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Penarth Commercial Properties (Holdings) Limited

Directors' report and consolidated financial statements

Registered number 5159037

28 February 2010

Contents

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2010

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 £870,727 *(2009 loss before tax of £25,338)*

Sawmill

The results for the year show a profit for the financial year before tax of £671,279 *(2009 £151,468)*

The performance of the sawmill was still affected by the economic climate as wood consumption was low due mainly to the slow construction industry This resulted in a fall in turnover of 8 4% However, the cost reduction process implemented in the previous difficult trading period, and an increase in margin, has resulted in an improved performance from the business

Raw material supply and price continues to cause concerns as demands for the material is further pressurised by the power stations These biomass stations can secure this material by offering inflated prices due to the grants available from Government who are pursuing alternative methods of energy However, following active purchasing, the business has secured ongoing supplies of raw material

The investment made on the resawing line has greatly improved the efficiency and is now working to full capacity which has resulted in a 29% increase in production of higher priced product

The industrial estate at Gledrid has produced an income of £72,292 in the financial year *(2009 £68,883)*

Directors' report *(continued)*

Dealership

The results for the year show a profit before tax for the financial year of £467,077 *(2009 £159,392)* The directors consider the result to be very satisfactory

The dealership enjoyed an improvement in the economic climate during the period covered by these accounts This improvement, coupled with the Government Scrappage scheme, resulted in increased new car sales volumes The scheme closed on 28 February 2010 although some orders continued to be delivered to customers after that date Whilst this initiative did attract customers to purchase new vehicles during the period, there was inevitably some element of substitution against the purchase of used vehicles together with a pull forward of new vehicle sales Used vehicle sales showed an improvement in both volume and retained margins Aftermarket sales also showed improvement compared to the previous year

Since the year end the economic climate has remained flat and this has resulted in a depressed new car market in 2010 The conditions for the used car market and aftersales have been similar

The MG franchise continued during the year, although volumes are, as anticipated, very small The brand continues into 2010 with the single model TF sports-car which will cease production in the year The all new MG6 saloon car is scheduled to be launched towards the end of 2010 and initial volumes are expected to be relatively small by comparison with the dealership's overall sales

Economic conditions for 2010 are likely to remain flat and the dealership continually monitors its cost base to ensure that this is consistent with sales volumes that are likely to be achieved In 2010 Ford will be launching new models in its successful C-Max range which will also include a 7-seater version This will be followed in late 2010 / early 2011 by an all new Ford Focus - which has already had a successful launch in the North American market This vehicle will be sold in the worldwide market, thus giving the Ford Motor Company the opportunity of achieving significant economies of scale for this vehicle Towards the end of 2010 Ford will launch refreshed versions of its popular Mondeo, S-Max and Galaxy range and these vehicles are well positioned to maintain a competitive edge in the large car market

Since the year end, the dealership has secured the Volvo car franchise for South East Wales, giving it a substantial territory for this premium brand Work commenced in August on the refurbishment of the former Used Car Showroom, which will provide a brand new showroom facility for this franchise, work is scheduled to be completed by the end of November, when this showroom will become operational The directors are particularly pleased to have secured this brand, which will be operated on the same site as the Ford and MG franchises and should provide further sales and after market opportunities in a section not currently covered by the existing franchises that the dealership holds

Whilst the Directors do not anticipate significant improvements in the economy in the near future, the dealership is well placed to expand its activities without significantly increasing its cost base

In 2009 the dealership again won the Ford of Europe Chairman's Award for customer satisfaction, it is a tribute to the efforts and success of all of the staff involved in helping to achieve this prestigious award for the sixth time and the Directors wish to extend their thanks to all members of staff for the quality of their customer service and outstanding efforts during the year

Directors' report *(continued)*

Rental Business

The results for the year show a profit before tax for the financial year of £3,403 *(2009 loss before tax of £24,658)*

The results for the year show a return to profit for the business The Directors consider the performance to be satisfactory

The business considered its strategy of purchasing its own vehicles as opposed to short term leasing and as such has benefited from the improvement in used car residual values experienced during the year

This market remains volatile in the short term and the business continues to actively manage its risk in this area

The Directors would like to extend their thanks to the Group's staff for their efforts during the year

Dividends

Dividends paid during the year were £150,000 *(2009 £125,000)*

Political and charitable donations

Neither the company nor the group made any political contributions during the year *(2009 £nil)* Group donations to local charities amounted to £1,312 *(2009 £280)*

