Williams Motor Co. (Holdings) Limited

REPORT AND ACCOUNTS

31 December 2010

Registered number: 597708

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COMPANIES HOUSE

Williams Motor Co. (Holdings) Limited

Company Information

Directors

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

Secretary

J Roberts

Registered office

2 Vincent Way
Raikes Lane
Bolton
BL3 2NB

Bankers

Barclays Bank Plc
Barclays Corporate
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Solicitors

DWF LLP
Centurion House
1 Scott's Place
2 Hardman Street
Manchester
M3 3AA

Williams Motor Co. (Holdings) Limited

Directors' Report

The directors have pleasure in presenting their report and audited group accounts for the year ended 31 December 2010

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

Results and dividends

Group turnover amounted to £240 0 million (2009 £223 1 million) and the profit before taxation was £2 1 million (2009 profit £3 6 million) After providing for dividends, taxation and an actuarial loss on the pension scheme, the profit of £0 6 million (2009 profit £1 9 million) has been transferred to reserves

During the year the directors recommended and paid an interim dividend of £182,977 for 2010 and a final dividend for 2009 of £475,739

Business review

The Group's key financial and other performance indicators during the year were as follows

	2010 £000	2009 £000	Change %
Turnover	240,012	223,060	+7 6
Gross Profit	28,664	28,876	-0 7
Operating profit	3,309	4,557	-27 4
Profit before taxation	2,116	3,640	-41 9
Shareholders' funds	28,373	27,740	+2 3
Average number of employees	531	492	+7 9

2010 was a year of two halves, starting well but then declining as the scrappage scheme was withdrawn and market conditions deteriorated following the general election and the announcement of the Government's austerity measures

2009's result also benefitted from substantial manufacturer support which was not forthcoming in 2010

Whilst BMW new car sales were up by 10% overall, retail sales decreased due to low consumer confidence, however, corporate sales reflected significant growth as aged fleets were replaced MINI new car sales fell by 10% due to this brand being reliant on the retail customer Land Rover enjoyed a strong year due to the successful launch of the 2010 models and the adverse weather conditions in the early part of the year

Used car sales reflected a decrease in volume due to a reduction in retail enquiries and a shortage of available product

Aftersales held up reasonably well considering the difficult marketplace, absorption benefiting from the cost savings made in late 2008 and early 2009

Costs and working capital levels were tightly controlled during the year

In August 2010, the company acquired the David Holmes BMW and MINI dealership in Stockport, this contributing a profit before tax of £116k in the last four months of the year

Future Developments

Looking forward to 2011, the economy continues to struggle for growth and this is set to continue with the Government's austerity measures still to be fully felt Nonetheless, some growth is expected, particularly in the second half of the year We should also benefit from the new Land Rover Evoque, which arrives in September and which is already fully sold out, and the contribution from the newly acquired David Holmes business

During 2011, the Group plans to refurbish its showroom facilities in Liverpool

Principal risks and uncertainties

The Group operates franchised motor vehicle dealerships which are awarded by the vehicle manufacturers They also provide sales incentives, warranty and other programmes to promote and support vehicle sales and other products and services

With the UK struggling to achieve growth and the Government's austerity measures still fully to be felt, indications are that the difficult market conditions are set to continue, and this is likely to put pressure on volumes and margins for the foreseeable future The Group will, therefore, continue to focus on areas within its control and look to maintain a low cost base whilst optimising performance

In December 2010, the Group re-banked its facilities, securing term loans totalling £17m until December 2013 and a £3m overdraft facility The terms negotiated were more favourable than previously and the repayment profile on the term loans is over a 15 year period The Group has novated its hedging arrangements against future interest rate rises these being interest rate swaps totalling £15m at a fixed rate linked to the London Interbank Offered Rate (LIBOR) of 4 32% until October 2011 Cover will be reviewed on an ongoing basis as part of the Group's management of risk

Market value of land and buildings

The directors consider that the market value of the group's properties at 31 December 2010 is in line with the net book values in the financial statements

