Registered number
01067821

Regal Motors (Bilston) Limited

Report and Accounts

31 December 2011

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Regal Motors (Bilston) Limited
Report and accounts
Contents

	Page
Company information	1
Directors' report	2-5
Independent auditors' report	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Cash flow statement	10
Notes to the accounts	11-23

Regal Motors (Bilston) Limited
Company Information

Directors
Mrs J M Taylor
P Jackson

Secretary
Mrs V M Jackson

Auditors
Attwood & Co
Harrison House
Marston Road
Wolverhampton
West Midlands

Bankers
HSBC plc
3 Walsall Road
Darlaston
West Midlands

Registered office
Oxford Street
Bilston
West Midlands

Registered number
01067821

Regal Motors (Bilston) Limited
Registered number. 01067821
Directors' Report

The directors present their report and accounts for the year ended 31 December 2011

Principal activities
The company's principal activity during the year continued to be the operation and management of a motor dealership

Review of the business
The company has incurred a trading loss during the year as 2011 proved to be another difficult year for the motor industry New car sales were down, by -4 41% across all manufacturers, and Peugeot themselves by -13 11% Turnover has decreased by 6% year on year primarily due to the fall in sales of used cars, where margins have also been affected The company has managed to maintain margins in all other areas

In June 2011, Regal Motors were awarded sole city dealer status for the whole of the Wolverhampton area, which opens up great areas of opportunity for the company However, to counteract this, unfortunately, is the depressed state of the region and the undeniable benefits for the future were slow to materialise in 2011 Further cost reductions, therefore, have had to be made, including several redundancies towards the end of the year

New cars numbers registered were about the same as for the previous year, but retail numbers were lower thus affecting the new car gross profit margin

Used vehicle sales were lower in numbers, and had the added drawback of the increase in V A T from 17 5 % to 20% in January 2011 With used car sale prices being largely VAT inclusive, this inevitably had an adverse effect on profitability Used vehicle residuals dropped on 2010 levels, with customers generally paying considerably less than trade book guides were stating In addition the falls in value of used vehicles affected certain ex-rental vehicle models, which produced exceptional losses on those particular vehicles

In order to improve efficiency in car sales, at the end of the year both new and used car sales were re-structured and amalgamated into one department All sales staff were moved into the one main showroom and became required to sell both new and used vehicles, and the complete range of Peugeot products

After-sales departments (Parts and Service) suffered similarly with local downturns – though still managing to bring in creditable results compared to the rest of the Peugeot network Warranty repairs continued to decline as a direct result of reducing Peugeot vehicle parc, improved vehicle quality, and further manufacturer restrictions It was in these departments that most reductions in staff were made, although the cost savings of these moves will not be seen until 2012

The Directors do feel however that the measures they have taken during 2011 will stand them in good stead for 2012 and beyond It expects that as more customers in the area become due to change their vehicles and require servicing, the drift of new business will continue to build In addition Peugeot fully predicts that their market share will grow in 2012 with many new models due for release, and most especially the much needed high volume mid-range car the Peugeot 208 (207 replacement) in June 2012

Regal Motors (Bilston) Limited
Registered number: 01067821
Directors' Report

Peugeot have recently undertaken a major review and rationalisation of the whole of the U K dealers and sales outlets This has resulted in a significantly reduced network of which Regal Motors has been selected The result of this is intended to improve future profitability for individual dealerships, and the Directors believe this is a valuable foundation on which to move forward

The company's defined benefit pension scheme continues to be a problem In July 2010 the company reached an agreement, with the scheme trustees, securing the position of the pension deficit repayments until the April 2012 valuation Based on the April 2012 valuation the trustees have indicated that they are willing to continue with the current agreed deficit funding plan The 2011 accounts include the pension scheme obligation in accordance with FRS 17

The directors consider the position of the company to be satisfactory at the year end

Future developments and principal risks
The directors feel that although the outlook for the motor trade continues to be uncertain, the company has a strong base to work from The company's status as a sole city dealer and the network review, resulting in a reduction in dealerships, can only stand the company in good stead for the future In addition the introduction of new models is expected to help sales volumes increase The directors are continuing to review overhead costs, taking appropriate action to reduce these where necessary

The company is actively reviewing it's marketing strategies to maintain and improve levels of repeat and new business in all areas In particular there is a focus on generating new business for the workshop which will help both the service and parts departments and this will also provide vehicle sales opportunities

The company remains as highly regarded by the manufacturer and following the premises refurbishment to "Blue Box" is well placed to take advantage of new business opportunities for the foreseeable future

