

**Penarth Commercial Properties (Holdings)
Limited**

**Directors' report and consolidated
financial statements**

Registered number 5159037

29 February 2008

FRIDAY



ANSGC48T

A85

24/10/2008

66

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	5
Independent auditors' report to the members of Penarth Commercial Properties (Holdings) Limited	6
Consolidated profit and loss account	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11
Reconciliation of net cash flow to movement in net debt	11
Consolidated Statement of Total Recognised Gains and Losses	12
Notes	13
Company profit and loss account	28

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 29 February 2008

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 results for the year are shown in the consolidated profit and loss account on page 8 and show a profit before tax for the financial year of £1,370,215 (2007 £729,076)

Sawmill

The results for the year show a profit for the financial year before tax of £1,493,296 (2007 £1,041,247) This profit includes a gain on the sale of fixed assets of £16,681 (2007 £138,903)

Turnover has risen by 12% to £10.6 million, due to increases in selling prices. Rising imported timber prices made home grown timber more attractive to UK buyers, causing an increase in selling price for a temporary period. The selling price peaked in the summer of 2007, and has since fallen to more normal levels. The gross profit margin has increased to 30.0% (2007 26.6%)

Raw material supply concerns eased during the year, but did increase in cost. The business was also affected by a 15% increase in utility costs. These cost increases, coupled with the current economic conditions will result in challenging trading conditions in the coming year. The business may be affected by the slowdown in the new house build sector. Factors relating to the volume of imported timber, such as currency movements and increased demand from China may also affect the business.

The business operates in an industry where technological advances are continuous, and management is aware of the risks of failing to invest in modern equipment. In the coming year the business is investing in new handling equipment designed to improve the efficiency and profitability of the resawing line. The capital spend is likely to be approximately £340,000.

The small industrial estate at Gledrid has produced an income of £54,463 in the financial year (2007 £54,247)

The Directors would like to record their thanks to all staff who contributed to the continued success of the business during the year.

Directors' report *(continued)*

Dealership

The results for the year show a profit before tax for the financial year of £266,603 (2007 £84,056)

Despite difficult economic conditions new vehicle sales recorded an increase in both revenue and margin. The Ford Focus was the UK's best selling model for the ninth consecutive year, accounting for 28% of the dealership's new car registrations. New model launches during the coming year include the all new Kuga which enters a new segment of the market for Ford, the all new Fiesta to be launched in September and the all new Ka which will be launched in early 2009. These new models should further strengthen Ford Motor Company's position as the market leader in the UK. Sales of nearly new vehicles declined in both revenue and margin. The decline in nearly new vehicle sales is in line with the UK market, which fell to its lowest level since 2002.

Trading conditions in the aftermarket remained difficult. The gross margins decreased year on year although this was offset by a rise in turnover of 2.3%, resulting in a small increase in gross profit. Much of the increased turnover was achieved in the Accident Repair Centre from new work providers who came on stream during the year.

The New Car Sales Department met their Ford customer satisfaction objectives for 2007. The New Car Sales Department also won the coveted Ford of Europe Chairman's Award for customer satisfaction, this is the fifth occasion that the Dealership has won this prestigious award and the Directors would like to express their gratitude and thanks to all members of staff who have contributed to winning this award once more.

During the year under review the business operated the Ford franchise, and as such, much of its performance in the coming year will depend on the levels of support that Ford will introduce into the marketplace for its dealers. This support will include marketing support aimed at specific models throughout the year, incentive payments for achieving sales and purchase objectives, and incentives for finance sales. Failure to achieve these objectives would affect the dealership's performance.

Environmental concerns and attendant legislation are widespread at the moment, and will continue to increase. The dealership's new vehicle sales will eventually become dependent on Ford developing affordable, environmentally acceptable vehicles. Ford is committed to reducing the environmental impact of their vehicles, and was the first manufacturer in Europe to offer production vehicles with flexifuel technology. They have also introduced a range of ECONetic models, designed to further reduce CO2 emissions.