Acquisition of Subsidiary

On 27 August 2010 the company acquired the entire share capital of Williams Stockport Limited (formerly Burrough Holdings Limited)

On 31 December 2010, the trade and assets of Williams Stockport Limited (formerly Burrough Holdings Limited) and Benham (Specialist Cars) Limited were transferred to Williams Motor Co (Holdings) Limited The results for these companies for the year to 31 December 2010 have been recorded in the individual companies' accounts, but from 1 January 2011 they will be part of Williams Motor Co (Holdings) Limited's own accounts

Charitable and political donations

Donations for charitable purposes in 2010 were £1,490 (2009 £2,815) There were no donations for political purposes in the year

Williams Motor Co. (Holdings) Limited

Directors' Report

Directors and their interests

The directors of the company at 31 December 2010 and their interests in the shares of the company, as recorded in the register of directors' interests, were as follows

			Shareholdings at 31 December 2010 Ordinary		Shareholdings at 31 December 2009 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
J A Fairbotham			-	-	-	-
A M Dunning			-	9,400	-	9,400
Mrs M M Orton Williams	)	as	335	20,911	110	20,686
N J Cook	)	trustees	335	20,911	110	20,686

On 1 January 2010 Alexandra Dunning was appointed a director of the company

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

A Directors' and Officers' liability policy was in place during the financial year

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 involvement

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

Post balance sheet events

There were no material events which occurred post the balance sheet date

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is unaware. Each of the directors has confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

Auditors

The directors resolved that Baker Tilly UK Audit LLP be reappointed in accordance with the provisions of the Companies Act 2006 s485 Baker Tilly Audit UK LLP has indicated its willingness to continue in office

By order of the Board

J Roberts
Secretary

12 May 2011

Williams Motor Co. (Holdings) Limited

Directors' responsibilities in the preparation of financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law 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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period

In preparing those financial statements, the directors are required to

a select suitable accounting policies and then apply them consistently,

b make judgements and accounting estimates that are reasonable and prudent,

c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAMS MOTOR CO. (HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 28 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

DALE THORPE FCA BSc (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester M3 3HF

12 May 2011

Williams Motor Co. (Holdings) Limited

Group Profit and Loss Account
for the year ended 31 December 2010

	Note	2010 £000 Acquisitions	2010 £000 Existing	2010 £000 Total Continuing	2009 £000
Turnover	1	16,550	223,462	240,012	223,060
Cost of sales		(14,835)	(196,513)	(211,348)	(194,184)
Gross profit		1,715	26,949	28,664	28,876
Selling and distribution costs		(246)	(5,515)	(5,761)	(5,431)
Administrative expenses		(1,303)	(18,291)	(19,594)	(18,888)
Operating profit	2	166	3,143	3,309	4,557
Interest payable (net)	5			(1,193)	(917)
Profit on ordinary activities before taxation				2,116	3,640
Tax on profit on ordinary activities	6			(687)	(1,117)
Profit for the financial year				1,429	2,523

All of the activities of the group are classed as continuing

The notes on pages 13 to 28 form part of these accounts

Williams Motor Co. (Holdings) Limited

Group Statement of Total Recognised Gains & Losses
for the year ended 31 December 2010

	Note	2010 £000	2009 £000
Profit for the financial year		1,429	2,523
Movement in actuarial deficit in the pension scheme	4	(176)	(81)
Deferred tax relating to the actuarial movement on the pension scheme		39	22
Total gains relating to the year		1,292	2,464

