REGISTERED NUMBER· SC043039 (Scotland)

# Report of the Director and

# Financial Statements for the Year Ended 31 December 2006

# for

# Glenvarigill Company Limited

## Glenvarigill Company Limited

## Contents of the Financial Statements for the Year Ended 31 December 2006

**Glenvarigill Company Limited**

**Company Information**
**for the Year Ended 31 December 2006**

| | |
|---|---|
| **DIRECTOR·** | K E Lamb |
| **SECRETARY:** | MD Secretaries Limited |
| **REGISTERED OFFICE:** | 3 Roseburn Terrace<br>Edinburgh<br>EH12 5NG |
| **REGISTERED NUMBER·** | SC043039 (Scotland) |
| **AUDITORS** | Trevor Jones<br>Registered Auditor & Chartered Accountants<br>Sutton House<br>Acorn Business Park<br>Heaton Lane<br>Stockport<br>Cheshire<br>SK4 1AS |
| **BANKERS.** | Bank of Scotland<br>Chester Business Centre<br>Douglas House<br>117 Foregate Street<br>Chester<br>Cheshire<br>CH1 1HE |
| **SOLICITORS.** | McGrigors<br>Princes Exchange<br>1 Earl Grey Street<br>Edinburgh<br>EH3 9AQ |

## Glenvarigill Company Limited

## Report of the Director
## for the Year Ended 31 December 2006

The director presents his report with the financial statements of the company for the year ended 31 December 2006

**PRINCIPAL ACTIVITY**
The principal activity of the company in the year under review was that of sales and service of motor vehicles

**REVIEW OF BUSINESS**
The results for the year and financial position of the company are as shown in the annexed financial statements

The Directors are pleased to report a profit before taxation of £287,000 (2005 Loss £3,282,000) for the year ended 31 December 2006

The results are due, in part to the exceptional gains made on the disposal of three dealerships during the year These disposals represent yet more key milestones in the recovery of our business and are in line with our strategy of streamlining the business, and focusing our efforts on a reduced number of outlets with our preferred manufacturer partners

The result of these disposals have allowed core debt to significantly reduce and freed up management time to focus on the remaining brands which are becoming increasingly more viable

This activity has taken place during a time of continued low margins in the motor trade, however the company has been successful in not only increasing turnover by 1 3% on a like for like basis, but increase gross profit at branch level by 12 8% with site overheads remaining static This achievement equates to an overall improvement in bottom line profitability, at branch level, of almost £600k, or 65% Legal fees for transactions during 2006 prevented reduction of head office costs

During 2007, the company has continued to evolve with the sale of the Honda and Peugeot businesses to Manor Oak (Holdings) Ltd, a subsidiary of Manor Oak Motor Group, all businesses of which are under common control

Our current portfolio consists of two Honda branches in Aberdeen and Perth and two Peugeot branches in Aberdeen and Dundee

**Trading Sites performance 2005 v 2006**

The following statements have been made to compare comparative sales on a like for like basis between 2005 and 2006 This excludes sales, units and profits from dealerships now disposed of

**Vehicle sales**

Overall gross profit has increased by 12 8% on an increased turnover of 1 3% with site overheads remaining static

Due to the staff changes made and introduction of new improved sales processes, new car sales units (excluding fleet) rose by 28% Margin was retained by limiting the fleet discounts given and directing our efforts into retail sales This strategy produced a swing in sales mix of 7% from fleet to retail sales with used units share remaining relatively static

Used vehicles saw a modest 5% increase in units with an overall new/used ratio of 85% compared to 70% in 2005

**Aftersales**

Aftersales continued to show significant growth with an increase in service profit of 13% and an increase on parts profit of 36% Together, these improvements contributed to an overall 20% increase in bottom line aftersales profit

2007 has continued the strong 2006 performance with significant improvements in all areas

**Financial Position**

The company remains in a negative net assets position at the end of the year but continues to enjoy the full financial support of the Bank of Scotland in ensuring that the business can operate as a going concern, meeting all liabilities as and when they fall due