Consumer concerns about rising utility bills, fuel prices and other household costs may lead to slower demand for new cars, although this may result in increased servicing revenue. Since the year end there has been some evidence that consumers are downsizing with regard to the vehicles that they operate and given the current range of vehicles that Ford manufacture, together with further improvements in fuel efficiency in new models being launched in the near future, the dealership considers itself well placed to offer vehicles that customers want.

The redevelopment of the site has continued, with the new showroom, service reception and offices now in use. Further internal development will provide improved facilities for staff.

Additional sources of revenue from the site are continually being sought. The business has secured the M/G franchise for South Wales and this franchise is expected to become operational in September 2008. This will involve the redevelopment of the former used car showroom to provide bright new facilities for this new franchise. Whilst initial volumes will be very small, there is an expectation that volumes will grow with the introduction of new models in the range.

Finally, the Directors would like to extend their thanks to all the staff for their contributions to the business during the year and in particular for their patience and understanding during the period of redevelopment.

Directors' report *(continued)*

Rental Business

The results for the year show a loss before tax for the financial year of £5,251 *(2007 Loss £18,491)*

Although turnover has remained at the previous year's level, the net loss has improved considerably. The main reason for the improvement was the continued strategy of purchasing vehicles rather than short term leasing. This has enabled the business to take a profit on the eventual disposal of these vehicles.

One of the key requirements in a car hire business is running the correct number of vehicles. At times in the year the business had to cross hire vehicles from other rental suppliers in order to satisfy demand. The vehicle fleet size has been gradually increased during the year in order to reduce the number of cross hired vehicles. The fleet size is now considered satisfactory for the current level of business, resulting in an overall saving of direct vehicle costs. At the year end the fleet consisted entirely of purchased vehicles.

Dividends

Dividends paid during the year were £ 135,000 *(2007 £110,000)*

Political and charitable donations

Neither the company nor the group made any political contributions during the period. Group donations to local charities amounted to £ 110 *(2007 £255)*

Directors

The directors who held office during the year were as follows

RC Pugsley

WM Barritt

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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.

Directors' report *(continued)*

Auditors

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



RJ Evans
Secretary

29 August 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these 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,
- 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 and the parent company 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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

We have audited the group and parent company financial statements (the "financial statements") of Penarth Commercial Properties (Holdings) Limited for the year ended 29 February 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash flow statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. 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 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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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 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 misstatement 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 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.

Independent auditors' report to the members of Penarth Commercial Properties (Holdings) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 29 February 2008 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

KPMG WP

*Chartered Accountants
Registered Auditor*

9th September 2008

Consolidated profit and loss account
for the year ended 29 February 2008

	<i>Note</i>	2008 £	2007 £
Turnover	2	46,814,546	43,993,245
Cost of sales		(38,997,336)	(37,354,553)
Gross profit		7,817,210	6,638,692
Distribution costs		(2,551,411)	(2,670,222)
Administrative expenses		(3,705,179)	(3,278,825)
Other operating income		164,360	315,669
Operating profit		1,724,980	1,005,314
Profit on disposal of fixed assets		16,681	138,903
Interest receivable and similar income	6	12,759	11,405
Interest payable and similar charges	6	(384,205)	(426,546)
Profit on ordinary activities before taxation	2-6	1,370,215	729,076
Tax on profit on ordinary activities	7	(425,885)	(200,433)
Profit on ordinary activities after taxation being profit for the financial year	19	944,330	528,643

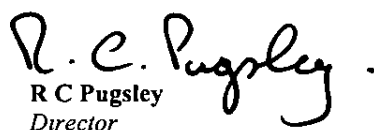
The above results relate entirely to continuing operations

There is no material difference between the result as disclosed in the profit and loss account and the result as given by an unmodified historical cost basis