Williams Motor Co. (Holdings) Limited

Balance Sheet

31 December 2010 **Registered number: 597708**

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Fixed Assets					
Goodwill	8	5,378	1,755	-	-
Tangible assets	9	37,381	36,991	37,266	36,895
Investments	10	-	-	10,130	6,636
		42,759	38,746	47,396	43,531
Current Assets					
Stocks	11	38,847	24,800	36,703	22,843
Debtors	12	9,962	6,550	9,490	6,213
Cash at bank and in hand		1,110	2,280	1,109	3,051
		49,919	33,630	47,302	32,107
Creditors: amounts falling due within one year	13a	(47,221)	(29,530)	(56,920)	(40,116)
Net current assets/(liabilities)		2,698	4,100	(9,618)	(8,009)
Total assets less current liabilities		45,457	42,846	37,778	35,522
Creditors: amounts falling due after more than one year	13b	(16,604)	(14,481)	(16,604)	(14,481)
Provisions for liabilities and charges					
Deferred Taxation	14	(480)	(625)	(487)	(633)
		28,373	27,740	20,687	20,408
Capital and reserves					
Called up share capital	16	261	261	261	261
Share premium account	17	124	124	124	124
Profit and loss account	17	27,988	27,355	20,302	20,023
Equity shareholders' funds	15	28,373	27,740	20,687	20,408

The accounts on pages 7 to 28 were approved by the board of directors, authorised for issue and are signed on its behalf by

M M Orton Williams)
) Directors
N J Cook)

Margaret Orton Williams

N J Cook

12 May 2011

The notes on pages 13 to 28 form part of these accounts

Williams Motor Co. (Holdings) Limited

Group Cash Flow Statement
for the year ended 31 December 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Net cash (outflow)/inflow from operating activities	18		(5,649)		12,096
Returns on investments and servicing of finance					
Interest received		7		148	
Interest paid		(1,184)		(1,017)	
Interest element of finance lease rental payments		(47)		(43)	
Net return on the pension scheme		31		(5)	
			(1,193)		(917)
Taxation					
UK corporation tax (paid)/received			(869)		369
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(868)		(2,085)	
Receipts from sales of tangible fixed assets		15		39	
			(853)		(2,046)
Acquisitions and disposals					
Payments to acquire subsidiary undertakings		(3,444)		-	
Net cash and bank balances acquired with subsidiaries		940		-	
			(2,504)		-
Equity dividends paid			(659)		(549)
Financing					
New loans		17,250		1,000	
Repayment of loans		(14,386)		(4,800)	
Movement on vehicle finance loans		7,379		(2,843)	
New finance leases		44		124	
Capital element of finance lease rental payments		(48)		(7)	
			10,239		(6,526)
(Decrease)/increase in cash	18		(1,488)		2,427

Further details are given in note 18

The notes on pages 13 to 28 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 408 of the Companies Act 2006

Basis of consolidation

The group accounts consolidate the accounts of Williams Motor Co (Holdings) Limited and its subsidiaries Intra group transactions, balances and profits are eliminated on consolidation Subsidiaries acquired during the year are consolidated using the acquisition method Their results are incorporated from the date that control passes The difference between the cost of the acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill Where necessary, adjustments are made to the financial statements for subsidiaries to bring accounting policies used into line with those used by the rest of the group

Going concern

The company's business activities, together with factors likely to affect future development, performance and position are set out in the Directors' report

The company has a strong balance sheet and diversified income streams As a consequence the company is well placed to manage its business risks despite the uncertain economic outlook

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Turnover

Turnover represents the value of goods and services, excluding value added tax, invoiced to third parties Income is recognised when vehicles are delivered or paid for in full, when parts have been supplied and services have been provided

Tangible fixed assets and depreciation

Depreciation of tangible fixed assets is charged by equal annual installments commencing with the year of acquisition at rates estimated to write off their cost, 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 equipment	Up to a maximum of ten years
Motor vehicles	Up to a maximum of four years

Goodwill

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 Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changing circumstances indicate that the carrying value may not be recoverable

Impairment

The carrying values of tangible and intangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Investments

Investments in subsidiary undertakings are stated at cost Provision is made for any impairment in the value of investments

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

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 4 for further details)

Money purchase pension scheme

Contributions are charged to the profit and loss account as they fall due (See note 4 for further details)

Williams Motor Co. (Holdings) Limited

Notes to the accounts
for the year ended 31 December 2010

1 Turnover

Turnover is attributable to one continuing activity in the United Kingdom
The analysis of turnover and profit before taxation by class of business have not been given, as in the opinion of the directors, such disclosure would be seriously prejudicial to the interest of the Group