During the year, the company sold its freehold property at Wellington Road, Aberdeen which allowed for the repayment of a significant portion of outstanding bank loans and contributed to the positive result for the year

Strict working capital management policies combined with the proceeds of sale of dealerships and property in 2006 has allowed the company to re pay significant short and long term debt and reduce total creditors from £34 6m in December 2005 to £24 1m in December 2006

**Report of the Director**
**for the Year Ended 31 December 2006**

The company debt structure consists of an overdraft facility, bank loans, and other funding from key partnerships The end of December is an historically high point for cash flow due to the necessity to stock used vehicles in December for the January market, combined with the acceleration of payments to our manufacturer partners over the holiday period.

**Risk management**

The company's financial instruments comprise amounts receivable from customers, amounts payable to suppliers, vehicle deposits, bank overdrafts and bank loans

Bank loans and overdrafts are maintained at variable interest rates and the directors consider that the cost of maintaining fixed rates outweighs any potential benefits

The company does not enter into any hedging transactions and has no exposure to currency fluctuations

The company has established loan and overdraft facilities in place at variable rates and manages its liquidity and cash flow risks by the constant monitoring of the cash position and more essentially, the strict enforcement of detailed cash flow policies and a company wide cultural appreciation of the importance of positive cash flow consideration in decision making

The company has exposure to credit risk through the sale of motor vehicles and aftersales operations Policies are in pace to ensure that funds are cleared on vehicles prior to delivery to ensure credit risk from vehicle sales is minimised All potential new aftersales accounts are credit checked and additional trade references obtained, if necessary In addition, the company continually assesses credit risk via the ongoing review of balances due from customers and the use of credit limits

On behalf of the Board of Directors I would like to thank all the staff for the hard work in 2006 which has seen a period of further sustained change

**DIVIDENDS**
No dividends will be distributed for the year ended 31 December 2006

**EVENTS SINCE THE END OF THE YEAR**
Information relating to events since the end of the year is given in the notes to the financial statements

**DIRECTOR**
K E Lamb held office during the whole of the period from 1 January 2006 to the date of this report

**EMPLOYEE INVOLVEMENT**
The company has an active policy of communicating with its staff and keeping employees informed regarding its achievements and prospects The directors are committed to developing genuine and effective involvement in the company's activities

**DISABLED PERSONS**
The company recognises its social and statutory duty to employ disabled persons and pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others

**ANNUAL GENERAL MEETING**
Under the provisions of section 366A of the Companies Act 1985, the company has elected to dispense with the holding of annual general meetings and the requirement to lay the financial statements before the company in general meetings

**Glenvarigill Company Limited**

**Report of the Director**
**for the Year Ended 31 December 2006**

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**
The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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 company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985 He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**
So far as the director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**
Pursuant to a shareholders' resolution the company is not obliged to reappoint its auditors annually and Trevor Jones will therefore continue in office

**ON BEHALF OF THE BOARD:**

B Brown Directors
MD SECRETARIES LIMITED

MD Secretaries Limited Secretary

Date 26-2-08.

**Report of the Independent Auditors to the Shareholders of Glenvarigill Company Limited**

We have audited the financial statements of Glenvarigill Company Limited for the year ended 31 December 2006 on pages six to fifteen These financial statements have been prepared under the accounting policies set out therein

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

**Respective responsibilities of director and auditors**
The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page four

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 information given in the Report of the Director 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 director's remuneration and other transactions is not disclosed

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements 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 judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its 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 Report of the Director is consistent with the financial statements

Trevor Jones
Registered Auditor & Chartered Accountants
Sutton House
Acorn Business Park
Heaton Lane
Stockport
Cheshire
SK4 1AS