Directors

The directors who held office during the year were as follows

R C Pugsley
W M 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

RJ Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

14th October 2010

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 they 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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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, and
- 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 are sufficient to show and explain the parent company's transactions and 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 2006 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
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

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

We have audited the financial statements of Penarth Commercial Properties (Holdings) Limited for the year ended 28 February 2010 set out on pages 8 to 26 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

K Maguire
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

25 October 2010

Consolidated profit and loss account

for the year ended 28 February 2010

	Note	2010 £	2009 £
Turnover	2	**43,595,404**	43,175,151
Cost of sales		**(37,164,543)**	(37,329,118)
Gross profit		**6,430,861**	5,846,033
Distribution costs		**(2,175,785)**	(2,337,707)
Administrative expenses		**(3,435,480)**	(3,603,782)
Other operating income		**217,300**	364,836
Operating profit		**1,036,896**	269,380
(Loss)/profit on disposal of fixed assets		**(6,455)**	742
Profit on sale of fixed asset investments		**28,320**	-
Interest receivable and similar income	6	**3,920**	145,249
Interest payable and similar charges	6	**(191,954)**	(440,709)
Profit/(loss) ordinary activities before taxation	2-6	**870,727**	(25,338)
Tax on profit/(loss) on ordinary activities	7	**(299,204)**	(9,975)
Profit/(loss) on ordinary activities after taxation being profit/(loss) for the financial year	19	**571,523**	(35,313)

The above results represent the total recognised gains and losses of the group in both financial years and 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 on an unmodified historical cost basis

Consolidated balance sheet
at 28 February 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	*10*		-		4,714
Tangible assets	*11*		6,629,976		7,106,526
Investments	*12*		1,273		21,273
			6,631,249		7,132,513
Current assets					
Stocks	*13*	9,757,218		9,517,893	
Debtors	*14*	3,346,960		2,768,717	
		13,104,178		12,286,610	
Creditors amounts falling due within one year	*15*	(12,495,957)		(12,588,410)	
Net current assets/(liabilities)			608,221		(301,800)
Total assets less current liabilities			7,239,470		6,830,713
Creditors amounts falling due after more than one year	*16*		(1,280,000)		(1,280,000)
Provisions for liabilities and charges	*17*		(71,100)		(104,866)
Net assets			5,888,370		5,445,847
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*		1,638,370		1,195,847
Shareholder's funds	*20*		5,888,370		5,445,847

These financial statements were approved by the board of directors on 14th October 2010 and were signed on its behalf by

R C Pugsley

R C Pugsley
Director

Company balance sheet
at 28 February 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Investments	*12*		8,592,750		8,571,750
Current assets					
Debtors	*14*	219,320		192,477	
Cash		572,840		52,778	
		792,160		245,255	
Creditors. amounts falling due within one year	*15*	(341,916)		(325,986)	
Net current assets/(liabilities)			450,244		(80,731)
Total assets less current liabilities			9,042,994		8,491,019
Creditors: amounts falling due after more than one year	*16*		(1,280,000)		(1,280,000)
Net assets			7,762,994		7,211,019
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*		3,512,994		2,961,019
Shareholder's funds	*20*		7,762,994		7,211,019

These financial statements were approved by the board of directors on 14th October 2010 and were signed on its behalf by

R C Pugsley

R C Pugsley
Director

Consolidated cash flow statement

for the year ended 28 February 2010

	Note	**2010**	2009
		£	£
Cash inflow from operating activities	*25*	**1,385,141**	2,208,204
Returns on investments and servicing of finance	*26*	**(188,034)**	(295,460)
Taxation		**21,476**	(335,702)
Capital expenditure and financial investment	*26*	**(175,070)**	(367,635)
Equity dividends paid		**(150,000)**	(125,000)
Cash inflow before financing		**893,513**	1,084,407
Financing	*26*	**(723,348)**	(546,652)
Increase in cash in the financial year		**170,165**	537,755

Reconciliation of net cash flow to movement in net debt

	Note	**2010**	2009
		£	£
Increase in cash in the financial year		**170,165**	537,755
Cash outflow/(inflow) from decrease/(increase) in vehicle stocking loan and obligations under hire purchase agreements		**723,348**	(223,348)
Loan notes repaid		**-**	770,000
Movement in net debt in the year		**893,513**	1,084,407
Net debt at the start of the year		**(2,998,739)**	(4,083,146)
Net debt at the end of the year	*27*	**(2,105,226)**	(2,998,739)

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 The financial statements have been prepared on a going concern basis Bank facilities have been renewed with HSBC which are subject to annual review in September 2011

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 2010

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 408 (4) of the Companies Act 2006, 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, machinery and equipment	-	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 group 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