2 Operating profit

	2010 £000	2009 £000
Operating profit is stated after charging/(crediting)		
Auditors' remuneration		
- audit of the parent company and consolidated accounts	43	37
- audit of subsidiary companies	11	8
- audit of associated pension schemes	4	4
- taxation compliance	16	16
- other tax advisory services	48	22
Amortisation of goodwill	210	148
Depreciation	1,064	983
Operating lease rentals		
- plant and machinery	127	41
- land and buildings	290	102
Loss/(profit) on disposal of fixed assets	18	(6)

3 Directors and employees

Group staff costs (including directors' remuneration) during the year were as follows	2010 £000	2009 £000
Wages and salaries	15,397	14,605
Social security costs	1,614	1,575
Pension costs	494	517
	17,505	16,697

The monthly average number of persons, including directors, employed by the Group during the year was	2010 Number	2009 Number
Production	127	120
Sales and distribution	307	284
Administration	97	88
	531	492

3 Directors and employees *(continued)*

The total amounts for parent company directors' remuneration (excluding pension contributions) were as follows	2010 £000	2009 £000
Fees	53	53
Executive remuneration and benefits	501	497
	554	550
Number of directors to whom retirement benefits are accruing under defined benefit pension schemes in respect of qualifying services	2	2

Two directors (2009 one) have benefits accruing under a Group Personal Pension scheme Pension contributions of £19,111 (2009 £11,593) were made on behalf of these directors

Highest paid director

	2010 £000	2009 £000
Emoluments	255	348
Accrued pension at year end – defined benefit scheme - per annum	62	59

4 Pension costs

The Group operates a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund The pension cost charge represents contributions payable by the group and amounted to £449,000 (2009 - £412,000) Contributions totalling £33,000 (2009 - £38,000) were payable to the fund at the year end and are included in creditors

The Group also operates a defined benefit scheme in the UK A full actuarial valuation was carried out at 30 June 2006 and updated to 31 December 2009 by a qualified independent actuary The major assumptions used by the actuary were

	2010 %	2009 %	2008 %	2007 %
Discount rate at 31 December	5 40	5 70	6 70	5 80
Inflation	3 40	3 00	2 70	3 40
Future salary increases	3 00	3 00	3 30	4 00
Future pension increases	3 40	3 00	2 70	3 40
Expected returns on plan assets at 31 December				
Equities	7 00	7 50	6 70	7 50
Gilts	4 00	4 50	3 70	4 50
Corporate Bonds	5 40	5 70	6 70	5 80
Cash and other	0 50	0 50	2 00	5 50

4 Pension costs *(continued)*

The mortality assumptions used in the valuation of the pension liabilities were

	2010	2009
Pre retirement mortality (non pensioners)	PA92 /yob medium cohort	PA92 C2020
Post retirement mortality (non pensioners)	PA92 /yob medium cohort	PA92 C2020
Post retirement mortality (pensioners)	PA92 /yob medium cohort	PA92 C2010

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio Expected yields on bonds are based on gross redemption yields at the balance sheet date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets

	2010 £000	2009 £000
Analysis of amount charged to operating profit		
Current service cost	(44)	(39)
Total operating charge	(44)	(39)
Analysis of amount charged to other finance income		
Expected returns on pension scheme assets	188	143
Interest on pension scheme liabilities	(157)	(148)
Net return/(cost)	31	(5)
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	152	338
Experience gains and losses arising on scheme liabilities	-	113
Changes in assumptions underlying the present value of the scheme liabilities	(328)	(532)
Actuarial loss recognised in STRGL	(176)	(81)

	2010 £000	2009 £000
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	2,751	2,229
Service cost	44	39
Interest cost	157	148
Contributions by scheme participants	2	6
Actuarial losses	328	419
Benefits paid	(50)	(90)
Closing defined benefit obligation	3,232	2,751

