

SPENCERS LIMITED

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2006

CROUCH CHAPMAN
Chartered Accountants
62 Wilson Street
London EC2A 2BU

MONDAY



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SPENCERS LIMITED

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2006

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SPENCERS LIMITED

COMPANY INFORMATION
AS AT 31ST DECEMBER 2006

DIRECTORS

N A Spencer
C M Spencer

SECRETARY

C M Spencer

REGISTERED NUMBER

3560193

REGISTERED OFFICE

62 Wilson Street
London
EC2A 2BU

AUDITORS

Crouch Chapman
Chartered Accountants
62 Wilson Street
London
EC2A 2BU

BANKERS

Barclays Bank Plc
St Stephen's Branch
5/7 Red Lion Street
Norwich
NR1 3QH

SOLICITORS

Gross & Co
84 Guildhall Street
Bury St Edmunds
Suffolk
IP33 1PR

SPENCERS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st December 2006. This report has been prepared under applicable legislation, including those provisions of the Companies Act 2006, as enacted by The Companies Act 2006 (Commencement No 1 Transitional Provisions and Savings) Order 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the sale and repair of motor vehicles. The company also continued to hire out cars to the public.

The directors consider that the growth of the business continues to be satisfactory and are pleased to report an increase in gross profit despite highly competitive market conditions.

FUTURE DEVELOPMENTS

A new mini showroom will be constructed in the near future as a separate building to the existing showroom. It will however be on the same piece of land as the current showroom.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £282,845 (2005 £280,645) and the directors are pleased with these results.

The directors paid a dividend of £200,000 in the year (2005 £130,000).

EVENTS SINCE THE BALANCE SHEET DATE

There have been no events since the balance sheet date that affect the company's financial position.

DIRECTORS

The directors who served during the year company were as follows:

N A SPENCER
C M SPENCER

CHARITABLE DONATIONS

During the year the company made charitable donations of £1,440 (2005 £450).

SPENCERS LIMITED

REPORT OF THE DIRECTORS

- continued

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Return and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 the affairs of the company and of the profit or loss of the company for that period. In preparing those 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- follow applicable Accounting Standards subject to any material departures discussed and explained in the financial statements

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.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Crouch Chapman will be proposed for reappointment under Section 385 of the Companies Act 1985.

62 Wilson Street
London EC2A 2BU

25 JUL 2007

BY ORDER OF THE BOARD

Secretary



INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SPENCERS LIMITED

We have audited the financial statements of Spencers Limited for the year ended 31st December 2006 on pages 5 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

This report is made solely to the company's members, as a body, in accordance with S 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 annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion, the Directors' Report is consistent with the financial statements.

In addition, we report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 31st December 2006 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985,
- the information provided in the Directors' Report is consistent with the financial statements.



62 Wilson Street
London EC2A 2BU

CROUCH CHAPMAN

17th July 2007

Chartered Accountants
Registered Auditors

SPENCERS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Notes	2006 £	2005 £
TURNOVER	2	28,754,451	28,744,532
Cost of sales		(25,323,949)	(25,381,312)
GROSS PROFIT		3,430,502	3,363,220
Other income		80,024	58,531
Administrative expenses		(2,962,865)	(2,886,010)
OPERATING PROFIT	3	547,661	535,741
Interest payable	6	(182,905)	(181,511)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		364,756	354,230
Tax on profit on ordinary activities	7	(81,911)	(73,585)
PROFIT FOR THE YEAR		282,845	280,645
Dividends Ordinary dividend on equity shares	8	(200,000)	(130,000)
RETAINED PROFIT FOR THE YEAR		82,845	150,645
PROFIT AND LOSS BROUGHT FORWARD		1,330,730	1,180,085
PROFIT AND LOSS ACCOUNT CARRIED FORWARD	20	1,413,575	1,330,730

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no other gains or losses other than those dealt with in the profit and loss account above so no separate statements of total recognised gains and losses is presented

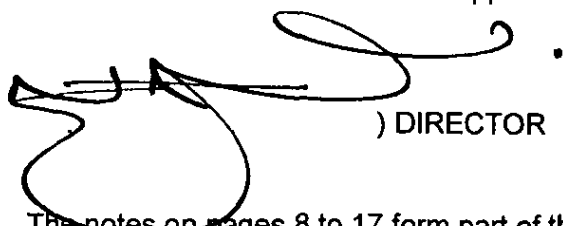
The notes on pages 8 to 17 form part of these financial statements