Date 26 2 08

**Glenvarigill Company Limited**

**Profit and Loss Account**
**for the year ended 31 December 2006**

| | Notes | 31 12.06 Continuing operations £'000 | 31 12.06 Discontinued operations £'000 | 31 12.06 Total £'000 | 31 12 05 Continuing operations £'000 | 31 12 05 Discontinued operations £'000 | 31 12 05 Total £'000 |
|---|---|---|---|---|---|---|---|
| **TURNOVER** | | 48,237 | 47,473 | 95,710 | 47,612 | 76,812 | 124,424 |
| Cost of sales | | (47,171) | (45,992) | (93,163) | (47,539) | (75,149) | (122,688) |
| **GROSS PROFIT** | | 1,066 | 1,481 | 2,547 | 73 | 1,663 | 1,736 |
| Administrative expenses | | (2,212) | (1,998) | (4,210) | (2,505) | (1,910) | (4,415) |
| Other operating income | | 445 | 419 | 864 | 440 | 433 | 873 |
| **OPERATING PROFIT/(LOSS)** | 3 | (701) | (98) | (799) | (1,992) | 186 | (1,806) |
| Exceptional items | 4 | | 2,418 | 2,418 | | | |
| **PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST** | | (701) | 2,320 | 1,619 | (1,992) | 186 | (1,806) |
| Interest payable and similar charges | 5 | (869) | (465) | (1,334) | (837) | (639) | (1,476) |
| **PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION** | | (1,570) | 1,855 | 285 | (2,829) | (453) | (3,282) |
| Tax on loss on ordinary activities | 6 | | | | | | |
| **PROFIT (LOSS) FOR FINANCIAL YEAR AFTER TAXATION** | | (1,570) | 1,855 | 285 | (2,829) | (453) | (3,282) |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
The gro has no recognised losses other than the loss for the current and previous year

The notes form part of these financial statements

**Glenyarigill Company Limited**

**Balance Sheet**
**31 December 2006**

| | Notes | 31 12 06 £'000 | £'000 | 31 12 05 £'000 | £'000 |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 7 | | 39 | | 231 |
| Tangible assets | 8 | | 2,213 | | 3,784 |
| | | | 2,252 | | 4,015 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 9 | 4,243 | | 12,300 | |
| Debtors | 10 | 2,871 | | 3,332 | |
| Cash in hand | | 7 | | | |
| | | 7,121 | | 15,632 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 11 | 16,003 | | 15,508 | |
| **NET CURRENT (LIABILITIES)/ASSETS** | | | (8,882) | | 124 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | (6,630) | | 4,139 |
| **CREDITORS** | | | | | |
| Amounts falling due after more than one year | 12 | | 8,053 | | 19,109 |
| **NET LIABILITIES** | | | (14,683) | | (14,970) |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 16 | | 10,000 | | 10,000 |
| Revaluation reserve | 17 | | 650 | | 650 |
| Profit and loss account | 17 | | (25,333) | | (25,620) |
| **SHAREHOLDERS' FUNDS** | 21 | | (14,683) | | (14,970) |

The financial statements were approved by the director on 26/2/08 and were signed by

Kevin Lamb

K E Lamb Director

The notes form part of these financial statements

## Glenvarigill Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2006

1 ACCOUNTING POLICIES

**Basis of preparing the financial statements**
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards They have been prepared on a going concern basis as the company has the continued support of its parent company, Glenvarigill Group Limited, and that of its bankers, The Bank of Scotland

As the company is a wholly owned subsidiary of Glenvarigill Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group The consolidated accounts of Glenvarigill Group Limited can be obtained from the address given in note 18

**Turnover**
Turnover represents sales to third parties, exclusive of value added tax

**Goodwill**
Purchased goodwill (representing the excess of the fair value of the consideration paid over the fair value of the separable net assets acquired) arising on business combinations is capitalised and classified as an asset on the balance sheet. Amortisation is calculated to write off the capitalised goodwill in equal instalments over its estimated useful life of ten years Goodwill is reviewed for impairment following the first full year after the acquisition and in other years if events or changes in circumstances indicate that the carrying values may not be recoverable

**Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

| | |
|---|---|
| Freehold property | 2% on cost or valuation |
| Improvements to property | Over the period of the lease |
| Plant and machinery | Between 20% 33% on cost |
| Fixtures and fittings | 20% on cost |

Included within fixtures and fittings are personalised number plates which have a high residual value and are therefore not depreciated

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

**Deferred tax**
Deferred tax is recognised, without discounting, in respect of all timing differences, except as otherwise required by FRS 19

**Hire purchase and leasing commitments**
Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

**Pensions**
The group operates defined contribution schemes in respect of employees The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

**Financial Reporting Standard Number 1**
The company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

2 STAFF COSTS

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| Wages and salaries | 5,210 | 6,219 |
| Social security costs | 516 | 650 |
| Other pension costs | 25 | 45 |
| | 5,751 | 6,914 |



continued

2 **STAFF COSTS continued**

The average monthly number of employees during the year was as follows

| | 31 12.06 | 31 12 05 |
|---|---|---|
| Management and administration | 32 | 35 |
| Sales and service | 203 | 265 |
| | 235 | 300 |

3 **OPERATING LOSS**

The operating loss is stated after charging

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| Hire of plant and machinery | 46 | 87 |
| Other operating leases | 888 | 969 |
| Depreciation owned assets | 336 | 395 |
| Depreciation assets on hire purchase contracts | 8 | 6 |
| Goodwill amortisation | 28 | 69 |
| Auditors' remuneration | 30 | 25 |
| Dilapidation charges | 50 | 350 |

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £ | £ |
| Directors' emoluments | 97,500 | 149,667 |
| Directors' pension contributions to money purchase schemes | 2,000 | 31,347 |
| Compensation to director for loss of office | | 30,000 |

The number of directors to whom retirement benefits were accruing was as follows

| | | |
|---|---|---|
| Money purchase schemes | 1 | 1 |

**DILAPIDATION CHARGES**

During the year the Directors undertook an exercise to identify the dilapidation liability that has been created since the inception of a number of leases throughout the group The directors have valued this dilapidation liability at 31 December 2006 to be £400,000 This has been based on independent valuation and adjustment on specific factors excluded from the valuation.

4 **EXCEPTIONAL ITEMS**

During 2006, the Company sold its interests in the Volkswagen Audi Group businesses traded in Edinburgh, Stirling and Dundee by way of 2 transactions The cumulative effect of these sales was to realise an exceptional gain in the year of £2,215,000

Also during 2006, the Company disposed of its freehold property at Wellington Road, Aberdeen, realising an exceptional gain on sale of £202,000

The combined total of these transactions resulted in an exceptional profit of £2,417,000



continued

## 5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| Bank overdrafts | 511 | 413 |
| Other loans | 328 | 468 |
| Other interest | 495 | 595 |
| | 1,334 | 1,476 |

## 6 TAXATION

**Analysis of the tax charge**
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2006 nor for the year ended 31 December 2005

**Factors that may affect future tax charges**
The Company has trading and capital losses carried forward that equate to a potential deferred tax asset of £5,800,000 (2005 £5,359,000) The asset has not been recorded in accordance with the provisions of FRS 19

## 7 INTANGIBLE FIXED ASSETS

| | Goodwill |
|---|---|
| | £'000 |
| **COST** | |
| At 1 January 2006 | 557 |
| Disposals | (682) |
| Adjustments | 178 |
| At 31 December 2006 | 53 |
| **AMORTISATION** | |
| At 1 January 2006 | 326 |
| Amortisation for year | 28 |
| Eliminated on disposal | (340) |
| At 31 December 2006 | 14 |
| **NET BOOK VALUE** | |
| At 31 December 2006 | 39 |
| At 31 December 2005 | 231 |