4 Pension costs *(continued)*

	2010 £000	2009 £000
Changes in the fair value of plan assets		
Opening plan assets	2,690	2,243
Expected return	188	143
Actuarial gains	152	338
Contributions by employer	46	50
Contributions by scheme participants	2	6
Benefits paid	(50)	(90)
Closing plan assets	3,028	2,690

The actual return on plan assets was a gain of £340,000 (2009 gain of £481,000)

	2010 £000	2009 £000
Present value of funded obligations	(3,232)	(2,751)
Fair value of plan assets	3,028	2,690
Deficit	(204)	(61)
Related deferred tax asset	57	18
Net pension liabilities	(147)	(43)

	Cumulative 2010 £000	Cumulative 2009 £000
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	9	(143)
Experience gains and losses arising on scheme liabilities	121	121
Changes in assumptions underlying the present value of the scheme liabilities	(32)	296
Recognition of GMP underpin liability	(210)	(210)
Actuarial (loss)/ gain recognised in STRGL	(112)	64

	2010 %	2009 %
Major categories of plan assets as a percentage of fair value of total plan assets		
Equities	80	79
Corporate bonds	13	14
Gilts	7	7
	100%	100%

4 Pension costs *(continued)*

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Defined benefit obligation	(3,232)	(2,751)	(2,229)	(2,604)	(2,831)
Plan assets	3,028	2,690	2,243	2,860	2,758
Surplus / (deficit)	(204)	(61)	14	256	(73)
Experience adjustments on plan liabilities	-	113	562	411	55
Experience adjustments on plan assets	152	338	(846)	(103)	67

The Group expects to contribute £4,945 to its defined benefit pension plan in 2011

5 Interest payable (net)

	2010 £000	2009 £000
Interest receivable		
Bank interest receivable	7	139
Vehicle stocking finance receivable	-	9
Net return on pension scheme	31	-
Interest receivable	38	148
Interest payable		
Bank loans and overdrafts	(1,052)	(924)
Vehicle stocking finance	(132)	(93)
Finance lease and hire purchase contracts	(47)	(43)
Net return on pension scheme	-	(5)
Interest payable	(1,231)	(1,065)
Interest payable (net)	(1,193)	(917)

6 Tax on profit on ordinary activities

	2010	2009
(a) Taxation		
Corporation tax		
UK corporation tax at 28% (2009 28%)	630	950
Corporation tax under/(over) provided in prior years	23	(1)
	653	949
Deferred tax		
Current year	35	199
Deferred tax over provided in prior years	(1)	(31)
	34	168
Tax on profit on ordinary activities	687	1,117

6 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 28% (2009 28%) is as follows

	2010 £000	2009 £000
Profit on ordinary activities before tax	2,116	3,640
Profit on ordinary activities multiplied by rate of tax	593	1,019
Excess of depreciation over capital allowances	30	(110)
Expenses not deductible for tax purposes	83	138
Income not taxable for tax purposes	(137)	-
Tax chargeable at lower rates	-	(9)
Other short term timing differences and unrealised tax losses	57	(88)
Over provision in prior years	27	(1)
Total current tax (note 6(a))	653	949

7 Dividends

	2010 £000	2009 £000
Interim ordinary		
70% (2009 110%) paid	183	287
Special ordinary		
0% (2009 100%) paid	-	262
Final ordinary		
182% paid (2009 0%)	476	-
Dividends to equity shareholders	659	549

The final dividend paid in 2010 related to profits earned during the year to 31 December 2009

8 Goodwill

	Group £000	Company £000
Cost or valuation		
At 1 January 2010	4,035	1,088
Addition (note 10)	3,833	-
At 31 December 2010	7,868	1,088
Amortisation		
At 1 January 2010	2,280	1,088
Charge for year	210	-
At 31 December 2010	2,490	1,088
Net book value		
At 31 December 2010	5,378	-
At 31 December 2009	1,755	-