Consolidated balance sheet
at 29 February 2008

	Note	2008	2007
		£	£
Fixed assets			
Intangible assets	10	12,838	20,962
Tangible assets	11	7,408,177	6,922,173
Investments	12	1,273	1,273
		<u>7,422,288</u>	<u>6,944,408</u>
Current assets			
Stocks	13	10,820,134	8,559,244
Debtors	14	3,998,112	3,497,173
		<u>14,818,246</u>	<u>12,056,417</u>
Creditors amounts falling due within one year	15	<u>(14,470,999)</u>	<u>(11,956,746)</u>
Net current assets		<u>347,247</u>	<u>99,671</u>
Total assets less current liabilities		<u>7,769,535</u>	<u>7,044,079</u>
Creditors amounts falling due after more than one year	16	(2,050,000)	(2,100,000)
Provisions for liabilities and charges	17	(134,375)	(189,249)
Net assets		<u>5,585,160</u>	<u>4,754,830</u>
Capital and reserves			
Called up share capital	18	425,000	425,000
Share premium account	19	3,825,000	3,825,000
Profit and loss account	19	1,335,160	504,830
Equity shareholders' funds	20	<u>5,585,160</u>	<u>4,754,830</u>

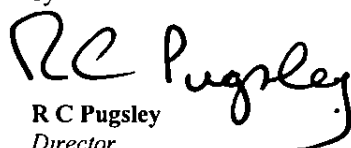
These financial statements were approved by the board of directors on 29 August 2008 and were signed on its behalf by


 R C Pugsley
 Director

Company balance sheet
at 29 February 2008

	<i>Note</i>	2008		2007
		£	£	£
Fixed assets				
Investments	12	8,550,750		8,529,750
Current assets				
Debtors	14	163,562	120,183	
Cash		301,559	40,159	
		<u>465,121</u>	<u>160,342</u>	
Creditors amounts falling due within one year	15	<u>(326,504)</u>	<u>(335,505)</u>	
Net current assets/(liabilities)		<u>138,617</u>		<u>(175,163)</u>
Total assets less current liabilities		<u>8,689,367</u>		<u>8,354,587</u>
Creditors: amounts falling due after more than one year	16	<u>(2,050,000)</u>		<u>(2,100,000)</u>
Net assets		<u>6,639,367</u>		<u>6,254,587</u>
Capital and reserves				
Called up share capital	18	425,000	425,000	
Share premium account	19	3,825,000	3,825,000	
Profit and loss account	19	2,389,367	2,004,587	
Equity shareholders' funds	20	<u>6,639,367</u>		<u>6,254,587</u>

These financial statements were approved by the board of directors on 29 Aug. 2008 and were signed on its behalf by


R C Pugsley
Director

Consolidated cash flow statement
for the year ended 29 February 2008

	<i>Note</i>	2008 £	2007 £
Cash inflow from operating activities	25	1,890,471	1,468,172
Returns on investments and servicing of finance	26	(371,446)	(415,141)
Taxation		(430,309)	(46,085)
Capital expenditure and financial investment	26	(1,127,912)	(36,559)
Equity dividends paid		(135,000)	(110,000)
Cash (outflow)/inflow before financing		(174,196)	860,387
Financing	26	(50,000)	(417,987)
(Decrease)/increase in cash in the financial year		(224,196)	442,400

Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	2008 £	2007 £
(Decrease)/increase in cash in the year		(224,196)	442,400
Cash outflow from decrease in debt and lease financing		-	117,987
Loan notes repaid		50,000	300,000
Movement in net debt in the year		(174,196)	860,387
Net debt at the start of the year		(3,908,950)	(4,769,337)
Net debt at the end of the year	27	(4,083,146)	(3,908,950)

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 29 February 2008

	2008 £	2007 £
Profit for the financial year	944,330	528,643
Prior year adjustment - FRS20	-	(6,125)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	944,330	522,518
	<hr/>	<hr/>

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

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 29 February 2008

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 or 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	-	20 to 30 years
Plant and machinery	-	2 to 10 years
Fixtures and fittings	-	2 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 group 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 group 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 11

Notes (continued)

1 Accounting policies (continued)

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost

Goodwill

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 five 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 group 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 group's ongoing liability arising from this scheme, is included in the balance sheet.