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost

Notes *(continued)*

1 Accounting policies *(continued)*

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 28 February 2010 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)

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

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the result for the year 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 Income is recognised when all significant risks and rewards of ownership have been transferred to the customer, which is generally on despatch of goods from the company or on the provision of services by the company All turnover and profit/(loss) on ordinary activities before taxation is derived from the UK and arises solely from the principal activities of the group

2 Turnover

	2010	2009
	£	£
Motor dealers, repairers and vehicle hire	**35,251,409**	34,067,922
Sawmill	**8,343,995**	9,107,229
	43,595,404	43,175,151

3 Profit/(loss) on ordinary activities before taxation

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Audit services		
Fees payable to the company auditor and associates for the audit of company and consolidated accounts	**500**	500
Fees payable to the company auditor and associates for other services		
- the audit of the company's subsidiaries pursuant to legislation	**25,750**	25,250
- tax services	**8,950**	8,800
- VAT services	**12,000**	9,250
Depreciation and other amounts written off tangible fixed assets	**693,485**	650,028
Goodwill amortisation	**4,714**	8,124
Hire of plant and machinery - rentals payable under operating leases	**61,313**	67,040

Notes *(continued)*

4 Remuneration of directors

	2010 £	2009 £
Directors' emoluments	**110,228**	99,391
Company contributions to money purchase schemes	**2,088**	2,088
	112,316	101,479

Retirement benefits are accruing to the following number of directors under

	2010	2009
Money purchase schemes	**2**	2

5 Staff numbers and costs

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

	Number of employees 2010	2009
Management	**13**	15
Administration	**28**	28
Production, sales and other staff	**183**	208
	224	251

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and salaries	**4,085,773**	4,457,920
Social security costs	**422,037**	466,208
Other pension costs (see note 23)	**44,204**	48,754
	4,552,014	4,972,882

6 Interest payable and receivable

6a Interest receivable and similar income

	2010 £	2009 £
Group		
Other interest receivable	**3,920**	145,249

Notes *(continued)*

6b Interest payable and similar charges

Group	2010 £	2009 £
On bank loans and overdrafts	**31,241**	107,825
Vehicle stocking plans	**60,294**	214,916
Other interest payable or similar charges	**4,254**	12,320
Finance charges in respect of finance leases	**1,365**	3,498
Interest payable on loan notes	**94,800**	102,150
	191,954	440,709

7 Taxation

	2010 £	2009 £
Group		
Current tax		
UK corporation tax on profit/(loss) for the year	**345,282**	46,526
Adjustments in respect of prior years	**(12,312)**	(7,042)
Total current tax charge	**332,970**	39,484
Deferred tax		
Deferred tax credit for the year (note 17)	**(45,085)**	(48,861)
Adjustments in respect of prior years (note 17)	**11,319**	19,352
Tax on profit/(loss) on ordinary activities	**299,204**	9,975

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2009 higher)* than the standard rate of corporation tax in the UK of 28% *(2009 28%)* The differences are explained below

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	**870,727**	(25,338)
Profit/ (loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 28% *(2009 28%)*	**243,804**	(7,095)
Effects of·		
Expenses not deductible for tax purposes	**12,761**	19,022
Capital allowances less than depreciation	**92,452**	66,634
Other timing differences	**253**	(24,950)
Adjustments in respect of prior years	**(12,312)**	(7,042)
Tax rate differences	**(227)**	(7,085)
Utilisation of capital losses	**(7,930)**	-
Trading losses unutilised	**4,169**	-
Total current tax charge (see above)	**332,970**	39,484

Notes *(continued)*

8 Dividends

The aggregate amount of dividends comprises

	2010	2009
	£	£
Dividends paid in respect of the current year	**135,000**	125,000
Dividends in respect of the year recognised as a liability at year end	**15,000**	-
	150,000	125,000

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 £680,975 *(2009 £675,652)* The retained profit for the financial year after dividends is £530,975 *(2009 £550,652)*

10 Intangible fixed assets

Group	**Goodwill**
	£
Cost	
At beginning and end of year	40,595
Accumulated amortisation	
At beginning of year	35,881
Charge for year	4,714
At end of year	40,595
Net book value	
At 28 February 2010	-
At 28 February 2009	4,714