SPENCERS LIMITED

BALANCE SHEET
AS AT 31ST DECEMBER 2006

	Notes	£	2006 £	£	2005 £
FIXED ASSETS					
Intangible assets	9		204,125		221,875
Tangible assets	10		2,746,922		2,768,133
			<u>2,951,047</u>		<u>2,990,008</u>
CURRENT ASSETS					
Stocks	11	2,157,893		1,643,926	
Debtors	12	1,949,479		3,208,670	
Cash at bank and in hand		618		912	
			<u>4,107,990</u>	<u>4,853,508</u>	
CREDITORS Amounts falling due within one year	13	(4,497,090)		(5,288,245)	
NET CURRENT LIABILITIES			<u>(389,100)</u>		<u>(434,737)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,561,947</u>		<u>2,555,271</u>
CREDITORS Amounts falling due after more than one year	14		(664,856)		(730,446)
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	16		(102,219)		(112,798)
			<u>1,794,872</u>		<u>1,712,027</u>
Subordinated loan	17		200,000		200,000
CAPITAL AND RESERVES					
Called up share capital	18	100,000		100,000	
Revaluation reserve	19	81,297		81,297	
Profit and loss account	20	1,413,575		1,330,730	
Equity shareholders' funds	21		<u>1,594,872</u>		<u>1,512,027</u>
			<u>1,794,872</u>		<u>1,712,027</u>

These financial statements were approved on **25 JUL 2007** and signed by


) DIRECTOR

N A SPENCER

The notes on pages 8 to 17 form part of these financial statements

SPENCERS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Notes	2006 £	2005 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			
Operating profit		547,661	535,741
Depreciation charges		133,727	157,799
Loss/(Profit) on disposal of fixed assets		485	(32,649)
Amortisation of goodwill		17,750	17,750
(Increase)/Decrease in stocks		(513,967)	36,007
Decrease/(Increase) in debtors		1,259,191	(1,017,495)
(Decrease)/Increase in creditors		(752,757)	187,729
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		<u>692,090</u>	<u>(115,118)</u>

		2006 £	2005 £
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		692,090	(115,118)
Returns on investments and servicing of finance	22	(183,005)	(195,376)
Taxation		(41,562)	(86,859)
Capital expenditure	22	(113,001)	(393,737)
		<u>354,522</u>	<u>(791,090)</u>
Equity dividends paid		(130,000)	(160,000)
		<u>224,522</u>	<u>(951,090)</u>
Financing	22	332,774	293,627
INCREASE/(DECREASE) IN CASH	23	<u>557,296</u>	<u>(657,463)</u>

		2006 £	2005 £
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(Decrease) in cash in the year		557,296	(657,463)
Increase in debt and lease financing		(332,774)	(293,627)
Change in net debt	23	224,522	(951,090)
Net debt at 1st January 2006		(4,012,919)	(3,061,829)
NET DEBT AT 31ST DECEMBER 2006		<u>(3,788,397)</u>	<u>(4,012,919)</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2006

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable UK Accounting Standards. A summary of the more important policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

Turnover

Turnover represents sales to customers at invoiced amounts less value added tax.

Tangible Fixed Assets and Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

- Motor vehicles - over the lease term or 5 years
- Plant and machinery - over 5 to 10 years

Freehold buildings are not depreciated because in the opinion of the directors the buildings are maintained to such a high standard that the depreciation would be immaterial. However, in accordance with FRS11, as no depreciation is charged on freehold buildings there are regular impairment reviews concerning the value of those buildings.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred on disposal. Stocks held on consignment are treated as follows:

Where titles have not passed and the commercial risk of obsolescence rested with the manufacturer, stock is not accounted for in the financial statements.

Costs incurred directly by the company on consignment stock are accounted for as prepayments. Such costs are written off to profit and loss account in the event of such consignment stock being returned to the manufacturer or passed to another dealer with no prospect of recovering the cost.

Deposits paid to manufacturers in respect of stock held on consignment are treated as prepayments.

Other Current Assets

As well as stock, other current assets are stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

- continued

1 ACCOUNTING POLICIES - continued

Deferred Taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money.