9 Tangible fixed assets

Group	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2010	18,364	17,562	7,220	265	43,411
Transfer	7,953	(7,953)	-	-	-
Acquisition	-	21	592	6	619
Additions	228	-	583	57	868
Disposals	-	-	(12)	(61)	(73)
At 31 December 2010	26,545	9,630	8,383	267	44,825
Depreciation					
At 1 January 2010	680	1,093	4,502	145	6,420
Transfer	279	(279)	-	-	-
Charge for year	266	111	644	43	1,064
Disposals	-	-	(3)	(37)	(40)
At 31 December 2010	1,225	925	5,143	151	7,444
Net book value					
At 31 December 2010	25,320	8,705	3,240	116	37,381
At 31 December 2009	17,684	16,469	2,718	120	36,991

The net book value of plant and equipment above includes £308,000 (2009 £291,000) in respect of assets held under finance leases and hire purchase agreements The depreciation charge for the year on these assets was £51,000

The transfer arises following the acquisition of the freehold interest in a long leasehold property

9 Tangible fixed assets *(continued)*

Company	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2010	18,364	17,562	6,989	265	43,180
Transfer	7,953	(7,953)	-	-	-
Acquisition	-	21	592	6	619
Additions	228	-	541	42	811
Disposals	-	-	(12)	(61)	(73)
At 31 December 2010	26,545	9,630	8,110	252	44,537
Depreciation					
At 1 January 2010	680	1,093	4,367	145	6,285
Transfer	279	(279)	-	-	-
Charge for year	266	111	608	41	1,026
Disposals	-	-	(3)	(37)	(40)
At 31 December 2010	1,225	925	4,972	149	7,271
Net book value					
At 31 December 2010	25,320	8,705	3,138	103	37,266
At 31 December 2009	17,684	16,469	2,622	120	36,895

The net book value of plant and equipment above includes £308,000 (2009 £184,000) in respect of assets held under finance leases and hire purchase agreements The depreciation charge for the year on these assets was £51,000

10 Fixed asset investments

	2010 £000	2009 £000
Shares in subsidiary companies		
Cost		
At 1 January	6,636	6,636
Additions	3,444	-
Transfer from group undertaking	50	-
At 31 December	10,130	6,636

10 Fixed asset investments *(continued)*

The under mentioned are subsidiary companies All of the companies are incorporated in the United Kingdom 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%	Dormant
Williams Motor Company (Manchester) Ltd	UK	Ordinary	100%	Dormant
Williams Rochdale Ltd	UK	Ordinary	100%	Dormant
Orlando Street Bridge (Bolton) Ltd	UK	Ordinary	100%	Dormant
Nine Gorrells Way Ltd	UK	Ordinary	100%	Dormant
Williams Stockport Ltd (formerly Burrough Holdings Ltd)	UK	Ordinary	100%	Holding company
Benham (Specialist Cars) Ltd	UK	Ordinary	100%	Motor dealership

Acquisition

On 27 August 2010, Williams Motor Co (Holdings) Limited purchased 100% of Williams Stockport Limited (formerly Burrough Holdings Limited) and its subsidiary The acquisition method of accounting has been used to include this company in the consolidated accounts

The results for Williams Stockport Limited and its subsidiary, Benham (Specialist Cars) Limited, during the period to 27 August 2010 and the financial year to 31 December 2009 were as follows -

	Period to 27 August 2010 £000	Year to 31 December 2009 £000
(Loss)/profit on ordinary activities after taxation	(890)	746

There were no other recognised gains or losses other than the (loss)/profit on ordinary activities for the period

Detailed below is a summary of the assets and liabilities acquired

	Initial Book value	Revaluation	Accounting policy alignment	Fair Value to Group
	£000	£000	£000	£000
Tangible fixed assets	663	-	(44)	619
Stocks	7,128	(50)	(3)	7,075
Debtors	1,352	-	-	1,352
Cash	1	-	-	1
Bank	940	-	-	940
Creditors	(4,982)	-	-	(4,982)
Used/demonstrator vehicle finance loans	(5,394)	-	-	(5,394)
Net liabilities acquired	(292)	(50)	(47)	(389)
Goodwill				3,833
				3,444