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

Group	Freehold land & buildings £	Plant, machinery & equipment £	Motor vehicles £	Total £
Cost or valuation				
At beginning of year	6,305,927	7,359,726	407,607	14,073,260
Additions	13,050	122,751	106,732	242,533
Disposals	(16,699)	(229,121)	(26,599)	(272,419)
At end of year	6,302,278	7,253,356	487,740	14,043,374
Analysis				
Assets at cost	3,952,278	7,253,356	487,740	11,693,374
Assets at valuation - 1989	1,500,000	-	-	1,500,000
- 1990	850,000	-	-	850,000
	6,302,278	7,253,356	487,740	14,043,374
Depreciation				
At beginning of year	1,433,488	5,212,144	321,102	6,966,734
Charge for year	164,668	427,377	101,440	693,485
On disposals	-	(229,121)	(17,700)	(246,821)
At end of year	1,598,156	5,410,400	404,842	7,413,398
Net book value				
At 28 February 2010	**4,704,122**	**1,842,956**	**82,898**	**6,629,976**
At 1 March 2009	4,872,439	2,147,582	86,505	7,106,526

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 2010 £	2009 £
Cost	**715,418**	715,148
Depreciation	**(328,559)**	(318,312)
	386,589	396,836

The amount of non-depreciable assets within freehold land and buildings is £1,325,111 *(2009 £1,325,355)*

Notes *(continued)*

12 Investments

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

At 28 February 2010, 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 2010 £	Company 2010 £
Shares in group undertakings		
At beginning of year	-	8,571,750
Additions in year	-	21,000
At end of year	-	8,592,750
Other quoted investments at cost		
At beginning of year	21,273	-
Disposals in year	(20,000)	-
At end of year	1,273	-
Total investments at end of year	**1,273**	**8,592,750**
Total investments at beginning of year	21,273	8,571,750

The market value of quoted investments at 28 February 2010 amounted to £2,144 *(2009 £6,315)*

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 2010 £	Group 2009 £
Raw materials and consumables	**517,218**	589,754
Work in progress	**305,831**	354,924
Finished goods	**317,235**	260,857
Motor vehicles	**8,616,934**	8,312,358
	9,757,218	9,517,893

Vehicle stocks with a value of £Nil *(2009 £770,389)* which are the property of the group are subject to separate finance arrangements

14 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Amounts falling due within one year				
Trade debtors	**2,372,436**	1,926,189	**-**	-
Amounts owed by group undertakings in respect of group relief	**-**	-	**219,320**	192,477
Corporation tax	**-**	23,558	**-**	-
Other debtors	**722,726**	571,360	**-**	-
Prepayments and accrued income	**74,032**	73,764	**-**	-
	3,169,194	2,594,871	**219,320**	192,477
Amounts falling due after more than one year				
Secured loan	**177,766**	173,846	**-**	-
	3,346,960	2,768,717	**219,320**	192,477

15 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Loan notes	**300,000**	300,000	**300,000**	300,000
Bank overdrafts	**525,226**	695,391	**-**	-
Vehicle stocking loan	**-**	500,000	**-**	-
Obligations under hire purchase contracts	**-**	223,348	**-**	-
Trade creditors	**10,082,193**	9,367,454	**-**	-
Other creditors	**101,934**	71,011	**17,751**	1,751
Taxation and social security				
Corporation tax	**330,888**	-	**-**	-
Other taxes and social security	**187,186**	166,297	**3,160**	3,230
Accruals and deferred income	**968,530**	1,264,909	**21,005**	21,005
	12,495,957	12,588,410	**341,916**	325,986

Notes *(continued)*

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

The bank overdraft is secured on certain group properties

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 £317,383 *(2009 £702,000)* relating to income received for vehicles with March 2010 registrations

16 Creditors: amounts falling due after more than one year

	Group 2010 £	Group 2009 £	**Company 2010 £**	Company 2009 £
Loan notes	**1,280,000**	1,280,000	**1,280,000**	1,280,000

17 Provisions for liabilities and charges

The provisions for liabilities and charges comprise

Group	**Deferred taxation £**	**Death in service £**	**Total £**
At beginning of year	45,866	59,000	104,866
Credited during the year	(33,766)	-	(33,766)
At end of year	**12,100**	**59,000**	**71,100**

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	**2010 £**	2009 £
Difference between accumulated depreciation and amortisation and capital allowances	**103,738**	130,755
Other timing differences	**(91,638)**	(84,889)
	12,100	45,866

Notes *(continued)*

18 Called up share capital

	Group and Company	
	2010	2009
	£	£
Authorised		
5,000,000 Ordinary shares of 10p each	**500,000**	500,000
Allotted, called up and fully paid		
4,250,000 Ordinary shares of 10p each	**425,000**	425,000

