

Report of the Directors and
Financial Statements for the Year Ended 31 December 2007
for
Pilling Motor Group Limited

THURSDAY



A18

A6P0U3MO

02/10/2008

384

COMPANIES HOUSE

Pilling Motor Group Limited

Contents of the Financial Statements
for the Year Ended 31 December 2007

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	10

Pilling Motor Group Limited
Company Information
for the Year Ended 31 December 2007

DIRECTORS:	K J Pilling C G Pilling
SECRETARY:	C G Pilling
REGISTERED OFFICE:	London Road Two Waters Hemel Hempstead Hertfordshire HP3 9AA
REGISTERED NUMBER	00993353 (England and Wales)
AUDITORS:	Trevor Jones Registered Auditor & Chartered Accountants Sutton House Acorn Business Park Heaton Lane Stockport Cheshire SK4 1AS
BANKERS	National Westminster Bank Plc 501 Silbury Boulevard Saxon Gate East Central Milton Keynes Milton Keynes MK9 3ER
SOLICITORS	S A Law Keystone 60 London Road St Albans Hertfordshire AL1 1NG

Pilling Motor Group Limited
Report of the Directors
for the Year Ended 31 December 2007

The directors present their report with the financial statements of the company for the year ended 31 December 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of motor retailers

REVIEW OF BUSINESS

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

New retail vehicle unit sales have improved by 2.2% on 2006. Service hours and used retail unit sales have fallen, however, by between 1.4% and 2.6%. Overall turnover is down by 2.9% (not including finance income) over the 2006 levels.

Gross margins however have improved, showing an increase of nearly 1.0% over 2006 levels. Improved ancillary sales related to new and used vehicles was the major area of improvement.

Cost control has been of paramount importance during the year, and reflects the cost savings implemented during the later part of 2006. Overall costs decreased by nearly 3.0% over 2006 levels, despite an increase of over 14% in property related costs.

Interest rates increased by 18.75% over the year to an average of 5.5%. This has been reflected in the increased cost of borrowing for 2007.

The margin improvement and the cost savings are encouraging, especially in a difficult market. However the directors are aware of the need to further improve the business to generate the profit necessary over the coming months.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2007.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2007 to the date of this report.

K J Pilling
C G Pilling

FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The company uses a number of financial instruments which include loans, cash, equity investments and other various items such as trade debtors and trade creditors which arise directly from its operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The significant risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for the management of each of these risks which are noted below. These policies are consistent with those from the previous year.

Interest rate risk

The company's liquidity position does not place reliance on short term borrowings, and hence such perceived risk is considered to be minimal.

Liquidity risk

The company makes efforts to manage the financial risk by the monitoring of cashflow to ensure that the company is able to meet its foreseeable debts as they fall due and to invest any cash assets profitably.

Credit Risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited and therefore the principal credit risk arises from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed regularly by the directors together with the aged debtors and collection history.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £50.

Pilling Motor Group Limited

Report of the Directors
for the Year Ended 31 December 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

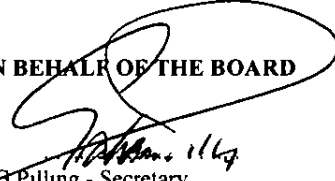
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are 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 each director 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

The auditors, Trevor Jones, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

ON BEHALF OF THE BOARD


C. G. Pilling - Secretary

Date 17 09.2008

Report of the Independent Auditors to the Shareholders of
Pilling Motor Group Limited

We have audited the financial statements of Pilling Motor Group Limited for the year ended 31 December 2007 on pages five to eighteen. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

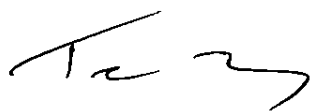
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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 2007 and of its loss 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 Directors is consistent with the financial statements.