Finance Leases

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their estimated useful lives or the term of the lease, whichever is shorter.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

Contributions to the company's personal pension scheme are charged to the profit and loss account in the year in which they become payable.

Goodwill

Goodwill arising on the acquisition of Carrs (BMW) Motor Dealership in Bury St Edmunds represents the excess of the fair value of the consideration given over the aggregate of the fair values of the identifiable net assets acquired. Amortisation is charged on the original cost of acquisition on a straight line basis over twenty years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of Fixed Assets and Goodwill

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the assets against the higher net realisable value and value in use.

2 SEGMENTED INFORMATION

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

SPENCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- continued

3 OPERATING PROFIT	2006	2005
	£	£
Operating profit is stated after charging		
Depreciation	133,727	157,799
Amortisation of goodwill	17,750	17,750
Operating lease rentals		
- land and buildings	23,918	17,216
Auditors' remuneration	17,250	18,800
Loss/(Profit) on sale of fixed assets	485	(32,649)
Equipment hire	8,107	6,948
Finance charges in respect of finance leases	63,824	72,348
	<u> </u>	<u> </u>
 4 DIRECTORS' EMOLUMENTS	 2006	 2005
	£	£
Emoluments	311,184	442,996
Social security costs	40,782	46,244
	<u> </u>	<u> </u>
Highest paid director	216,891	251,210
	<u> </u>	<u> </u>
 5 STAFF COSTS (excluding directors)	 2006	 2005
	£	£
Wages and salaries	1,388,126	1,332,070
Social security costs	131,752	128,758
Other pension costs	25,934	25,643
	<u> </u>	<u> </u>
	1,545,812	1,486,471
	<u> </u>	<u> </u>
	2006	2005
	Number	Number
Average number of employees during the year.		
Administration	10	14
Sales	50	49
	<u> </u>	<u> </u>
	60	63
	<u> </u>	<u> </u>

SPENCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- continued

6 INTEREST PAYABLE	2006 £	2005 £
Bank loans and overdrafts	107,374	90,718
Other loans	11,707	11,792
Finance charges payable under finance leases and hire purchase contracts	63,824	72,348
Corporation tax	-	6,653
	<u>182,905</u>	<u>181,511</u>
7 TAX ON PROFIT ON ORDINARY ACTIVITIES	2006 £	2005 £
Current tax		
UK corporation tax on profits for the year	82,493	46,274
Adjustments in respect of previous periods	9,997	(16,530)
	<u>92,490</u>	<u>29,744</u>
Deferred tax		
Origination and reversal of timing differences (note 16)	(10,579)	43,841
Tax on profit on ordinary activities	<u>81,911</u>	<u>73,585</u>

Factors Affecting Tax Charge For The Year

The table below reconciles tax calculated at the UK standard rate (30%) on the profit on ordinary activities before tax to the actual tax charge recognised in the profit and loss account. The differences were attributed to the following factors:

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>364,756</u>	<u>354,230</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005: 19%)	109,427	67,304
Expenses not deductible for tax purposes	7,150	2,002
Non-deductible amortisation	5,325	3,372
Capital allowances in excess of depreciation	(8,550)	(26,404)
Adjustments to tax charge in respect of previous periods	9,997	(16,530)
Marginal relief	(30,859)	-
Current tax charge	<u>92,490</u>	<u>29,744</u>

SPENCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- continued

8	DIVIDENDS	2006 £	2005 £
	Equity dividends on ordinary shares - final paid	<u>200,000</u>	<u>130,000</u>

9	INTANGIBLE FIXED ASSETS	Goodwill £
	COST	
	At 1st January 2006 and 31st December 2006	<u>355,000</u>
	AMORTISATION	
	At 1st January 2006	133,125
	Charge for the year	<u>17,750</u>
	At 31st December 2006	<u>150,875</u>
	NET BOOK VALUE	
	At 31st December 2006	<u>204,125</u>
	At 31st December 2005	<u>221,875</u>

