in respect of interest, £34,645 in respect of taxation and £649,950 for capital expenditure and financial investments.

The turnover and operating profit of the undertaking from the beginning of its financial year to the date of acquisition were £27,286,813 and £579,091 respectively.

The book values of the identifiable assets and liabilities acquired and their provisional fair value to the group are as follows:

	Book value	Fair value adjustments	Fair value
	£	£	£
Tangible fixed assets	6,660,642	-	6,660,642
Investments	1,274	-	1,274
Stocks	8,974,079	-	8,974,079
Debtors	5,546,633	-	5,546,633
Creditors	(11,554,422)	-	(11,554,422)
Provisions	(122,813)	-	(122,813)
Bank Overdraft	(1,045,988)	-	(1,045,988)
Net assets acquired	8,459,405	-	8,459,405
Goodwill			40,595
Consideration			8,500,000
Consideration satisfied by:			£
Shares			4,250,000
Cash			1,250,000
Loan notes			3,000,000
			8,500,000

The fair value of the assets and liabilities of the acquired entity that existed at the date of acquisition reflect the conditions at the date of the acquisition and are considered to be represented by the book values at that time. Accordingly no adjustment to fair value is recorded. The fair values remain provisional as, in line with standard accounting practice, they can be amended for up to twelve months following acquisition.

The cash consideration and all of the loan notes and shares are payable to certain of the former shareholders of Penarth Commercial Properties Limited, all of whom are either directors or officers of that company at the period end.

Notes (continued)

25 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £
Group operating profit	351,507
Depreciation charge	160,431
Amortisation of goodwill	3,385
Profit on sale of tangible fixed assets	(12,792)
Increase in stocks	(1,981,981)
Decrease in debtors	2,303,751
Increase in creditors	1,476,212
	<hr/>
Net cash inflow from operating activities	2,300,513
	<hr/>

26 Analysis of cash flows for headings netted in the cash flow statement

	2005 £
Returns on investments and servicing of finance	
Interest paid	(201,810)
Interest received	3,146
	<hr/>
	(198,664)
	<hr/>
Capital expenditure and financial investment	
Purchase of fixed assets	(649,950)
Sale of fixed assets	-
	<hr/>
	(649,950)
	<hr/>
Financing	
Capital element of hire purchase agreements	60,995
Receipt of other loans	-
	<hr/>
	60,995
	<hr/>

27 Analysis of net debt

	At 21 June 2004 £	On acquisition 2004 £	Cash flow £	At 28 February 2005 £
Cash in hand and at bank	-	(1,045,988)	228,249	(817,739)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(1,045,988)	228,249	(817,739)
Loan notes	-	-	(3,000,000)	(3,000,000)
Vehicle stocking loan	-	(400,000)	-	(400,000)
Obligations under hire purchase agreements	-	-	(60,995)	(60,995)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net debt	-	(1,445,988)	(2,832,746)	(4,278,734)
	<hr/>	<hr/>	<hr/>	<hr/>

Company profit and loss account
for the eight month period ended 28 February 2005

The following does not form part of the financial statements

	2005 £
Administrative expenses	(58,744)
Other operating income	-
	<hr/>
Operating loss	(58,744)
Interest payable	(75,000)
Dividends received	1,500,000
	<hr/>
Profit on ordinary activities before taxation	1,366,256
Taxation	-
	<hr/>
Profit on ordinary activities after taxation	1,366,256
Dividends paid and proposed	(50,000)
	<hr/>
Retained profit for the financial period	1,316,256
Retained profit brought forward	-
	<hr/>
Retained profit carried forward	1,316,256
	<hr/> <hr/>