The principal risks and uncertainties facing the company are as a result of the continuing economic climate in the UK The West Midlands still remains one of the most severely affected areas in the country The market for new and used vehicles continues to be difficult, especially with used vehicle residual values remaining highly volatile The after sales market has remained static at best and is anticipated to do so for the foreseeable future However, with recent announcements of major capital investment in the Wolverhampton area, the directors feel that this will be beneficial to the local economy with a consequent effect on business for the coming year

The problem of the company pension scheme also continues to give concern The directors are continually examining various strategies to minimise the financial effects of the scheme on the company The position is still subject to factors beyond the company's control, namely mortality rates, interest rates and volatility in financial markets

The company enjoys a good relationship with suppliers and finance providers The directors do not feel there is any risk in respect of credit or cash flow as credit lines have been renewed

Regal Motors (Bilston) Limited
Registered number: 01067821
Directors' Report

Interest in land and buildings
The directors are of the opinion that the market value of the company's interest in freehold land and buildings is in excess of the net book value stated in these financial accounts The directors have sought the advice of a qualified surveyor who has advised that the market value based on existing use is £1,050,000

Dividends
The directors do not recommend a final dividend

Directors
The following persons served as directors during the year

Mrs J M Taylor
P Jackson

Directors' responsibilities
The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year Under that law the directors have elected to prepare the accounts 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 accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these accounts, the directors are required to

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

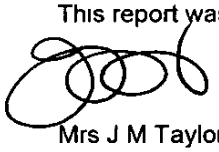
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006 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

Regal Motors (Bilston) Limited
Registered number: 01067821
Directors' Report

Disclosure of information to auditors
Each person who was a director at the time this report was approved confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This report was approved by the board on 26 September 2012 and signed on its behalf



Mrs J M Taylor
Director

Regal Motors (Bilston) Limited
Independent auditors' report
to the shareholders of Regal Motors (Bilston) Limited

We have audited the accounts of Regal Motors (Bilston) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes 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 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
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors

Scope of the audit of the accounts
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 accounts
In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss 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 accounts are prepared is consistent with the accounts

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts 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

David Attwood

David Attwood
(Senior Statutory Auditor)
for and on behalf of
Attwood & Co
Accountants and Statutory Auditors
26 September 2012

Harrison House
Marston Road
Wolverhampton
West Midlands

Regal Motors (Bilston) Limited
Profit and Loss Account
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	12,491,110	13,284,711
Cost of sales		(10,991,829)	(11,684,701)
Gross profit		1,499,281	1,600,010
Administrative expenses		(1,648,876)	(1,684,523)
Other operating income		26,422	30,531
Operating loss	3	(123,173)	(53,982)
Interest receivable		1,319	5,900
Interest payable	6	(10,435)	(4,926)
Loss on ordinary activities before taxation		(132,289)	(53,008)
Tax on loss on ordinary activities	7	14,470	2,254
Loss for the financial year		(117,819)	(50,754)

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

Regal Motors (Bilston) Limited
Statement of total recognised gains and losses
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Loss for the financial year		(117,819)	(50,754)
Actuarial movement on pension scheme net of tax	16	(20,000)	76,400
Total recognised gains and losses related to the year		(137,819)	25,646

Regal Motors (Bilston) Limited
Balance Sheet
as at 31 December 2011

	Notes		2011 £		2010 £
Fixed assets					
Tangible assets	9		868,104		896,351
Current assets					
Stocks	10	1,734,329		2,211,630	
Debtors	11	407,020		389,427	
Cash at bank and in hand		43,700		104,500	
		2,185,049		2,705,557	
Creditors. amounts falling due within one year	12	(1,939,515)		(2,262,271)	
Net current assets			245,534		443,286
Total assets less current liabilities			1,113,638		1,339,637
Creditors: amounts falling due after more than one year	13		(203,165)		(249,045)
Provisions for liabilities					
Deferred taxation	15		-		(2,300)
Retirement benefit obligation	16		(4,000)		(44,000)
Net assets			906,473		1,044,292
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account	18		906,373		1,044,192
Shareholders' funds	20		906,473		1,044,292