The directors consider that no impairment was necessary on the goodwill

10	TANGIBLE FIXED ASSETS	Freehold Land & Buildings £	Motor Vehicles £	Plant & Machinery £	Total £
	COST OR VALUATION				
	At 1st January 2006	2,221,706	389,375	498,583	3,109,664
	Additions	12,875	195,034	22,261	230,170
	Disposals	-	(135,030)	(1,795)	(136,825)
	At 31st December 2006	<u>2,234,581</u>	<u>449,379</u>	<u>519,049</u>	<u>3,203,009</u>
	DEPRECIATION				
	At 1st January 2006	-	79,901	261,630	341,531
	Charge for year	-	62,418	71,309	133,727
	Disposals	-	(18,361)	(810)	(19,171)
	At 31st December 2006	<u>-</u>	<u>123,958</u>	<u>332,129</u>	<u>456,087</u>
	NET BOOK VALUE				
	At 31st December 2006	<u>2,234,581</u>	<u>325,421</u>	<u>186,920</u>	<u>2,746,922</u>
	At 31st December 2005	<u>2,221,706</u>	<u>309,474</u>	<u>236,953</u>	<u>2,768,133</u>

SPENCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- continued

10	TANGIBLE FIXED ASSETS - continued	2006 £	2005 £
	Net book value of motor vehicles included overleaf held under finance leases and hire purchase contracts	248,649	304,758
	Depreciation charge for year	51,318	83,823

On the historical cost basis, freehold property would have been included in the financial statements at a net book value of £2,153,284 (2005 £2,140,409)

All freehold properties were professionally revalued by King Sturge on the basis of their open market value as at 31st December 2001. The valuation was undertaken in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. The directors are not aware of any material change in the value of the freehold properties and therefore the valuation has not been updated since 2001.

11	STOCKS	2006 £	2005 £
	New vehicles	235,705	361,822
	Used vehicles	467,074	338,678
	Demonstrator vehicles	1,269,012	762,893
	Parts and accessories	183,602	177,033
	Stationery	2,500	3,500
		2,157,893	1,643,926

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12	DEBTORS	2006 £	2005 £
	Amounts falling due within one year		
	Trade debtors	1,432,341	2,322,468
	Other debtors	14,474	3,325
	Prepayments and accrued income	66,487	69,130
	Prepayments on consignment stocks	436,177	813,747
		1,949,479	3,208,670

NOTES TO THE FINANCIAL STATEMENTS

- continued

13 CREDITORS	2006 £	2005 £
Amounts falling due within one year		
Bank loans and overdrafts (secured)	1,060,135	1,616,171
Stocking plan loan (secured)	1,864,024	1,467,214
Trade creditors	721,047	926,850
Finance for prepayments on consignment stocks (secured)	436,177	813,747
Corporation tax	92,512	41,584
Other taxes and social security costs	117,346	140,778
Other creditors	151,019	220,250
Accruals and deferred income	39,022	23,370
Directors' loan account	15,808	38,281
	<u>4,497,090</u>	<u>5,288,245</u>

The stocking plan loan is secured on the stock of demonstrator and used vehicles included in note 11 at a value of £1,736,086 (2005 £1,101,571) Interest is charged on the loan at a rate linked to Finance House Base Rate

Included in creditors is £436,177 (2005 £813,747) owed to BMW (GB) Limited This amount is secured on vehicles of an equivalent value included in prepayments on consignment stock (note 12) and bears interest linked to Finance House Base Rate

The bank borrowings are secured by a first legal charge over the company's premises

The bank loans of £731,104 (2005 £795,139) are repayable by monthly instalments of £9,425 One of the two loans is a 10-year loan with an interest rate of 1.5% over the base rate The other 10-year loan has a fixed interest rate of 6.8% per annum for five years At the end of five years there is an opportunity to fix the rate for a further period

14 CREDITORS	2006 £	2005 £
Amounts falling due after more than one year		
Bank loans (secured)	<u>664,856</u>	<u>730,446</u>

15 LOANS	2006 £	2005 £
Analysis of maturity of debt		
Within one year or on demand	66,246	64,692
Between one and two years	70,878	68,954
Between two and five years	243,777	235,755
In more than five years	350,203	425,738
	<u>731,104</u>	<u>795,139</u>

All the amounts due after five years are repayable by instalments

NOTES TO THE FINANCIAL STATEMENTS

- continued

16 DEFERRED TAXATION

Deferred tax is provided for in full on certain timing differences. The company does not discount the provision. Subsequent to the year end, the chancellor has announced that the corporation tax rate will be reduced from 30% to 28% with effect from 1st April 2008. In accordance with UK GAAP, the rate of 30% has still been used as a basis for the calculation of the deferred taxation balances.

