

Williams Motor Co. (Holdings) Limited

REPORT AND ACCOUNTS

31 December 2005

Registered number: 597708



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COMPANIES HOUSE 12/05/2006

Williams Motor Co. (Holdings) Limited

Company Information

Directors

Mrs M M Orton Williams, BA
N J Cook, BSc, FCCA
N J Dunning
D A Galloway
J A Fairbotham, FCA

Secretary

J Roberts

Registered office

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

Bankers

National Westminster Bank Plc
Liverpool City Office
PO Box 138
22 Castle Street
Liverpool
L69 2BE

Auditors

Baker Tilly
Chartered Accountants
Brazennose House
Lincoln Square
Manchester
M2 5BL

Williams Motor Co. (Holdings) Limited

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting will be held at the Cottons Hotel, Knutsford on Friday 23 June 2006 at 11.30am to carry out the following business:

ORDINARY BUSINESS

Resolution 1

To receive and adopt the report of the directors and the audited group accounts for the year ended 31 December 2005.

Resolution 2

To declare a final dividend of 175% net of tax on the ordinary shares of the company.

Resolution 3

To re-appoint Baker Tilly as auditors of the company until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.

By Order of the Board



J Roberts
Secretary

6 Hadfield Street
Cornbrook
Manchester
M16 9FG

28 April 2006

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the company.

Williams Motor Co. (Holdings) Limited

Directors' Report

The directors have pleasure in presenting their report and audited accounts for the year ended 31 December 2005.

Principal activities

The principal activities of the company and its subsidiaries are the sale and service of new and used motor vehicles, and the sale of parts and accessories.

Business review, results and dividends

Group turnover amounted to £245,074,000 (2004: £220,006,000) and the profit before taxation was £5,863,000 (2004: £5,947,000 as restated). After providing for dividends and taxation, the retained profit of £3,727,000 (2004: £3,462,000 as restated) has been added to reserves.

During the year, the company paid an interim dividend of £261,395 (2004: £261,395). The directors will recommend a final dividend for 2005 of £457,441 (2004: £457,441) for the year on the ordinary share capital. If approved by the shareholders, the final dividend will be paid on the 1st July 2006. In accordance with Financial Reporting Standards, the final dividend declared for 2005 will be accounted for in 2006.

Fixed assets

Movements in fixed assets during the year are set out in the notes to the accounts.

In the opinion of the directors the market value of freehold and leasehold property exceeds the amount at which they are stated in the accounts.

Charitable and political donations

Donations for charitable purposes in 2005 were £3,750 (2004: £7,690). Of these donations £2,730 were for educational purposes, £200 was towards health research and £820 was for social assistance. There were no donations for political purposes in the year.

Directors and their interests

The directors of the company at 31 December 2005 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

		Shareholdings at 31 December 2005		Shareholdings at 31 December 2004	
		Ordinary		Ordinary	
		B	C	B	C
Mrs M M Orton Williams		2,480	62,560	2,480	62,560
N J Dunning		200	10,541	200	10,541
N J Cook		100	1,768	100	1,768
D A Galloway		-	-	-	-
J A Fairbotham		-	-	-	-
Mrs M M Orton Williams	) as	19	14,201	19	10,567
N J Cook	) trustees	19	14,201	19	10,567

No right to subscribe for shares in or debentures of the company was granted or exercised during the year.

Williams Motor Co. (Holdings) Limited

Directors' Report

Disabled persons

The group gives full consideration to applications for employment from disabled persons where the requirements for the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee information

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

Future Developments and Post Balance Sheet Events

On 31 December 2005 the trade and assets of Williams (Bolton) Limited and Williams Motor Company (Manchester) Limited were transferred to Williams Motor Co. (Holdings) Limited. The results for these companies for the year to 31 December 2005 have been recorded in the individual companies' accounts, but from 1 January 2006 they will be part of Williams Motor Co. (Holdings) Limited's accounts.

On 31 March 2006 the trade and assets of Williams Rochdale Limited were transferred to Williams Motor Co. (Holdings) Limited. From 1 April 2006, its results will be accounted for in the parent company.