Mrs J M Taylor
Director
Approved by the board on 26 September 2012

Regal Motors (Bilston) Limited
Cash Flow Statement
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating loss		(123,173)	(53,982)
Depreciation and amortisation		55,591	46,498
Decrease/(increase) in stocks		477,301	(261,033)
Decrease in debtors		10,861	15,465
(Decrease)/increase in creditors		(238,517)	407,038
Pension scheme cash movement		(76,000)	(40,000)
Net cash inflow from operating activities		106,063	113,986
CASH FLOW STATEMENT			
Net cash inflow from operating activities		106,063	113,986
Returns on investments and servicing of finance	21	(9,116)	974
Taxation		(284)	(9,587)
Capital expenditure	21	(27,344)	(374,507)
		69,319	(269,134)
Equity dividends paid		-	(15,000)
		69,319	(284,134)
Financing	21	(62,500)	150,000
Increase/(decrease) in cash		6,819	(134,134)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		6,819	(134,134)
Decrease/(increase) in debt and lease financing		62,500	(150,000)
Change in net debt	22	69,319	(284,134)
(Net debt)/net funds at 1 January		(179,689)	104,445
Net debt at 31 December		(110,370)	(179,689)

Regal Motors (Bilston) Limited
Notes to the Accounts
for the year ended 31 December 2011

1 Accounting policies

Basis of preparation
The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards which have been applied consistently (except as otherwise stated)

Turnover
Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers

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

Freehold buildings	4% on cost
Leasehold land and buildings	over the lease term
Plant and machinery	10% on cost
Fixtures and fittings	10% or 33 3% on cost dependant on type of asset

Stocks
Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items Net realisable value is based on estimated selling price less further costs to completion and disposal

Consignment stock
New vehicles are consigned to the company by the manufacturers on a sale or return basis In accordance with FRS 5 the cost of vehicles is included in stock as an asset and the associated liability is included in creditors

Deferred taxation
Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse Deferred tax assets and liabilities are not discounted

Leasing and hire purchase commitments

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 useful lives The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability

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

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

Pensions

The company operates a defined benefit pension scheme and a defined contribution scheme Contributions payable to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of the pension over the employee's life The pension charge is calculated on the basis of actuarial advice Contributions in respect of the defined contribution scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme Contributions for both schemes are invested separately from the company's assets

2 Analysis of turnover

	2011	2010
	£	£
By activity		
Vehicles,parts and servicing	12,491,110	13,284,711
By geographical market		
UK	12,491,110	13,284,711

3 Operating profit

	2011	2010
	£	£
This is stated after charging		
Depreciation of owned fixed assets	55,591	46,498
Operating lease rentals - plant and machinery	10,066	5,537
Operating lease rentals - land buildings	23,750	23,750
Auditors' remuneration for audit services	11,627	12,293

4 Directors' emoluments

	2011	2010
	£	£
Emoluments	88,201	72,697
Company contributions to money purchase pension schemes	5,515	5,444
	93,716	78,141

Number of directors in company pension schemes:	2011 Number	2010 Number
Money purchase schemes	1	1

5 Staff costs

	2011 £	2010 £
Wages and salaries	1,065,617	1,042,555
Social security costs	101,103	100,863
Other pension costs	32,247	77,907
	1,198,967	1,221,325

Average number of employees during the year	Number	Number
Administration	7	7
Car sales	13	12
Service & parts	32	32
	52	51

6 Interest payable

	2011 £	2010 £
Other loans	10,386	4,926

7 Taxation

	2011 £	2010 £
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	-	(12,150)
Adjustments in respect of previous periods	30	146
	30	(12,004)
Deferred tax		
Origination and reversal of timing differences	(30,500)	1,350
Deferred tax on defined benefit obligation	16,000	8,400
Tax on loss on ordinary activities	(14,470)	(2,254)

Factors affecting tax charge for period
The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2011	2010
	£	£
Loss on ordinary activities before tax	(132,289)	(53,008)
Standard rate of corporation tax in the UK	20%	21%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	(26,458)	(11,132)
Effects of		
Expenses not deductible for tax purposes	2,636	810
Capital allowances for period in excess of depreciation	9,192	6,572
Utilisation of tax losses	30,630	-
Adjustments to tax charge in respect of previous periods	30	146
Deferred tax on defined benefit obligation	(16,000)	(8,400)
Current tax charge for period	30	(12,004)

Factors that may affect future tax charges
The current year losses have been carried forward as a deferred tax asset The recoverability of losses is dependent upon future profits being generated The directors are confident that the company will return to profitability in the foreseeable future

8 Pension costs

The company operates two pension schemes, a funded pension scheme based on final pensionable pay, together with a defined contribution scheme The assets of the schemes are held separately from those of the company, in independently administered funds Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the employee's working lives with the company The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method The most recent valuation was 5th April 2012 The assumptions that have the most significant effect on the results of the valuation are those relating to discount rates and increases in pensions It was assumed that the discount rates would be 4 1% per annum and that the future pensions would increase at a rate of 3 1% per annum The valuation has been based on the defined accrued benefit method