	2006 £	2005 £
Accelerated capital allowances	102,219	112,798
Undiscounted provision for deferred tax	102,219	112,798
At 1st January 2006	112,798	68,957
Deferred tax (credit)/charge in profit and loss account	(10,579)	43,841
At 31st December 2006	102,219	112,798

17 SUBORDINATED LOAN

	2006 £	2005 £
At 1st January 2006 and 31st December 2006	200,000	200,000

On 30th June 1998 a Deed of Postponement and Subordination was completed in respect of an unsecured loan by Mr N A Spencer and Mrs C M Spencer to the company. The Deed states that on winding up, dissolution or similar proceedings involving any distribution to creditors of the company, the directors shall receive no payment or benefit in respect of the subordinated loan until all other creditors of the company have been paid in full.

Interest is payable by the company on the loan at the rate of 1.25% above Barclays Bank Plc base rate.

18 SHARE CAPITAL

	2006 £	2005 £
Authorised		
51,000 Ordinary shares of £1 each	51,000	51,000
49,000 Ordinary 'A' shares of £1 each	49,000	49,000
	100,000	100,000
Allotted, called up and fully paid		
51,000 Ordinary shares of £1 each	51,000	51,000
49,000 Ordinary 'A' shares of £1 each	49,000	49,000
	100,000	100,000

The Ordinary 'A' shares carry no voting rights but are equal in all other respects to the Ordinary shares.

SPENCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

- continued

19	REVALUATION RESERVE	2006 £	2005 £
	At 1st January 2006 and 31st December 2006	<u>81,297</u>	<u>81,297</u>
20	PROFIT AND LOSS ACCOUNT	2006 £	2005 £
	At 1st January 2006	1,330,730	1,180,085
	Retained profit	<u>82,845</u>	<u>150,645</u>
	At 31st December 2006	<u>1,413,575</u>	<u>1,330,730</u>
21	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2006 £	2005 £
	Opening shareholders' funds	1,512,027	1,361,382
	Profit for the financial year	282,845	280,645
	Ordinary dividend on equity shares	<u>(200,000)</u>	<u>(130,000)</u>
	Closing shareholders' funds	<u>1,594,872</u>	<u>1,512,027</u>
22	GROSS CASH FLOWS	2006 £	2005 £
	Returns on investments and service of finance		
	Interest paid	<u>(183,005)</u>	<u>(195,376)</u>
	Capital expenditure		
	Payments to acquire tangible fixed assets	(230,170)	(665,299)
	Receipts from sales of tangible fixed assets	<u>117,169</u>	<u>271,562</u>
		<u>(113,001)</u>	<u>(393,737)</u>
	Financing		
	Other loans	445,867	830,000
	Loan repayments	<u>(113,093)</u>	<u>(536,373)</u>
		<u>332,774</u>	<u>293,627</u>

SPENCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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23 ANALYSIS OF CHANGES IN NET DEBT

	At 01 01 06 £	Cash Flows £	At 31 12 06 £
Cash at bank and in hand	912	(295)	617
Overdrafts	(1,551,479)	557,591	(993,888)
Increase in cash		557,296	
Debt due within one year	(1,531,906)	(398,364)	(1,930,270)
Debt due after one year	(730,446)	65,590	(664,856)
Subordinated loan	(200,000)	-	(200,000)
Increase in debt		(332,774)	
Total	(4,012,919)	224,522	(3,788,397)

24 OTHER FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings 2006 £	2005 £
Operating leases which expire		
Within one year	-	15,395
Within two to five years	-	-
	-	15,395

Shortly after the year end Spencers Limited renewed their lease on land and buildings

25 RELATED PARTIES

N A Spencer had a controlling shareholding in the company throughout the year and the previous year and ultimate influence over the operating decisions of the company

Mr N A Spencer and Mrs C M Spencer were owed £15,808 by the company at the year end (2005 £38,281 owed by the company) and the company owed Mr N A Spencer and Mrs C M Spencer £200,000 (2005 £200,000) in respect of the subordinated loan at that date

Spencers Limited paid £60,000 (2005 £58,100) to a business owned by C M Spencer in respect of advertising services

26 ULTIMATE CONTROLLING PARTY

N A Spencer, a director of Spencers Limited, is the ultimate controlling party of Spencers Limited