Growth in turnover is expected to continue in 2006, though market conditions are expected to put pressure on profits. New premises will be opened in Rochdale during 2006. This will facilitate continued expansion and forms part of the Group's medium term plan for dealership development.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Baker Tilly as the company's auditors will be placed before the Annual General Meeting.

On behalf of the Board



J Roberts
Secretary

28 April 2006

Williams Motor Co. (Holdings) Limited

Directors' responsibilities in the preparation of financial statements

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group, and of the profit or loss of the group for that period.

In preparing these accounts we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgments and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the accounts on a going concern basis unless in our view the group and the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

We have audited the financial statements on pages 7 to 29.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent material misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

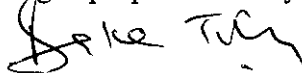
Basis of opinion

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 group's and the company's affairs as at 31 December 2005 and of the group's profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Registered Auditors
Chartered Accountants
Brazenose House
Lincoln Square
Manchester
M2 5BL

28 April 2006

Williams Motor Co. (Holdings) Limited

Group Profit and Loss Account

for the year ended 31 December 2005

	Note	2005 £000	2004 £000 As restated*
Turnover	1	245,074	220,006
Cost of sales		(213,716)	(191,316)
Gross profit		31,358	28,690
Selling and distribution costs		(6,434)	(5,809)
Administrative expenses		(17,972)	(16,841)
		6,952	6,040
Other operating income		-	322
Operating profit	3	6,952	6,362
Profit on disposal of fixed asset	3	100	349
Interest payable (net)	6	(1,189)	(764)
Profit on ordinary activities before taxation		5,863	5,947
Taxation	7	(1,875)	(1,766)
Profit for the financial year		3,988	4,181
Dividends	8	(261)	(719)
Retained profit for the year	18	3,727	3,462

All of the activities of the group are classed as continuing.

* Impact of 2004 restatement on reported profit before tax

Profit before tax - as previously reported		5,866	5,705
Net effect of FRS 17 adjustments	2	(3)	242
Profit before tax - as restated above		5,863	5,947

The notes on pages 11 to 29 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Group Statement of Total Recognised Gains & Losses for the year ended 31 December 2005

	Note	2005 £000	2004 £000 As restated
Profit for the financial year		3,727	3,462
Movement in actuarial deficit in the pension scheme	5	28	(29)
Deferred tax relating to the actuarial movement on the pension scheme		(8)	9
Total gains relating to the year		3,747	3,442
Prior year adjustment	2	(295)	-
Total gains since the last annual report and financial statements		3,452	3,442

Williams Motor Co. (Holdings) Limited

Balance Sheet

31 December 2005

	Note	Group		Company	
		2005	2004	2005	2004
		£000	As restated £000	£000	As restated £000
Fixed Assets					
Goodwill	9	2,813	3,178	-	-
Tangible assets	10	23,331	21,752	23,072	17,313
Investments	11	-	-	6,636	6,636
		<u>26,144</u>	<u>24,930</u>	<u>29,708</u>	<u>23,949</u>
Current Assets					
Stocks	12	27,764	28,879	19,988	16,641
Debtors	13	9,884	8,993	8,412	6,740
Cash at bank and in hand		5	48	3	603
		<u>37,653</u>	<u>37,920</u>	<u>28,403</u>	<u>23,984</u>
Creditors: amounts falling due within one year	14a	(26,059)	(30,701)	(27,732)	(21,119)
Net current assets		<u>11,594</u>	<u>7,219</u>	<u>671</u>	<u>2,865</u>
Total assets less current liabilities		<u>37,738</u>	<u>32,149</u>	<u>30,379</u>	<u>26,814</u>
Creditors: amounts falling due after more than one year	14b	(14,848)	(13,170)	(14,848)	(13,170)
Provisions for liabilities and charges					
Deferred Taxation	15	(263)	(99)	(285)	(89)
		<u>22,627</u>	<u>18,880</u>	<u>15,246</u>	<u>13,555</u>
Capital and reserves					
Called up share capital	17	261	261	261	261
Share premium account	18	124	124	124	124
Profit and loss account	18	22,242	18,495	14,861	13,170
Equity shareholders' funds	16	<u>22,627</u>	<u>18,880</u>	<u>15,246</u>	<u>13,555</u>