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

Date 17.9.08

Pilling Motor Group Limited

Profit and Loss Account
for the Year Ended 31 December 2007

	Notes	31 12 07 £	31 12 06 £
TURNOVER		63,934,105	66,221,208
Cost of sales		55,301,657	57,628,675
GROSS PROFIT		8,632,448	8,592,533
Administrative expenses		8,042,591	8,292,020
		589,857	300,513
Other operating income		281,403	51,060
OPERATING PROFIT	3	871,260	351,573
Interest receivable and similar income		-	224
		871,260	351,797
Interest payable and similar charges	5	843,624	682,879
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		27,636	(331,082)
Tax on profit/(loss) on ordinary activities	6	50,359	(116,426)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(22,723)	(214,656)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

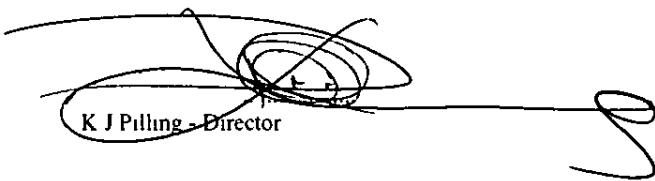
The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

Pilling Motor Group Limited

Balance Sheet
31 December 2007

	Notes	31 12 07 £	£	31 12 06 £	£
FIXED ASSETS					
Intangible assets	7		80,087		217,354
Tangible assets	8		7,442,891		7,472,089
Investments	9		1		1
			<u>7,522,979</u>		<u>7,689,444</u>
CURRENT ASSETS					
Stocks	10	9,977,433		10,397,129	
Debtors	11	2,091,470		1,971,770	
Cash in hand		1,683		1,387	
		<u>12,070,586</u>		<u>12,370,286</u>	
CREDITORS					
Amounts falling due within one year	12	14,471,218		14,657,050	
NET CURRENT LIABILITIES			<u>(2,400,632)</u>		<u>(2,286,764)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,122,347		5,402,680
CREDITORS					
Amounts falling due after more than one year	13		(2,907,223)		(3,188,174)
PROVISIONS FOR LIABILITIES	17		<u>(73,915)</u>		<u>(50,574)</u>
NET ASSETS			<u>2,141,209</u>		<u>2,163,932</u>
CAPITAL AND RESERVES					
Called up share capital	18		250,000		250,000
Revaluation reserve	19		627,422		627,422
Profit and loss account	19		1,263,787		1,286,510
SHAREHOLDERS' FUNDS	24		<u>2,141,209</u>		<u>2,163,932</u>

The financial statements were approved by the Board of Directors on **17. 09. 2008** and were signed on its behalf by


K J Pilling - Director

The notes form part of these financial statements

Pilling Motor Group Limited

Cash Flow Statement
for the Year Ended 31 December 2007

	Notes	31 12 07 £	£	31 12 06 £	£
Net cash inflow from operating activities	1		1,164,343		1,564,347
Returns on investments and servicing of finance	2		(843,624)		(682,655)
Taxation			-		23,660
Capital expenditure	2		(233,285)		(75,945)
			<u>87,434</u>		<u>829,407</u>
Financing	2		(121,994)		(134,524)
(Decrease)/Increase in cash in the period			<u>(34,560)</u>		<u>694,883</u>

Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period		(34,560)		694,883	
Cash outflow from decrease in debt and lease financing		<u>148,698</u>		<u>40,070</u>	
Change in net debt resulting from cash flows			<u>114,138</u>		<u>734,953</u>
Movement in net debt in the period			114,138		734,953
Net debt at 1 January			<u>(5,171,285)</u>		<u>(5,906,238)</u>
Net debt at 31 December			<u>(5,057,147)</u>		<u>(5,171,285)</u>

The notes form part of these financial statements

Pilling Motor Group Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2007

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 12 07	31 12 06
	£	£
Operating profit	871,260	351,573
Depreciation charges	403,811	473,986
(Profit)/Loss on disposal of fixed assets	(4,061)	7,736
Decrease in stocks	419,696	1,779,384
(Increase)/Decrease in debtors	(171,949)	1,303,915
Decrease in creditors	(354,414)	(2,352,247)
Net cash inflow from operating activities	1,164,343	1,564,347

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 07	31 12 06
	£	£
Returns on investments and servicing of finance		
Interest received	-	224
Interest paid	(841,342)	(680,597)
Interest element of hire purchase payments	(2,282)	(2,282)
Net cash outflow for returns on investments and servicing of finance	(843,624)	(682,655)
Capital expenditure		
Purchase of tangible fixed assets	(271,583)	(168,051)
Sale of tangible fixed assets	38,298	92,106
Net cash outflow for capital expenditure	(233,285)	(75,945)
Financing		
New loans in year	-	3,369,629
Loan repayments in year	(127,772)	(3,275,996)
Capital repayments in year	(20,926)	(19,703)
Amount introduced by directors	150,000	-
Amount withdrawn by directors	(123,296)	(94,454)
Net cash outflow from financing	(121,994)	(20,524)