Share based payments

The company's Enterprise Management Incentives share option scheme allows employees to acquire shares of the company. The fair value of options granted and not yet vested as at 29 February 2008 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The estimate of the fair value of the option is measured based on the fair value of the equity instruments granted and is calculated on an option pricing model (with the contractual life of the option and expectations of early exercise built into the model).

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks include vehicles in the hire fleet. These vehicles are generally held for less than a year and are stated at the lower of cost and 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.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. All turnover and profit on ordinary activities before taxation is derived from the UK and arises solely from the principal activity of the company.

2 Turnover

	2008 £	2007 £
Motor dealers, repairers and vehicle hire	36,174,533	34,525,605
Sawmill	10,640,013	9,467,640
	<u>46,814,546</u>	<u>43,993,245</u>

3 Profit on ordinary activities before taxation

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Audit Services		
Fees payable to the company auditor and associates for the audit of company and consolidated accounts	500	-
Fees payable to the company auditor and associates for other services		
The audit of the company's subsidiaries pursuant to legislation	25,000	24,000
Tax services	9,250	8,350
Depreciation and other amounts written off tangible fixed assets	658,589	621,663
Goodwill amortisation	8,124	8,124
Hire of plant and machinery - rentals payable under operating leases	70,717	66,356
Hire of other assets - rentals payable under operating leases	6,744	23,304
Profit on sale of fixed assets	(16,681)	(138,903)
	<u></u>	<u></u>

Notes (continued)

4 Remuneration of directors

	2008 £	2007 £
Directors' emoluments	127,574	116,854
Company contributions to money purchase schemes	2,088	2,088
	<u>129,662</u>	<u>118,942</u>

Retirement benefits are accruing to the following number of directors under

	2008	2007
Money purchase schemes	<u>2</u>	<u>2</u>

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	
	2008	2007
Management	15	15
Administration	27	29
Production, sales and other staff	223	224
	<u>265</u>	<u>268</u>

The aggregate payroll costs of these persons were as follows

	2008 £	2007 £
Wages and salaries	4,835,904	4,652,684
Social security costs	489,705	485,532
Other pension costs (see note 23)	48,197	45,420
	<u>5,373,806</u>	<u>5,183,636</u>

6 Interest payable and receivable

6a Interest receivable and similar income

	2008 £	2007 £
Group		
Other interest receivable	<u>12,759</u>	<u>11,405</u>

Notes (continued)

6b Interest payable and similar charges

	2008	2007
Group	£	£
On bank loans and overdrafts	61,962	71,732
Vehicle stocking plans	174,562	195,561
Other interest payable or similar charges	3,931	8,513
Interest payable on loan notes	143,750	150,740
	<u>384,205</u>	<u>426,546</u>

7 Taxation

	2008	2007
Group	£	£
Current tax		
UK corporation tax on profits for the year	479,759	223,210
Adjustments in respect of prior years	-	(9,076)
	<u>479,759</u>	<u>214,134</u>
Deferred tax		
Deferred tax credit for the year (note 17)	(56,890)	(13,701)
Adjustments in respect of prior years (note 17)	3,016	-
	<u>425,885</u>	<u>200,433</u>

Factors affecting the tax charge for the current year

The current tax charge for the period is higher (2007 lower) than the standard rate of corporation tax in the UK of (30%). The differences are explained below

	2008	2007
	£	£
Profit on ordinary activities before tax	1,370,215	729,076
	<u>1,370,215</u>	<u>729,076</u>
Profit on ordinary activities before tax multiplied by standard rate of corporation tax rate of 30%	411,065	218,723
Effects of		
Expenses not deductible for tax purposes	17,083	12,389
Capital allowances less than/(in excess of) depreciation	18,866	(4,031)
Depreciation on ineligible	10,724	-
Other timing differences	28,071	2,729
Adjustments in respect of prior years	-	(9,076)
Tax rate differences	(6,050)	(6,600)
	<u>479,759</u>	<u>214,134</u>

The corporation tax rate applicable to the group will be reduced from 30% to 28% from 1 April 2008. Any timing differences which reverse before 1 April 2008 will be relieved at 30% whilst any timing differences which exist at 1 April 2008 will reverse at 28%. In view of this, the full deferred tax liability has been provided at the rate of 28% as any reversals before 1 April 2008 are not anticipated to be material.