The pension charge for the defined benefit scheme for the year was £5,000 (2010 £50,000) The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary as stated above

The market value of the pension scheme assets at 5th April 2011 was £1,770,000 and this was sufficient to cover 83% of the value of the benefits that had accrued to members after allowing for future increases in expected earnings The total liabilities of the scheme in respect of future pensions was £2,138,000 giving rise to a scheme deficit of £368,000 The company is currently making a monthly payment of £5,040 to eliminate the deficit The contribution rate is anticipated to remain at the same level and will reduce the deficit over six years and four months The deficit will be amortised over the remaining employee working lives commencing 1 July 2010 as recommended

On 30 September 2007 the defined benefit scheme was closed to further accruals based on the advice of the pension scheme trustees

The pension scheme charge in respect of the defined contribution scheme amounted to £27,247 (2010 £27,907)

9 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At 1 January 2011	1,379,315	127,145	114,625	1,621,085
Additions	18,660	358	8,326	27,344
Disposals	-	-	(1,650)	(1,650)
At 31 December 2011	1,397,975	127,503	121,301	1,646,779
Depreciation				
At 1 January 2011	508,446	121,083	95,205	724,734
Charge for the year	45,196	670	9,725	55,591
On disposals	-	-	(1,650)	(1,650)
At 31 December 2011	553,642	121,753	103,280	778,675
Net book value				
At 31 December 2011	844,333	5,750	18,021	868,104
At 31 December 2010	870,869	6,062	19,420	896,351

Land and buildings	2011 £	2010 £
Freehold	779,626	800,279
Leasehold	64,707	70,590

10 Stocks	2011 £	2010 £
Consignment stock	442,426	492,920
Used vehicles and parts for resale	1,291,903	1,718,710
	1,734,329	2,211,630

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

11 Debtors	2011 £	2010 £
Trade debtors	231,371	245,651
Deferred tax asset (see note 15)	28,200	-
Other debtors	12,169	12,483
Prepayments and accrued income	135,280	131,293
	407,020	389,427

12 Creditors amounts falling due within one year	2011 £	2010 £
Other loans	50,000	62,500
Bank loans and overdrafts	66,570	134,189
Trade creditors	1,655,443	1,897,335
Other taxes and social security costs	52,953	55,054
Accruals and deferred income	114,549	113,193
	1,939,515	2,262,271

Trade creditors and other loans include amounts due to suppliers for consignment stock, other car stock and a loan in the sum of £1,617,404 (2010 £1,905,562), that are secured by charges on the consignment stock and used car stock and a second charge over the assets of the company The bank borrowings amounting to £66,570 (2010 £134,189) are secured by a legal charge over the assets of the company

13 Creditors: amounts falling due after one year	2011 £	2010 £
Other loans	37,500	87,500
Other creditors	165,665	161,545
	203,165	249,045

Other loans comprise a loan from the manufacturer which is secured by charges on the consignment stock, used car stock and a second charge over the assets of the company

14 Loans

	2011 £	2010 £
Analysis of maturity of debt		
Within one year or on demand	50,000	62,500
Between one and two years	37,500	50,000
Between two and five years	-	37,500
	87,500	150,000

The loans are secured by charges on the consignment stock, used car stock and a second charge on the assets of the company

15 Deferred taxation

	2011 £	2010 £
Accelerated capital allowances	2,430	2,300
Tax losses carried forward	(30,630)	-
Undiscounted provision for deferred tax	(28,200)	2,300

	2011 £	2010 £
At 1 January	2,300	950
Deferred tax charge in profit and loss account	(30,500)	1,350
At 31 December	(28,200)	2,300

16 Retirement benefit obligations

Employee benefit obligations

As stated in note 8 the company operates a funded defined benefit pension scheme, providing retirement benefits based on final salary The most recent full actuarial valuation was on 5 April 2009 and was carried out by a qualified independent actuary and updated to 31 December 2011 The assets of the scheme are held separately from those of the company and are administered in accordance with the scheme rules

The major assumptions used for the valuation were

	2011 %p.a	2010 %p a.	2009 %p.a.
Inflation RPI	3 30	3 75	3 75
Inflation CPI	2 30	3 00	N/a
Pre 2005 pension increases - LPI 5%	2 30	3 75	3 75
Post 2005 pension increases - LPI 2 5%	3 30	2 25	2 25
Pension increases in payment (post 88GMP benefits)	2 10	2 35	2 60
Discount rate for scheme liabilities	4 70	5 25	5 50