Consideration

	Fair Value to Group £000
Cash	3,347
Costs of acquisition	97
	3,444

On 31 December 2010, the assets, liabilities and trades of Williams Stockport Limited (formerly Burrough Holdings Limited) and Benham (Specialist Cars) Limited were transferred to Williams Motor Co (Holdings) Limited

11 Stocks

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Vehicles	37,721	23,585	35,696	21,741
Parts and other stocks	1,126	1,215	1,007	1,102
	38,847	24,800	36,703	22,843

The Group's stock of new vehicles are held on consignment from the manufacturers and are included within the balance sheet as consignment stock Stocks of vehicles for the group shown above include £8,762,000 (2009 £4,204,000) in respect of vehicles held on consignment and include any dealer fitted accessories The corresponding liabilities are shown under creditors

12 Debtors

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Due within one year				
Trade debtors	5,281	2,829	5,056	2,716
Other debtors	2,120	1,114	2,039	1,028
Prepayments and accrued income	2,561	2,607	2,395	2,469
	9,962	6,550	9,490	6,213

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

	Group		Company	
	2010 £000	**2009 £000**	**2010 £000**	**2009 £000**
Bank loans and overdraft	1,451	500	925	500
Payments on account	3,884	1,150	3,756	1,024
New car stocking finance loans	8,750	4,200	8,039	3,552
Used/demonstrator vehicle finance loans	14,453	1,680	13,870	1,338
Trade creditors	13,452	14,429	12,761	14,053
Amounts owed to group undertakings	-	-	12,782	12,435
Other creditors	911	887	830	788
Other loans	333	250	333	250
Pension scheme deficit	147	43	147	43
Corporation tax	734	950	558	890
Other taxation and social security costs	203	1,217	124	1,072
Accruals and deferred income	2,834	4,176	2,726	4,123
Finance leases and hire purchase contracts	69	48	69	48
	47,221	29,530	56,920	40,116

The bank loans and overdraft facility are secured by fixed and floating charges 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

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

	Group		Company	
	2010 £000	**2009 £000**	**2010 £000**	**2009 £000**
Bank loans	15,867	13,636	15,867	13,636
Other loans	667	750	667	750
Finance leases and hire purchase contracts	70	95	70	95
	16,604	14,481	16,604	14,481

13 (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	
	2010 £000	**2009 £000**	**2010 £000**	**2009 £000**
In one year or less	69	48	69	48
Between one and two years	70	48	70	48
Between two and five years	-	47	-	47
	139	143	139	143

Bank loans

The maturity of these amounts is as follows

	Group		Company	
	2010 £000	**2009 £000**	**2010 £000**	**2009 £000**
In one year or less	1,133	500	1,133	500
Between one and two years	1,133	13,636	1,133	13,636
Between two and five years	14,734	-	14,734	-
After five years	-	-	-	-
	17,000	14,136	17,000	14,136

The group has two bank loan arrangements totalling £17m which replaced the four previous loans which were repaid during the year The loans are repayable by twelve quarterly instalments of £283,000 and a final payment of £13,600,000 in December 2013 Interest is payable on the £14m loan at 1 75% over LIBOR and on the £3m loan at 2 00% over LIBOR The repayments are taken from the £3m loan until extinguished, thereafter from the £14m loan

The group novated its two existing rate swap agreements during the year These total £15m at a LIBOR rate of 4 32% until October 2011

Other loans

The maturity of these amounts is as follows

	Group		Company	
	2010 £000	**2009 £000**	**2010 £000**	**2009 £000**
In one year or less	333	250	333	250
Between one and two years	333	250	333	250
Between two and five years	334	500	334	500
	1,000	1,000	1,000	1,000

14 Deferred taxation

	Group £000	Company £000
At 31 December 2009	625	633
Acquisition	(179)	-
Transfer from group undertaking	-	(179)
Charged in the year	34	33
At 31 December 2010	480	487

Provision for deferred tax has been made up as follows

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Excess of capital allowances over depreciation	653	755	659	762
Short term timing differences	(173)	(130)	(172)	(129)
	480	625	487	633