The accounts on pages 7 to 29 were approved by the board of directors on 28 April 2006 and are signed on its behalf by:

M M Orton Williams

Margaret Anna Williams
Directors

N J Cook

N J Cook

The notes on pages 11 to 29 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Group Cash Flow Statement

for the year ended 31 December 2005

	Note	2005 £000	2004 £000
Net cash inflow from operating activities	19	4,758	3,196
Returns on investments and servicing of finance			
Interest received		77	341
Interest paid		(1,225)	(861)
Interest element of finance lease rental payments		(56)	(28)
Net return on the pension scheme		15	(27)
		(1,189)	(575)
Taxation			
UK corporation tax paid		(1,692)	(1,805)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(3,173)	(8,070)
Receipts from sales of tangible fixed assets		805	662
		(2,368)	(7,408)
Acquisitions and disposals			
Payments to acquire businesses		-	33
Equity dividends paid		(261)	(653)
Financing			
New loans		2,469	6,411
Repayment of loans		(894)	(1,438)
Movement on vehicle finance loans		(3,459)	2,886
Capital element of finance lease rental payments		270	(97)
		(1,614)	7,762
(Decrease)/increase in cash	19	(2,366)	550

Further details are given in note 19.

The notes on pages 11 to 29 form part of these accounts.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention. No separate profit and loss account is presented for the company as provided by section 230 of the Companies Act 1985.

Basis of consolidation

The group accounts consolidate the accounts of Williams Motor Co. (Holdings) Limited and its subsidiaries. Intra group profits are eliminated on consolidation.

Comparative figures

Certain figures that had previously been included in administrative expenses have been reclassified as selling and distribution costs or cost of sales as, in the opinion of the directors, this is a more appropriate classification of the expenditure involved. The comparative figures have been restated to reflect this reclassification.

On 31 December 2005 the trade and assets of Williams (Bolton) Limited and Williams Motor Company (Manchester) Limited were transferred to the parent company, Williams Motor Co. (Holdings) Limited. This has no impact on the consolidated financial statements but means that the company balance sheet is not directly comparable.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation, less any residual value, over the expected useful lives which are as follows:

Land and buildings	Up to a maximum of fifty years
Plant and machinery	Up to a maximum of ten years
Motor vehicles	Up to a maximum of four years

Amortisation

Goodwill arising on acquisitions is capitalised as an intangible fixed asset and amortised on a straight line basis over its useful economic life of between 5 and 20 years.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at their estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks, including work in progress, are valued at the lower of cost and net realisable value. Cost of vehicles and parts stock represents the purchase price plus any additional costs incurred. Where necessary, provision is made for obsolete, slow moving and defective stock. Cars used for demonstration purposes are valued at cost less an appropriate charge for use.

Vehicles on consignment are included in stock when substantially all of the principal benefits and inherent risks rest with the Group. The corresponding liability is included under creditors.

Williams Motor Co. (Holdings) Limited

Accounting Policies

Deferred taxation

Deferred taxation 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 occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

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

Defined benefit pension scheme

The pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond. Any increase in the present value of liabilities within the Group's defined benefit scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/costs. *Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses. (See note 5 for further details.)*

Money purchase pension scheme

Contributions are charged to the profit and loss account as they fall due. (See note 5 for further details.)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

1 Turnover

Turnover represents the value of goods and services, excluding value added tax, invoiced to third parties. Turnover is attributable to one continuing activity in the United Kingdom.

The directors do not wish to disclose the turnover by business segment as they believe it would be seriously prejudicial to the business.

2 Prior period adjustment

During the year the group has fully adopted the requirements of FRS 17 "Retirement benefits". This change in accounting policy has resulted in a prior year adjustment and the comparative figures have been restated.

Set out below is the impact on the consolidated profit and loss account, consolidated statement of total recognised gains and losses, and the group balance sheet for the current and prior year.

Full details as to the make-up of the movement on the pension scheme deficit in the year and amounts charged/credited to the profit and loss account and statement of total recognised gains and losses are contained in note 5.