continued

8 TANGIBLE FIXED ASSETS

| | Freehold property £'000 | Improvements to property £'000 | Plant and machinery £'000 | Fixtures and fittings £'000 | Totals £'000 |
|---|---|---|---|---|---|
| **COST OR VALUATION** | | | | | |
| At 1 January 2006 | 3,751 | 232 | 1,899 | 312 | 6,194 |
| Additions | 23 | | 115 | 99 | 237 |
| Disposals | (1,651) | (161) | (1,034) | (294) | (3,140) |
| At 31 December 2006 | 2,123 | 71 | 980 | 117 | 3,291 |
| **DEPRECIATION** | | | | | |
| At 1 January 2006 | 473 | 80 | 1,590 | 267 | 2,410 |
| Charge for year | 65 | 8 | 222 | 49 | 344 |
| Eliminated on disposal | (466) | (45) | (953) | (212) | (1,676) |
| At 31 December 2006 | 72 | 43 | 859 | 104 | 1,078 |
| **NET BOOK VALUE** | | | | | |
| At 31 December 2006 | 2,051 | 28 | 121 | 13 | 2,213 |
| At 31 December 2005 | 3,278 | 152 | 309 | 45 | 3,784 |

Included in the net book value of fixtures and fittings is the amount of £24,000 (2005 £24,000) in respect of personalised number plates

Freehold property was revalued at 31 December 2004 on the basis of certain indicative offers received by potential purchasers The directors believe the carrying value of Freehold property is not materially different to the current open market value

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

| | Plant and machinery £'000 |
|---|---|
| **COST OR VALUATION** | |
| At 1 January 2006 | 98 |
| Disposals | (98) |
| At 31 December 2006 | |
| **DEPRECIATION** | |
| At 1 January 2006 | 49 |
| Charge for year | 8 |
| Eliminated on disposal | (57) |
| At 31 December 2006 | |
| **NET BOOK VALUE** | |
| At 31 December 2006 | |
| At 31 December 2005 | 49 |



continued

## 9 STOCKS

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| New and used vehicles | 4,002 | 11,691 |
| Parts | 226 | 563 |
| Work in-progress | 15 | 46 |
| | 4,243 | 12,300 |

New and used vehicle stock excludes vehicles on consignment, which are held on a sale or return basis from the manufacturers Title to the stock passes to the company at the earlier of when the vehicle is sold or between 90 and 180 days from date of consignment. The manufacturers retain the right to re-allocate consigned vehicles Deposits are required on certain vehicles which are subsequently repaid at the adoption date At 31 December 2006 the consigned stock totalled £nil (2005 £3,247,000)

## 10 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| Trade debtors | 1,450 | 2,614 |
| Other debtors | 1,142 | 389 |
| Prepayments and accrued income | 279 | 329 |
| | 2,871 | 3,332 |

## 11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| Bank loans and overdrafts (see note 13) | 9,913 | 272 |
| Hire purchase contracts (see note 14) | 8 | 26 |
| Trade creditors | 4,670 | 12,514 |
| Social security and other taxes | 163 | 282 |
| Other creditors | 93 | 470 |
| Accrued expenses | 877 | 1,771 |
| Payments in advance | 279 | 173 |
| | 16,003 | 15,508 |

## 12 CREDITORS· AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 31 12 06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| Bank loans (see note 13) | 525 | |
| Hire purchase contracts (see note 14) | 8 | 26 |
| Amounts owed to group undertakings | 7,520 | 19,083 |
| | 8,053 | 19,109 |

The repayment terms of the parent company loan are reviewed on an annual basis Repayment of the loan is not due to commence until 2008 at the earliest.