Pilling Motor Group Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2007

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 07 £	Cash flow £	At 31 12 07 £
Net cash			
Cash at bank and in hand	1,387	296	1,683
Bank overdraft	<u>(1,614,430)</u>	<u>(34,856)</u>	<u>(1,649,286)</u>
	<u>(1,613,043)</u>	<u>(34,560)</u>	<u>(1,647,603)</u>
Debt			
Hire purchase	(26,612)	20,926	(5,686)
Debts falling due within one year	(349,090)	(147,545)	(496,635)
Debts falling due after one year	<u>(3,182,540)</u>	<u>275,317</u>	<u>(2,907,223)</u>
	<u>(3,558,242)</u>	<u>148,698</u>	<u>(3,409,544)</u>
Total	<u>(5,171,285)</u>	<u>114,138</u>	<u>(5,057,147)</u>

The notes form part of these financial statements

Pilling Motor Group Limited
Notes to the Financial Statements
for the Year Ended 31 December 2007

I ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, is being amortised evenly over its estimated useful life of five years

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	- 2.5% on cost
Plant and machinery	- Between 20% - 33% on cost
Fixtures and fittings	- Between 10% - 20% on cost
Motor vehicles	- Between 20% - 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Consignment vehicles which bear interest are regarded effectively as being under the control of the company and, in accordance with FRS 5, are included within stocks on the balance sheet, although legal title has not passed to the company. The corresponding liability is included as new vehicle funding and is secured directly on these vehicles.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future, have accrued at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in period different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued, unless by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

2 STAFF COSTS

	31 12 07	31 12 06
	£	£
Wages and salaries	3,584,682	3,533,475
Social security costs	356,984	435,570
Other pension costs	27,199	23,473
	<u>3,968,865</u>	<u>3,992,518</u>

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

	31 12 07	31 12 06
Production	62	66
Selling and distribution	69	86
Management and administration	53	52
	<u>184</u>	<u>204</u>

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 07	31 12 06
	£	£
Depreciation - owned assets	245,044	317,689
Depreciation - assets on hire purchase contracts	21,500	19,030
(Profit)/Loss on disposal of fixed assets	(4,061)	7,736
Goodwill amortisation	137,267	137,267
Auditors' remuneration	31,674	25,210
	<u>288,000</u>	<u>144,000</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2007 is as follows

	31 12 07
	£
Emoluments etc	<u>144,000</u>

4 EXCEPTIONAL ITEMS

Included within the operating profit for the year is a HMRC refund in the sum of £119,536 together with the interest on this refund in the sum of £112,130 which are the result of a recent VAT judgement

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 07	31 12 06
	£	£
Bank interest	359,597	200,287
Other interest payable and similar charges	481,745	480,310
Hire purchase	2,282	2,282
	<u>843,624</u>	<u>682,879</u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

6 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	31 12 07 £	31 12 06 £
Current tax		
UK corporation tax	685	-
Underprovision in prior year	26,333	-
	<hr/>	<hr/>
Total current tax	27,018	-
Deferred tax	23,341	(116,426)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	<u>50,359</u>	<u>(116,426)</u>

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 07 £	31 12 06 £
Profit/(loss) on ordinary activities before tax	27,636	(331,082)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.750% (2006 - 0%)	5,458	-
Effects of		
Capital allowances for the year in excess of depreciation	(14,338)	-
Expenses not deductible for tax purposes	9,565	-
Underprovision in prior year	26,333	-
	<hr/>	<hr/>
Current tax charge/(credit)	<u>27,018</u>	<u>-</u>

7 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2007 and 31 December 2007	686,351
	<hr/>
AMORTISATION	
At 1 January 2007	468,997
Amortisation for year	137,267
	<hr/>
At 31 December 2007	606,264
	<hr/>
NET BOOK VALUE	
At 31 December 2007	80,087
	<hr/>
At 31 December 2006	<u>217,354</u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