Notes (continued)

8 Dividends

The aggregate amount of dividends comprises

	2008 £	2007 £
Dividends paid in respect of the current year	135,000	110,000

9 Profit and loss account

The profit on ordinary activities after taxation for the financial year dealt with in the financial statements of the company is £ 498,780 (2007 £444,454) The retained profit for the financial year after dividends is £363,780 (2007 £334,454)

10 Intangible fixed assets

Group	Goodwill £
<i>Cost</i>	
At beginning and end of year	40,595
<i>Accumulated amortisation</i>	
At beginning of year	19,633
Charge for year	8,124
At end of year	27,757
<i>Net book value</i>	
At 29 February 2008	12,838
<i>Net book value</i>	
At 1 March 2007	20,962

Goodwill arose on the acquisition of Penarth Commercial Properties Limited. 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)

11 Tangible fixed assets

	Freehold land & buildings £	Plant & Equipment £	Motor vehicles £	Total £
Group				
<i>Cost or valuation</i>				
At beginning of year	5,814,866	6,590,810	455,058	12,860,734
Additions	514,000	610,647	52,246	1,176,893
Disposals	-	(147,419)	(89,727)	(237,146)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	6,328,866	7,054,038	417,577	13,800,481
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Analysis</i>				
Assets at cost	3,978,866	7,054,038	417,577	11,450,481
Assets at valuation - 1989	1,500,000	-	-	1,500,000
- 1990	850,000	-	-	850,000
	<hr/>	<hr/>	<hr/>	<hr/>
	6,328,866	7,054,038	417,577	13,800,481
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	1,161,575	4,515,693	261,293	5,938,561
Charge for year	159,188	420,483	78,918	658,589
On disposals	-	(147,419)	(57,427)	(204,846)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,320,763	4,788,757	282,784	6,392,304
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 29 February 2008	5,008,103	2,265,281	134,793	7,408,177
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 March 2007	4,653,291	2,075,117	193,765	6,922,173
	<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	
	2008 £	2007 £
Cost	715,148	715,148
Depreciation	(308,065)	(297,818)
	<hr/>	<hr/>
	407,083	417,330
	<hr/>	<hr/>

The amount of non-depreciable assets within freehold land and buildings is £ 1,335,635 (2007 1,337,902)

Notes (continued)

12 Investments

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

At 29 February 2008, 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

	Group 2008 £	Company 2008 £
<i>Shares in group undertakings</i>		
At beginning of year	-	8,529,750
Additions in year	-	21,000
	<hr/>	<hr/>
At end of year	-	8,550,750
	<hr/>	<hr/>
<i>Other quoted investments at cost</i>		
At beginning and end of year	1,273	-
	<hr/>	<hr/>
Total investments at end of year	1,273	8,550,750
	<hr/>	<hr/>
Total investments at beginning of year	1,273	8,529,750
	<hr/>	<hr/>

The market value of quoted investments at 29 February 2008 amounted to £ 3,016 (2007 £9,583)

The additions in the year relating to shares in group undertakings represent the fair value of share options granted by the company during the year

Notes (continued)

13 Stocks

	Group 2008 £	Group 2007 £
Raw materials and consumables	670,279	446,845
Work in progress	586,566	194,857
Finished goods	348,418	315,183
Motor vehicles	9,214,871	7,602,359
	<u>10,820,134</u>	<u>8,559,244</u>

Vehicle stocks with a value of £686,345 (2007 657,573) which are the property of the group are subject to separate finance arrangements (notes 1 and 15)