## 13 LOANS

An analysis of the maturity of loans is given below

| | 31 12 06 £'000 | 31 12 05 £'000 |
|---|---|---|
| Amounts falling due within one year or on demand | | |
| Bank overdrafts | 9,843 | 272 |
| Bank loans | 70 | |
| | 9,913 | 272 |
| Amounts falling due between one and two years | | |
| Bank loans 1 2 years | 70 | |
| Amounts falling due between two and five years | | |
| Bank loans 2 5 years | 210 | |
| Amounts falling due in more than five years | | |
| Repayable by instalments | | |
| Bank loans over 5 years | 245 | |

## 14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| | Hire purchase contracts | |
|---|---|---|
| | 31 12 06 £'000 | 31 12 05 £'000 |
| Net obligations repayable | | |
| Within one year | 8 | 26 |
| Between one and five years | 8 | 26 |
| | 16 | 52 |

The following operating lease payments are committed to be paid within one year

| | Land and buildings | | Other operating leases | |
|---|---|---|---|---|
| | 31 12 06 £'000 | 31 12 05 £'000 | 31 12 06 £'000 | 31 12 05 £'000 |
| Expiring | | | | |
| Within one year | | | 33 | 48 |
| Between one and five years | 290 | 105 | 9 | 33 |
| In more than five years | 581 | 734 | | 11 |
| | 871 | 839 | 42 | 92 |



continued

## 15 SECURED DEBTS

The following secured debts are included within creditors

| | 31 12 06 £'000 | 31 12 05 £'000 |
|---|---|---|
| Bank overdrafts | 9,843 | 272 |
| Bank loans | 595 | |
| Trade creditors | | 3,247 |
| | 10,438 | 3,519 |

Bank loans and overdrafts are repayable on demand. They are secured by bonds and floating charges over the whole of the company's assets, along with cross guarantees from all group companies and an assignment of Keyman Life Assurance policies.

Trade creditors represents cars held on consignment, and these cars are normally purchased before the expiry of the adoption period.

## 16 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid

| Number | Class | Nominal value | 31 12.06 £'000 | 31 12 05 £'000 |
|---|---|---|---|---|
| 10,000,000 | Ordinary | £1 | 10,000 | 10,000 |

## 17 RESERVES

| | Profit and loss account £'000 | Revaluation reserve £'000 | Totals £'000 |
|---|---|---|---|
| At 1 January 2006 | (25,620) | 650 | (24,970) |
| Profit for the year | 287 | | 287 |
| At 31 December 2006 | (25,333) | 650 | (24,683) |

## 18 ULTIMATE PARENT COMPANY

The company's parent company is Glenvarigill Group Limited, a company registered in Scotland Copies of the accounts of Glenvarigill Group Limited may be obtained from

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

## 19 CONTINGENT LIABILITIES

The company has entered into cross-guarantee arrangements with its principal bankers in respect of the bank borrowings of Glenvarigill Group Limited and its subsidiary undertakings At 31 December 2006 group borrowings amounted to £13,657,000 (2005 £15,999,000)



continued.

20 **POST BALANCE SHEET EVENTS**

On 31 May 2007, the company sold its interests in the Peugeot dealerships at Aberdeen and Dundee to Manor Oak (PMG) Ltd, a wholly owned fellow subsidiary of Manor Oak Holdings Ltd The transaction took place at arms length and included the sale of fixed assets, stocks and the transfer of the customer database

On 31 July 2007, the company sold its interests in the Honda dealerships at Aberdeen and Perth to Manor Oak (HMG) Ltd, a wholly owned fellow subsidiary of Manor Oak Holdings Ltd The transaction took place at arms length and included the sale of fixed assets, stocks and the transfer of the customer database

Missives were agreed on 1 February 2008 for the sale of the freehold property at Colinton Road, Edinburgh The property, valued in the financial statements at £1,050,000 was subsequently agreed for sale at £1,650,000 creating a gain on sale of £600,000

21 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

| | 31 12.06 | 31 12 05 |
|---|---|---|
| | £'000 | £'000 |
| Profit/(Loss) for the financial year | 287 | (3,282) |
| **Net addition/(reduction) to shareholders' funds** | 287 | (3,282) |
| Opening shareholders' funds | (14,970) | (11,688) |
| **Closing shareholders' funds** | (14,683) | (14,970) |