8 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2007	7,292,281	1,170,671	565,332	391,971	9,420,255
Additions	2,500	60,497	2,913	205,673	271,583
Disposals	-	-	-	(69,012)	(69,012)
At 31 December 2007	7,294,781	1,231,168	568,245	528,632	9,622,826
DEPRECIATION					
At 1 January 2007	432,853	1,000,393	283,768	231,152	1,948,166
Charge for year	79,413	75,284	53,278	58,569	266,544
Eliminated on disposal	-	-	-	(34,775)	(34,775)
At 31 December 2007	512,266	1,075,677	337,046	254,946	2,179,935
NET BOOK VALUE					
At 31 December 2007	6,782,515	155,491	231,199	273,686	7,442,891
At 31 December 2006	6,859,428	170,278	281,564	160,819	7,472,089

Cost or valuation at 31 December 2007 is represented by

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1997	1,750,000	-	-	-	1,750,000
Cost	5,544,781	1,231,168	568,245	528,632	7,872,826
	7,294,781	1,231,168	568,245	528,632	9,622,826

If certain land and buildings had not been revalued they would have been included at the following historical cost

	31 12 07 £	31 12 06 £
Cost	1,122,578	1,122,578
Aggregate depreciation	252,577	252,577

During 1997, the freehold property at Hemel Hempstead was revalued on an existing use basis, assuming vacant possession by Messrs Aitchinsons

The company has adopted the transitional provisions allowed under FRS 15 not to update the above revaluation

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

8 TANGIBLE FIXED ASSETS - continued

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

	Motor vehicles £
COST OR VALUATION	
At 1 January 2007	
and 31 December 2007	76,125
DEPRECIATION	
At 1 January 2007	26,960
Charge for year	21,500
	<hr/>
At 31 December 2007	48,460
NET BOOK VALUE	
At 31 December 2007	27,665
	<hr/>
At 31 December 2006	49,165
	<hr/>

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2007	
and 31 December 2007	1
NET BOOK VALUE	
At 31 December 2007	1
	<hr/>
At 31 December 2006	1
	<hr/>

The company's investments at the balance sheet date in the share capital of companies include the following

Pilling (Luton) Limited

Nature of business Dormant

	%		
Class of shares	holding		
Ordinary	100 00		
		31 12 07	31 12 06
		£	£
Aggregate capital and reserves		(57,800)	(57,800)
		<hr/>	<hr/>

The subsidiary company is dormant and therefore group accounts have not been prepared

These financial statements therefore present information about the company as an individual undertaking and not about its group

10 STOCKS

	31 12 07	31 12 06
	£	£
Stocks	9,113,931	9,661,962
Parts and WIP	367,767	380,093
Consignment stock	495,735	355,074
	<hr/>	<hr/>
	9,977,433	10,397,129
	<hr/>	<hr/>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 07	31 12 06
	£	£
Trade debtors	530,049	525,194
Other debtors	191,156	195,654
VAT debtor	231,666	-
Related party loan	684,057	821,413
Directors' current accounts	-	25,231
Tax	55,547	82,565
Prepayments and accrued income	398,995	321,713
	<u>2,091,470</u>	<u>1,971,770</u>

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 07	31 12 06
	£	£
Bank loans and overdrafts (see note 14)	2,091,921	1,909,520
Other loans (see note 14)	54,000	54,000
Hire purchase contracts (see note 15)	5,686	20,978
Trade creditors	10,887,312	11,280,241
Social security and other taxes	371,041	259,090
New vehicle funding	495,735	355,074
Other creditors	155,909	389,360
Directors' current accounts	1,473	-
Accruals and deferred income	408,141	388,787
	<u>14,471,218</u>	<u>14,657,050</u>

13 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 07	31 12 06
	£	£
Bank loans (see note 14)	2,853,223	3,074,540
Other loans (see note 14)	54,000	108,000
Hire purchase contracts (see note 15)	-	5,634
	<u>2,907,223</u>	<u>3,188,174</u>

14 LOANS

An analysis of the maturity of loans is given below

	31 12 07	31 12 06
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	1,649,286	1,614,430
Bank loans	442,635	295,090
Other loans	54,000	54,000
	<u>2,145,921</u>	<u>1,963,520</u>
Amounts falling due between one and two years		
Bank loans	442,635	442,635
Other loans	54,000	108,000
	<u>496,635</u>	<u>550,635</u>
Amounts falling due between two and five years		
Bank loans	<u>1,327,904</u>	<u>1,327,904</u>

Amounts falling due in more than five years

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

14 LOANS - continued

	31 12 07	31.12.06
	£	£
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	<u>1,082,684</u>	<u>1,304,001</u>

The bank loans are repayable in equal monthly instalments ending in November 2013 and November 2021 respectively. Interest is charged on the loans at the rate of 1.5% and 1.875% respectively above the National Westminster Bank Plc base rate.