14 Debtors

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
<i>Amounts falling due within one year</i>				
Trade debtors	2,793,999	3,130,773	-	-
Other debtors	861,384	3,938	-	-
Prepayments and accrued income	152,700	159,461	-	-
Group relief receivable	-	-	163,562	120,183
	<u>3,808,083</u>	<u>3,294,172</u>	<u>163,562</u>	<u>120,183</u>
<i>Amounts falling due after more than one year</i>				
Secured loan	190,029	203,001	-	-
	<u>3,998,112</u>	<u>3,497,173</u>	<u>163,562</u>	<u>120,183</u>

15 Creditors: amounts falling due within one year

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Bank overdrafts	1,233,146	1,008,950	-	-
Vehicle stocking loan	500,000	500,000	-	-
Loan notes	300,000	300,000	300,000	300,000
Other creditors	144,182	-	749	-
Trade creditors	10,313,600	9,019,748	-	-
Other creditors including taxation and social security				
Corporation tax	272,660	223,210	-	-
Other taxes and social security	206,015	212,246	4,750	4,900
Accruals and deferred income	1,501,396	692,592	21,005	30,605
	<u>14,470,999</u>	<u>11,956,746</u>	<u>326,504</u>	<u>335,505</u>

Notes (continued)

15 Creditors: amounts falling due within one year (continued)

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 a higher amount at the option of the company.

Included within accruals and deferred income is an amount for £741,000 (2007 £373,000) relating to income received for vehicles with March 2008 registrations.

16 Creditors: amounts falling due after more than one year

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Loan notes	2,050,000	2,100,000	2,050,000	2,100,000

17 Provisions for liabilities and charges

The provisions for liabilities and charges comprise

	Deferred taxation £	Death in service £	Total £
Group			
At beginning of year	129,249	60,000	189,249
Credited during the year	(53,874)	(1,000)	(54,874)
At end of year	75,375	59,000	134,375

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.

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

Group	2008 £	2007 £
Difference between accumulated depreciation and amortisation and capital allowances	195,746	230,038
Other timing differences	(120,371)	(100,789)
	75,375	129,249

Notes (continued)

18 Called up share capital

	Group and Company	
	2008	2007
	£	£
<i>Authorised</i>		
5,000,000 Ordinary shares of 10p each	500,000	500,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
4,250,000 Ordinary shares of 10p each	425,000	425,000
	<u> </u>	<u> </u>

19 Movements on reserves

Group	Share premium	Profit and loss account
	£	£
At beginning of year	3,825,000	504,830
Profit for the year	-	944,330
Fair value of share options granted	-	21,000
Dividends	-	(135,000)
	<u> </u>	<u> </u>
At end of year	3,825,000	1,335,160
	<u> </u>	<u> </u>
Company	Share premium	Profit and loss account
	£	£
At beginning of year	3,825,000	2,004,587
Profit for the year	-	498,780
Fair value of share options granted	-	21,000
Dividends	-	(135,000)
	<u> </u>	<u> </u>
At end of year	3,825,000	2,389,367
	<u> </u>	<u> </u>

Notes (continued)

20 Reconciliation of movements in shareholders' funds

Group	2008 £	2007 £
At beginning of year as previously reported	4,754,830	4,321,312
Prior year adjustment – FRS 20	-	(6,125)
At beginning of the year restated	4,754,830	4,315,187
Profit for the year	944,330	528,643
Fair value of share options granted	21,000	21,000
Dividends	(135,000)	(110,000)
Closing shareholders' funds	5,585,160	4,754,830
Company	2008 £	2007 £
At beginning of year as previously reported	6,254,587	5,890,383
Prior year adjustment – FRS 20	-	8,750
At beginning of the year restated	6,254,587	5,899,133
Profit for the year	498,780	444,454
Fair value of share options granted	21,000	21,000
Dividends	(135,000)	(110,000)
Closing shareholders' funds	6,639,367	6,254,587

21 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 29 February 2008, the net liability of the group amounted to £1,233,146 (2007 £1,008,950). In addition, the group has given a guarantee in respect of the vehicle stocking loan due by a subsidiary company amounting to £ 500,000 (2007 £500,000).