15 Reconciliation of shareholders' funds

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Balance at 1 January	27,740	25,825	20,408	18,618
Profit for the financial year	1,429	2,523	1,075	2,398
Dividends paid	(659)	(549)	(659)	(549)
Actuarial loss on pension scheme	(176)	(81)	(176)	(81)
Deferred tax movement relating to the pension scheme	39	22	39	22
Net addition to shareholders' funds	633	1,915	279	1,790
Closing shareholders' funds	28,373	27,740	20,687	20,408

All shareholders' funds are classed as equity

16 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2010 Number	2009 Number	2010 Number	2009 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
	300,000	300,000	261,395	261,395

'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

17 Reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 1 January 2010	124	27,355	124	20,023
Profit for the year	-	1,429	-	1,075
Dividends paid	-	(659)	-	(659)
Actuarial loss recognised in pension scheme	-	(176)	-	(176)
Movement in deferred tax relating to pension liability	-	39	-	39
At 31 December 2010	124	27,988	124	20,302

The company has taken advantage of Section 408 of the Companies Act 2006 and not published its own profit and loss account Included in the consolidated profit and loss account attributable to shareholders is a profit of £1,075,000 (2009 £2,398,000), which has been dealt with in the accounts of the parent undertaking

18 Cash flow statement

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

	2010 £000	2009 £000
Operating profit	3,309	4,557
Depreciation	1,064	983
Amortisation	210	148
Loss/(profit) on sale of fixed assets	18	(6)
(Increase)/decrease in stocks	(6,972)	7,443
Increase in debtors	(2,239)	(224)
Decrease in creditors	(1,006)	(799)
FRS 17 effect on pension costs	(33)	(6)
Net cash (outflow)/inflow from operating activities	(5,649)	12,096

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

	2010 £000	2009 £000
(Decrease)/increase in cash	(1,488)	2,427
Capital element of finance lease and hire purchase rentals	48	7
Change in net debt resulting from cash flows	(1,440)	2,434
Loans acquired with subsidiary	(5,394)	-
New loans	(24,673)	(1,124)
Repayment of loans	14,386	7,643
Movement in net debt	(17,121)	8,953
Net debt at 1 January 2010	(14,679)	(23,632)
Net debt at 31 December 2010	(31,800)	(14,679)

c) Analysis of changes in net debt

	At 31 December 2009 £000	Cash flow £000	Acquisition (excl. cash and overdrafts) £000	At 31 December 2010 £000
Cash at bank and in hand	2,280	(1,170)	-	1,110
Bank overdraft	-	(318)	-	(318)
	2,280	(1,488)	-	792
Finance leases and hire purchase agreements	(143)	4	-	(139)
Bank loans	(14,136)	(2,864)	-	(17,000)
Used/demonstrator vehicle finance	(1,680)	(7,379)	(5,394)	(14,453)
Other loans	(1,000)	-	-	(1,000)
	(16,959)	(10,239)	(5,394)	(32,592)
Total	(14,679)	(11,727)	(5,394)	(31,800)

19 Operating lease commitments

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below

	31 December 2010		31 December 2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
- within one year	16	23	86	6
- within two to five years	130	12	-	6
- after more than five years	575	1	-	-
	721	36	86	12

20 Capital commitments

Amounts contracted for but not provided in the group accounts amount to £266,000 (2009 £162,000)

21 Contingent liabilities

The company has entered into cross guarantees in respect of the bank borrowings of its subsidiary companies, Williams Motor Company Limited, Williams Stockport Limited and Benham (Specialist Cars) Limited These guarantees are unlimited The total group bank borrowings as at 31 December 2010 were £16,213,000 (2009 £12,745,000)

22 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

During the year, the company and a subsidiary provided interest free loans totalling £1,319,000 to 9 directors and senior managers, to enable them to acquire 31 cars at cost under a company car scheme Under this scheme, the companies have the option to repurchase these vehicles within the next twelve months At the year end, loans totalling £528,000 in respect of 12 vehicles were outstanding

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

23 Ultimate controlling party

There is no ultimate controlling party of the company