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31 12 07	31 12 06
	£	£
Gross obligations repayable		
Within one year	5,686	21,986
Between one and five years	-	5,686
	<u>5,686</u>	<u>27,672</u>
Finance charges repayable		
Within one year	-	1,008
Between one and five years	-	52
	<u>-</u>	<u>1,060</u>
Net obligations repayable		
Within one year	5,686	20,978
Between one and five years	-	5,634
	<u>5,686</u>	<u>26,612</u>

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

	Land and buildings	Other operating leases
	31 12 07	31 12 06
	£	£
Expiring		
Within one year	53,000	38,745
In more than five years	257,000	-
	<u>310,000</u>	<u>38,745</u>

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

16 SECURED DEBTS

The following secured debts are included within creditors

	31 12 07	31 12 06
	£	£
Bank overdrafts	1,649,286	1,614,430
Bank loans	3,295,858	3,369,630
	<u>4,945,144</u>	<u>4,984,060</u>

Stocking finance is secured by a floating charge over all vehicle stocks and by a fixed and floating charge over all property and assets of the company

Bank loans and overdrafts are secured by a fixed and floating charge over all of the assets of the company, by guarantees given by Pilling (Coachbuilders) Limited, and against directors' life insurance policies

The company has a £200,000 guarantee bond in favour of Volkswagen Financial Services Limited in relation to vehicle stocking finance for Skoda vehicles

Volvo car finance has a secondary legal charge over all the assets of the company

17 PROVISIONS FOR LIABILITIES

	31 12 07	31 12 06
	£	£
Deferred tax	<u>73,915</u>	<u>50,574</u>
		Deferred tax
		£
Balance at 1 January 2007		50,574
Increase in provision		<u>23,341</u>
Balance at 31 December 2007		<u>73,915</u>

The deferred tax provision consists of the tax effect of timing differences in respect of -

	31 12 07		31 12 06	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	160,794	-	126,495	-
Trading losses carried forward	(86,879)	-	(75,921)	-
Other timing differences		180,000	-	180,000
	<u>73,915</u>	<u>180,000</u>	<u>50,574</u>	<u>180,000</u>

In the opinion of the directors the property is unlikely that the property will be disposed of in the foreseeable future, therefore deferred tax has not been provided on the revaluation and is shown above as unprovided

Pilling Motor Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2007

18 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	31 12 07 £	31 12 06 £
500,000	Ordinary		<u>500,000</u>	<u>500,000</u>
Allotted and issued Number	Class	Nominal value £1	31 12 07 £	31 12 06 £
250,000	Ordinary		<u>250,000</u>	<u>250,000</u>

19 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2007	1,286,510	627,422	1,913,932
Deficit for the year	(22,723)		(22,723)
At 31 December 2007	<u>1,263,787</u>	<u>627,422</u>	<u>1,891,209</u>

20 CONTINGENT LIABILITIES

The company has given unlimited guarantees to the bankers of Pilling (Coachbuilders) Limited covering any liabilities due to the bank. In the opinion of the directors at 31 December 2006 the potential liability was £Nil (2005 £Nil)

21 TRANSACTIONS WITH DIRECTORS

The directors loan accounts were overdrawn at the year end by the sum of £25,231

22 RELATED PARTY DISCLOSURES

During the year the company had the following transactions with Pilling (Coachbuilders) Limited, a company in which K J Pilling and C G Pilling are both directors and shareholders. The trade has been carried out under usual commercial terms (unless otherwise stated), as follows -

Pilling (Coachbuilders) Limited	31.12 07 £	31 12 06 £
Sales	289,182	78,434
Purchases	<u>157,530</u>	<u>24,299</u>

23 ULTIMATE CONTROLLING PARTY

K J Pilling is this company's ultimate controlling related party by virtue of his majority shareholding

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 07 £	31 12 06 £
Loss for the financial year	<u>(22,723)</u>	<u>(214,656)</u>
Net reduction of shareholders' funds	(22,723)	(214,656)
Opening shareholders' funds	<u>2,163,932</u>	<u>2,378,588</u>
Closing shareholders' funds	<u>2,141,209</u>	<u>2,163,932</u>