	£000	
Adjustment to opening reserves at 1 January 2004		(444)
Adjustment to profit and loss account for the year to 31 December 2004		169
Adjustment to total recognised gains and losses for the year to 31 December 2004		(20)
Net effect of prior year adjustment		(295)
	2005	2004
Profit and loss account	£000	£000
Profit before adoption of FRS 17	3,730	3,293
FRS 17 effect on pension costs	(3)	242
Deferred tax movements relating to FRS 17 pension deficit	-	(73)
Profit as restated for FRS 17	3,727	3,462
Statement of total recognised gains and losses		
Recognition of actuarial gains/(losses) during the period	28	(29)
Deferred tax movement relating to actuarial (gains)/losses	(8)	9
	20	(20)
Balance sheet		
Net assets before adoption of FRS 17	22,610	19,175
Recognition of pension fund liability at 1 January 2005	17	(295)
Net assets as restated for FRS 17	22,627	18,880

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

3 Operating profit

	2005 £000	2004 £000
Operating profit is stated after charging:		
Auditors' remuneration		
- audit	45	43
- other	54	66
Amortisation of goodwill	365	363
Depreciation		
- owned	838	750
- leased	62	70
Operating lease rentals		
- plant and machinery	61	42
- land and buildings	242	257
(Profit)/Loss on disposal of fixed assets	(11)	11

In addition there was an exceptional profit on disposal of land and buildings of £100,000 (2004 : £349,000), which has been included below operating profit in the profit and loss account.

4 Directors and employees

Group staff costs (including directors' remuneration) during the year were as follows:	2005 £000	2004 £000
Wages and salaries	13,315	12,196
Social security costs	1,467	1,330
Pension costs	370	606
	15,152	14,132

The monthly average number of persons, including directors, employed by the group during the year was:	2005 Number	2004 Number
Production	119	116
Sales and distribution	303	267
Administration	84	85
	506	468

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

4 Directors and employees (*continued*)

The total amounts for parent company directors' remuneration (excluding pension contributions) were as follows:	2005 £000	2004 £000
Fees	66	66
Executive remuneration and benefits	484	472
	<u>550</u>	<u>538</u>
Number of directors to whom retirement benefits are accruing under defined benefit pension schemes in respect of qualifying services	2	2

One director (2004: one) has benefits accruing under a money purchase scheme. Pension contributions of £10,610 (2004: £10,302) were made on behalf of this director.

Highest paid director

	2005 £000	2004 £000
Emoluments	361	348
Accrued pension at year end – defined benefit scheme –per annum	41	38

5 Pension costs

The group operates pension schemes providing benefits based on final pensionable pay, to which membership is now closed, or on contributions paid. The assets of the schemes are held separately from those of the group, being invested with insurance companies.

Defined contribution scheme

Contributions funding the defined contribution part of the scheme are recognised in the profit and loss account as paid.

Defined benefit scheme

The directors have adopted the accounting treatment prescribed by Financial Reporting Standard 17 "Retirement benefits" with effect from 1 January 2005. The accounting treatment for the scheme is as detailed in the accounting policies note.

This constitutes a change in accounting policy requiring a prior period adjustment and the treatment required by FRS 17 is reflected in the results and balance sheet for both 2005 and 2004. The effects of the change in accounting policy and prior period adjustment are detailed in note 2.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

5 Pension costs (continued)

A full valuation was carried out as at 31 March 2003 and updated to 31 December 2005 by a qualified independent actuary. The assumptions used by the actuary were:

	31 December 2005	31 December 2004
Rate of increase in salaries	4.75%	4.75%
Discount rate	4.90%	5.25%
Inflation assumption	2.75%	2.75%
LPI pension increases	2.75%	2.75%

The assets in the defined benefit part of the schemes and the expected rate of return were:

	Long term rate of return expected at 31 December 2005	Long term rate of return expected at 31 December 2004	Value at 31 December 2005 £000	Value at 31 December 2004 £000	Value at 31 December 2003 £000
Equities	7.5%	7.5%	1,667	1,403	879
Gilts	4.5%	5.0%	190	310	244
Corporate bonds	5.0%	5.5%	444	-	-
Total market value of assets			2,301	1,713	1,123
Present value of scheme liabilities			(2,698)	(2,135)	(1,758)
Deficit in the scheme			(397)	(422)	(635)
Related deferred tax asset			119	127	191
			(278)	(295)	(444)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