22 Commitments

At the year end the group had contracted to purchase plant and machinery worth £ 317,970 (2007 £37,500).

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

	Group	
	Plant and machinery	
	2008	2007
	£	£
Leases which expire		
Within one year	-	7,890
Within two to five years	27,300	19,500
	27,300	27,390

Notes (continued)

23 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:

	2008 £	2007 £
Contributions payable into group fund	42,510	40,105
Contributions payable into other personal pension plans	5,687	5,315
	<u>48,197</u>	<u>45,420</u>

24 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.

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

	2008 £	2007 £
Group operating profit	1,724,980	1,005,314
Fair value of share options granted	21,000	21,000
Depreciation charge	658,589	621,663
Amortisation of goodwill	8,124	8,124
(Increase)/decrease in stocks	(2,260,890)	1,198,073
(Increase)/decrease in debtors	(500,939)	247,592
Increase/(decrease) in creditors	2,239,607	(1,633,594)
	<u>1,890,471</u>	<u>1,468,172</u>

Notes (continued)

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

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest paid	(384,205)	(426,546)
Interest received	12,759	11,405
	<u>(371,446)</u>	<u>(415,141)</u>
Capital expenditure and financial investment		
Purchase of fixed assets	(1,176,893)	(320,663)
Net proceeds from sale of fixed assets	48,981	284,104
	<u>(1,127,912)</u>	<u>(36,559)</u>
Financing		
Capital element of hire purchase agreements	-	(117,987)
Repayment of loan notes	(50,000)	(300,000)
	<u>(50,000)</u>	<u>(417,987)</u>

27 Analysis of net debt

	At 1 March 2007 £	Cash flow £	At 29 February 2008 £
Bank overdraft	(1,008,950)	(224,196)	(1,233,146)
	<u>(1,008,950)</u>	<u>(224,196)</u>	<u>(1,233,146)</u>
Loan notes	(2,400,000)	50,000	(2,350,000)
Vehicle stocking loan	(500,000)	-	(500,000)
	<u>(3,908,950)</u>	<u>(174,196)</u>	<u>(4,083,146)</u>

Notes (continued)

28 Share based payments

Company

Two subsidiaries of the group participate in a single Enterprise Management Incentives share option scheme under which a maximum of 300,000 shares of the ultimate parent company may be placed under option for employees. The scheme is operated by Penarth Commercial Properties (Holdings) Limited. The options are exercisable 10 years from date of grant, or earlier only in certain specified circumstances such as the takeover or flotation of the group. Options exercised are to be settled by the physical delivery of shares in the ultimate parent company.

The grant date, exercise price per share and number of shares are as follows:

Grant date	Exercise price £	Number of shares	Expiry date of options
30 Sept 2005	0.30	300,000	30 Sept 2015

The number and weighted average exercise prices of share options in the company are as follows:

	2008 Weighted average exercise price	2008 Number of options	2007 Weighted average exercise price	2007 Number of options
Outstanding at the beginning and end of the year	0.30	300,000	0.30	300,000
Exercisable at the end of the year		-		-

The options outstanding at the year end have a maximum exercise price of £0.30 and a weighted average remaining contractual life of 8 years.

The total expense recognised for each year arising from share based payments is as follows:

	2008 £000	2007 £000
Equity settled share based payment	21,000	21,000

Company profit and loss account
for the year ended 29 February 2008

The following does not form part of the financial statements

	2008 £	2007 £
Administrative expenses	(850)	(39)
Operating loss	(850)	(39)
Interest payable	(143,750)	(150,740)
Dividends receivable	600,000	550,000
Profit on ordinary activities before taxation	455,400	399,221
Taxation	43,380	45,233
Profit on ordinary activities after taxation being profit for the financial year	498,780	444,454