19 Movements on reserves

Group	**Share premium**	**Profit and loss account**
	£	£
At beginning of year	3,825,000	1,195,847
Profit for the year	-	571,523
Fair value of share options granted	-	21,000
Dividends	-	(150,000)
At end of year	**3,825,000**	**1,638,370**

Company	**Share premium**	**Profit and loss account**
	£	£
At beginning of year	3,825,000	2,961,019
Profit for the year	-	680,975
Fair value of share options granted	-	21,000
Dividends	-	(150,000)
At end of year	**3,825,000**	**3,512,994**

Notes *(continued)*

20 Reconciliation of movements in shareholder's funds

Group	2010 £	2009 £
At beginning of the year	**5,445,847**	5,585,160
Profit / (loss) for the year	**571,523**	(35,313)
Fair value of share options granted	**21,000**	21,000
Dividends	**(150,000)**	(125,000)
Closing shareholder's funds	**5,888,370**	5,445,847

Company	2010 £	2009 £
At beginning of the year	**7,211,019**	6,639,367
Profit for the year	**680,975**	675,652
Fair value of share options granted	**21,000**	21,000
Dividends	**(150,000)**	(125,000)
Closing shareholder's funds	**7,762,994**	7,211,019

21 Contingent liabilities

Penarth Commercial Properties Ltd, a wholly owned subsidiary of the company, has given an unlimited multilateral guarantee dated 8 December 2004 in respect of the net position of its bank overdraft and the bank overdrafts and cash balances of certain subsidiaries At 28 February 2010, the net liability of the group amounted to £525,226 *(2009 £695,391)*

22 Commitments

At the year end the group had no capital commitments *(2009 £35,000)*

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

	Group	
	2010 £	2009 £
Operating leases which expire		
Within one year	**1,625**	-
In the second to fifth years inclusive	**46,800**	50,700
Over 5 years	**-**	-

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 year

	2010 £	2009 £
Contributions payable into group fund	**38,481**	43,045
Contributions payable into other personal pension plans	**5,723**	5,709
	44,204	48,754

24 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group

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

	2010 £	2009 £
Group operating profit	**1,036,896**	269,380
Fair value of share options granted	**21,000**	21,000
Depreciation charge	**693,485**	650,028
Amortisation of goodwill	**4,714**	8,124
(Increase)/decrease in stocks	**(239,325)**	1,302,241
(Increase)/decrease in debtors	**(601,801)**	1,252,953
Increase/(decrease) in creditors	**470,172**	(1,295,522)
Net cash inflow from operating activities	**1,385,141**	2,208,204

Notes *(continued)*

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

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest paid	**(186,335)**	(424,891)
Interest element of hire purchase rental payments	**(5,619)**	(15,818)
Interest received	**3,920**	145,249
	(188,034)	(295,460)
Capital expenditure and financial investment		
Purchase of fixed assets	**(242,533)**	(411,835)
Net proceeds from sale of fixed assets	**19,143**	64,200
Net proceeds from sale/(purchase) of quoted investments	**48,320**	(20,000)
	(175,070)	(367,635)
Financing		
Net (repayments to)/proceeds from finance company regarding hire purchase rental payments	**(223,348)**	223,348
Repayment of loan notes	**-**	(770,000)
Repayment of vehicle stocking loan	**(500,000)**	-
	(723,348)	(546,652)

27 Analysis of net debt

	At 1 March 2009 £	Cash flow £	At 28 February 2010 £
Bank overdraft	(695,391)	170,165	**(525,226)**
	(695,391)	170,165	**(525,226)**
Loan notes	(1,580,000)	-	**(1,580,000)**
Vehicle stocking loan	(500,000)	500,000	**-**
Obligations under hire purchase agreements	(223,348)	223,348	**-**
Total net debt	**(2,998,739)**	**893,513**	**(2,105,226)**

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

	2010 Weighted average exercise price	**2010 Number of options**	2009 Weighted average exercise price	2009 Number of options
Outstanding at the beginning and end of the year	**0 3**	**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 6 years

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

	2010 £000	2009 £000
Equity settled share based payment	**21,000**	21,000

Company profit and loss account
for the year ended 28 February 2010

The following does not form part of the financial statements

	2010	2009
	£	£
Administrative expenses	(1,068)	(1,111)
Operating loss	(1,068)	(1,111)
Interest payable	(94,800)	(102,150)
Dividends receivable	750,000	750,000
Profit on ordinary activities before taxation	654,132	646,739
Tax on profit on ordinary activities	26,843	28,913
Profit on ordinary activities after taxation being profit for the financial year	680,975	675,652