5 Pension costs (continued)

	2005 £000	2004 £000	2003 £000
Analysis of amount charged to operating profit:			
Current service cost	(53)	(40)	(37)
Past service costs	-	-	-
Total operating charge	(53)	(40)	(37)
Analysis of the amount credited to other finance income:			
Expected return on pension scheme assets	130	81	62
Interest cost	(115)	(108)	(86)
Net return/(cost)	15	(27)	(24)
Analysis of amount recognised in the statement of total recognised gains and losses (STRGL):			
Actual return less expected return on pension scheme assets	183	218	66
Experience gains and losses arising on the scheme liabilities	(1)	-	(3)
Changes in assumptions underlying the scheme liabilities	(154)	(37)	(353)
Recognition of potential GMP underpin liability	-	(210)	-
Actuarial gain / (loss) recognised in STRGL	28	(29)	(290)

	2005 £000	2004 As restated £000
Movement in deficit during the year		
Deficit in scheme at beginning of the year	(295)	(444)
Recognition of GMP underpin liability from prior years	-	(210)
Movement in year:		
Current service cost	(53)	(40)
Contributions	35	309
Net return/(interest) on assets	15	(27)
Actuarial gain	28	181
Movement on deferred tax relating to pension scheme deficit	(8)	(64)
Deficit in scheme at the end of the year	(278)	(295)

Pension contribution rates

Under the final salary section of the plan, members' contributions were 7% of pensionable pay. Employer's contributions were 12.5% of pensionable pay.

Under the money purchase section of the plan, members' contributions were 5% of pensionable pay. Employer's contributions were 8% of pensionable pay less 3% of earnings between the lower and upper earnings limit.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

6 Interest payable (net)

	2005	2004
	£000	As restated £000
Interest receivable:		
Bank interest receivable	77	21
Interest on VAT refund	-	131
Net return on pension scheme	15	-
Interest receivable	<u>92</u>	<u>152</u>
Interest payable:		
Bank loans and overdrafts	(892)	(556)
Vehicle stocking finance	(333)	(305)
Finance lease and hire purchase contracts	(56)	(28)
Net cost on pension scheme	-	(27)
Interest payable	<u>(1,281)</u>	<u>(916)</u>
Interest payable (net)	<u>(1,189)</u>	<u>(764)</u>

7 (a) Taxation

	2005	2004
	£000	As restated £000
Corporation tax:		
UK corporation tax at 30 % (2004: 30%)	1,871	1,631
Corporation tax (over)/under provided in prior years	(160)	7
	<u>1,711</u>	<u>1,638</u>
Deferred tax:		
Current year	-	128
Deferred tax under provided in prior years	164	-
	<u>164</u>	<u>128</u>
	<u>1,875</u>	<u>1,766</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

7 Tax - continued (b) Factors affecting current tax charge

The reconciliation of the tax assessed on the profit on ordinary activities for the year compared to the standard rate of corporation tax in the UK of 30% (2004 : 30%) is as follows:

	2005 £000	2004 As restated £000
Profit on ordinary activities before tax	5,863	5,947
Profit on ordinary activities multiplied by rate of tax (30%)	1,759	1,784
Excess of depreciation over capital allowances	16	(52)
Income not taxable/expenses not deductible for tax purposes	97	(25)
Other short term timing differences	(1)	(76)
Under provision in the prior year	(160)	7
Total current tax (note 7(a))	1,711	1,638

8 Dividends

	2005 £000	2004 £000
Interim ordinary: 100% paid	261	261
Final ordinary: Nil (2004 : 175%) proposed	-	458
Dividends to equity shareholders	261	719

The directors recommend a final dividend for 2005 of £457,441. If approved by the shareholders, the final dividend will be paid on 1 July 2006. In accordance with Financial Reporting Standards, the final dividend declared for 2005 will be accounted for in 2006.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

9 Goodwill

	£000
Cost or valuation	
At 1 January 2005	4,035
At 31 December 2005	4,035
Amortisation	
At 1 January 2005	857
Charge for year	365
At 31 December 2005	1,222
Net book value	
At 31 December 2005	2,813
At 31 December 2004	3,178

10 Tangible fixed assets

Group	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2005	10,228	9,646	5,895	311	26,080
Additions	103	2,545	496	29	3,173
Disposals	(383)	(55)	(954)	(120)	(1,512)
At 31 December 2005	9,948	12,136	5,437	220	27,741
Depreciation					
At 1 January 2005	249	283	3,639	157	4,328
Charge for year	66	106	673	55	900
Disposals	-	-	(759)	(59)	(818)
At 31 December 2005	315	389	3,553	153	4,410
Net book value					
At 31 December 2005	9,633	11,747	1,884	67	23,331
At 31 December 2004	9,979	9,363	2,256	154	21,752

The net book value of plant and machinery above includes £283,000 (2004: £75,000) in respect of assets held under finance leases and hire purchase agreements.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

10 Tangible fixed assets (continued)

Company	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2005	8,103	7,792	4,109	224	20,228
Additions	103	2,545	330	29	3,007
Transfer from subsidiary	2,125	1,855	1,001	61	5,042
Disposals	(383)	(55)	(718)	(120)	(1,276)
At 31 December 2005	9,948	12,137	4,722	194	27,001
Depreciation					
At 1 January 2005	187	230	2,405	93	2,915
Charge for year	47	90	436	47	620
Transfer from subsidiary	80	69	774	55	978
Disposals	-	-	(525)	(59)	(584)
At 31 December 2005	314	389	3,090	136	3,929
Net book value					
At 31 December 2005	9,634	11,748	2,179	58	23,072
At 31 December 2004	7,916	7,562	1,704	131	17,313

The net book value of plant and machinery above includes £281,000 (2004: £19,000) in respect of assets held under finance leases and hire purchase agreements.

11 Fixed asset investments

	2005 £000	2004 £000
Shares in subsidiary companies		
Cost		
At 1 January 2005 and 31 December 2005	6,636	6,636

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

11 Fixed asset investments (continued)

The undermentioned are subsidiary companies. All of the companies are incorporated in Great Britain and are registered in England. The parent company owns 100% of the share capital and voting rights of the companies.

Name of subsidiary	Country of incorporation	Type of share capital	Percentage of shares held by parent and group	Nature of business
Williams Motor Company Ltd	UK	Ordinary	100%	Motor dealership
Williams (Bolton) Ltd	UK	Ordinary	100%	Motor dealership
Williams Motor Company (Manchester) Ltd	UK	Ordinary	100%	Holding Company
Williams Rochdale Ltd	UK	Ordinary	100%	Motor dealership
Orlando Street Bridge (Bolton) Ltd	UK	Ordinary	100%	Dormant
Nine Gorrells Way Ltd	UK	Ordinary	100%	Property Company

On 31 December 2005, the assets, liabilities and trades of Williams Motor Company (Manchester) Limited and Williams (Bolton) Limited were transferred to Williams Motor Co. (Holdings) Limited.

12 Stocks

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Vehicles	26,555	27,715	19,053	15,923
Parts and other stocks	1,209	1,164	935	718
	<u>27,764</u>	<u>28,879</u>	<u>19,988</u>	<u>16,641</u>

The Group's stock of new vehicles are held on consignment from the manufacturers and are included within the balance sheet as consignment stock until either the vehicles are registered or the manufacturers' free stocking policy has expired. Stocks of vehicles for the group shown above include £6,990,000 (2004: £7,900,000) in respect of vehicles held on consignment. Stocks of vehicles held under short term leases were £380,000 (2004: £496,000). The corresponding liabilities are shown under creditors.

13 Debtors

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Due within one year:				
Trade debtors	4,959	4,928	3,990	3,507
Amounts owed by group undertakings	-	-	710	658
Other debtors	1,119	1,178	779	888
Prepayments and accrued income	3,806	2,887	2,933	1,687
	<u>9,884</u>	<u>8,993</u>	<u>8,412</u>	<u>6,740</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

14 (a) Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	As restated	As restated	As restated	As restated
	£000	£000	£000	£000
Bank loan and overdraft	3,023	700	2,495	700
Payments on account	917	1,270	745	826
New car stocking finance loans	6,927	7,843	3,678	3,737
Used/demonstrator vehicle finance loans	2,527	5,507	975	2,575
Rental vehicle finance	378	479	378	479
Trade creditors	6,474	9,326	5,069	7,093
Amounts owed to group undertakings	-	-	9,437	1,975
Other creditors	1,041	1,005	840	656
Pension scheme deficit	278	295	278	295
Other loans	212	206	212	206
Corporation tax	816	797	524	124
Other taxation and social security costs	833	393	741	252
Accruals and deferred income	2,434	2,385	2,163	1,719
Proposed dividend	-	457	-	457
Finance leases and hire purchase contracts	199	38	197	25
	<u>26,059</u>	<u>30,701</u>	<u>27,732</u>	<u>21,119</u>

The bank loan and overdraft facility is secured by a fixed and floating charge over the group's assets.

Finance lease and hire purchase liabilities are secured upon the underlying assets.

Vehicle stocking finance is secured by a charge on the vehicles concerned, which are included in vehicle stocks.

A commercial rate of interest is charged on all loans and overdrafts.

14 (b) Creditors: Amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Bank loans	14,330	12,561	14,330	12,561
Other loans	400	600	400	600
Finance leases and hire purchase contracts	118	9	118	9
	<u>14,848</u>	<u>13,170</u>	<u>14,848</u>	<u>13,170</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

14 (b) Creditors: amounts falling due after more than one year (continued)

Finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
In one year or less	199	38	197	25
Between one and two years	118	9	118	9
Between two and five years	-	-	-	-
	<u>317</u>	<u>47</u>	<u>315</u>	<u>34</u>

Bank loans

The maturity of these amounts is as follows:

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
In one year or less	700	700	700	700
Between one and two years	9,080	700	9,080	700
Between two and five years	2,100	8,011	2,100	8,011
After five years	3,150	3,850	3,150	3,850
	<u>15,030</u>	<u>13,261</u>	<u>15,030</u>	<u>13,261</u>

The group has four bank loan arrangements in place. £6,650,000 is repayable by annual instalments of £700,000 and a final payment of £3,150,000 in 2011. Loans of £3,310,000 and £2,601,000 and £2,469,000 are repayable in full in 2007. Interest is payable on all three loans at a rate of 1.25% over the bank base rate.

The group has entered into an interest rate swap agreement of £6,100,000 at a base rate of 4.58% until October 2008.

Other loans

The maturity of these amounts is as follows:

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
In one year or less	212	206	212	206
Between one and two years	200	200	200	200
Between two and five years	200	400	200	400
	<u>612</u>	<u>806</u>	<u>612</u>	<u>806</u>

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

15 Deferred taxation

	Group £000	Company £000
At 1 January 2005	99	89
Charged in the year	-	-
Transfer from subsidiary	-	36
Under provided in prior years	164	160
At 31 December 2005	263	285

Provision for deferred tax has been made up as follows:

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Excess of depreciation over capital allowances	357	193	361	165
Short term timing differences	(94)	(94)	(76)	(76)
	263	99	285	89

16 Reconciliation of shareholders' funds

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Balance at 1 January 2005 as previously stated	19,175	15,882	13,850	12,956
Prior year adjustment	(295)	(444)	(295)	(444)
Balance at 1 January 2005 as restated	18,880	15,438	13,555	12,512
Profit for the financial year	3,988	4,181	1,932	1,782
Dividends paid (and proposed in 2004)	(261)	(719)	(261)	(719)
Actuarial gain/(loss) on pension scheme	28	(29)	28	(29)
Deferred tax movement relating to the pension scheme	(8)	9	(8)	9
Net addition to shareholders' funds	3,747	3,442	1,691	1,043
Closing shareholders' funds	22,627	18,880	15,246	13,555

All shareholders' funds are classed as equity.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

17 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2005 Number	2004 Number	2005 Number	2004 Number
'B' Ordinary shares of £1 each	5,000	5,000	5,000	5,000
'C' Ordinary shares of £1 each	295,000	295,000	256,395	256,395
	<u>300,000</u>	<u>300,000</u>	<u>261,395</u>	<u>261,395</u>

'C' Ordinary shares rank pari passu in all respects to 'B' Ordinary shares save that they have no voting rights except on the winding up of the company.

18 Reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 1 January 2005 as previously stated	124	18,790	124	13,465
Prior year adjustment	-	(295)	-	(295)
At 1 January 2005 as restated	<u>124</u>	<u>18,495</u>	<u>124</u>	<u>13,170</u>
Retained profit for the year	-	3,727	-	1,671
Actuarial gain recognized in pension scheme	-	28	-	28
Movement in deferred tax relating to pension liability	-	(8)	-	(8)
At 31 December 2005	<u>124</u>	<u>22,242</u>	<u>124</u>	<u>14,861</u>

The company has taken advantage of Section 230 of the Companies Act 1985 and not published its own profit and loss account. Included in the consolidated profit and loss account attributable to shareholders is a profit of £1,932,000 (2004: £1,782,000 as restated), which has been dealt with in the accounts of the parent undertaking.

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

19 Cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities

	2005 £000	2004 £000 As restated
Operating profit	6,952	6,362
Depreciation	900	820
Amortisation	365	363
(Profit)/loss on sale of fixed assets	(11)	11
Decrease/(increase) in stocks	1,115	(6,927)
Increase in debtors	(891)	(791)
(Decrease)/increase in creditors	(3,675)	3,600
FRS 17 effect on pension costs	(3)	242
Net cash inflow from operating activities	4,758	3,196

b) Reconciliation of net cash flow to movement in net funds

	2005 £000	2004 £000
(Decrease)/increase in cash	(2,366)	550
Repayment of capital element of finance lease and hire purchase rentals	(270)	97
Change in net debt resulting from cash flows	(2,636)	647
New loans	(2,469)	(9,297)
Repayment of loans	4,353	1,438
Movement in net debt	(752)	(7,212)
Net debt at 1 January 2005	(20,052)	(12,840)
Net debt at 31 December 2005	(20,804)	(20,052)

Williams Motor Co. (Holdings) Limited

Notes to the accounts

for the year ended 31 December 2005

19 Cash flow statement (*continued*)

c) Analysis of changes in net debt

	At 1 January 2005 £000	Cash flow £000	At 31 December 2005 £000
Cash at bank and in hand	48	(43)	5
Bank overdraft	-	(2,323)	(2,323)
	48	(2,366)	(2,318)
Finance leases and hire purchase agreement	(47)	(270)	(317)
Bank loan	(13,261)	(1,769)	(15,030)
Used/demonstrator vehicle finance	(5,986)	3,459	(2,527)
Other loans	(806)	194	(612)
	(20,100)	1,614	(18,486)
Total	(20,052)	(752)	(20,804)

20 Operating lease commitments

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as set out below:

	31 December 2005		31 December 2004	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	82	25	58	3
- within two to five years	15	86	177	44
- after more than five years	-	-	15	-
	97	111	250	47

21 Capital commitments

Amounts contracted for but not provided in the group accounts amount to £3,904,000 (2004: £134,000).

22 Contingent liabilities

The company has entered into cross guarantees in respect of the bank borrowings of its subsidiary companies, Williams Motor Company Limited, Williams (Bolton) Limited, Williams Motor Company (Manchester) Limited and Williams Rochdale Limited. These guarantees are unlimited. The total group bank borrowings as at 31 December 2005 were £17,353,000 (2004 : £13,218,000)

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23 Related party transactions

The company has chosen to take advantage of the exemption provided under FRS 8 "Related party transactions" from disclosing transactions with group companies.

No other transactions have occurred which would require disclosure under FRS 8.

24 Ultimate controlling party

There is no ultimate controlling party of the company.

25 Post balance sheet events

On 31 March 2006 the trade and assets of Williams Rochdale Limited were transferred to the parent company, Williams Motor Co. (Holdings) Limited. These were transferred at book value. During 2006 the business in Rochdale will be relocating to new premises to facilitate continued expansion.