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements The assumptions are that a member currently aged 65 will live on average for a further 22 2 years if they are male and for a further 24 3 years if they are female For a member who retires in 2031 at age 65 the assumptions are that they will live on average for 24 1 years after retirement if they are male and for a further 26 2 years after retirement if they are female

Long term expected rate of return:

	2011 %p.a.	2010 %p a.	2009 %p.a
Equities	8 00	8 00	8 25
Government bonds	3 00	4 25	4 50
Corporate bonds	4 50	5 25	N/a
Combined	5 70	6 25	6 40

Basis used to determine the overall long term rate of return on plan assets

The long term rate of return is based upon the advice of the actuary and reflects market expectations of the long term rate at the balance sheet date The assumed long term rate of return for each class of asset is set out above The actuary has advised that the median rate be used for each class of asset, that is, there is a 50% chance of over or under estimating the rate of return

The company employs a building block approach in determining the long-term rate of return on pension plan assets Historical markets are studied assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles

The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the section at 31 December 2011

Market value of assets:

	2011 £000	2010 £000	2009 £000
Equities	869 00	787 00	691 00
Government bonds	678 00	630 00	691 00
Corporate bonds	170 00	158 00	N/a
Total market value of assets	1,717 00	1,575 00	1,382 00

The amounts recognised in the balance sheet are as follows:

	2011 £	2010 £
Present value of funded obligations	1,722,000	1,631,000
Fair value of section assets	1,717,000	1,575,000
Deficit	5,000	56,000
Deferred tax asset on pension scheme liability	(1,000)	(12,000)
Net liability	4,000	44,000

The amounts recognised in the profit and loss are as follows.

	2011 £	2010 £
Interest on pension liabilities	84,000	86,000
Expected return on pension scheme assets	(79,000)	(36,000)
Expense recognised in profit and loss	5,000	50,000

Analysis of amounts recognised in STRGL:

	2011 £	2010 £
Total actuarial gains /(losses)	(25,000)	97,000
Deferred tax movement	5,000	(20,600)
Total gain/(loss) in STRGL	(20,000)	76,400
Cumulative amounts of gains/losses recognised	(202,400)	(182,400)

Actual Return on Section Assets are as follows:

	2011 £	2010 £
Expected return on section assets	79,000	36,000
Actuarial Gain/(Loss) on section assets	25,000	82,000
Actual return on plan assets	104,000	118,000

Changes in present value of the defined benefit obligation

	2011 £	2010 £
Opening defined benefit obligation	1,631,000	1,575,000
Interest cost	84,000	86,000
Actuarial (gains)/ losses on section liabilities	50,000	(15,000)
Net benefits outgoing and transfers	(43,000)	(15,000)
Total	1,722,000	1,631,000

Changes in fair value of plan assets are as follows.

	2011 £	2010 £
Opening fair value of plan assets	1,575,000	1,382,000
Expected return	79,000	36,000
Actuarial gains/Losses) on section assets	25,000	82,000
Contributions by employer	81,000	90,000
Net benefits outgoing and transfers	(43,000)	(15,000)
Total	1,717,000	1,575,000

History of asset values, DBO and surplus/deficit in the section:

	Fair value of section assets £000	Defined benefit obligation £000	Surplus/ deficit £000
31 December 2011	1,717	(1,722)	(5)
31 December 2010	1,575	(1,631)	(56)
31 December 2009	1,382	(1,575)	(193)
31 December 2008	1,395	(1,594)	(199)
31 December 2007	1,647	(1,566)	81
31 December 2006	1,492	(1,819)	(327)

History of experience gains and losses:

	Gains/(losses) on section assets	Gains/(losses) on section liabilities
	£000	£000
31 December 2011	25	(50)
31 December 2010	82	15
31 December 2009	215	(239)
31 December 2008	(386)	26
31 December 2007	4	(11)
31 December 2006	75	51

17 Share capital	**Nominal value**	**2011 Number**	**2011 £**	**2010 £**
Allotted, called up and fully paid				
Ordinary shares	£1 each	100	100	100

18 Profit and loss account	**2011 £**
At 1 January 2011	1,044,192
Loss for the financial year	(117,819)
Actuarial gains or losses on pension	(20,000)
At 31 December 2011	906,373

19 Dividends	**2011 £**	**2010 £**
Dividends for which the company became liable during the year		
Dividends paid	-	15,000

20 Reconciliation of movement in shareholders' funds	**2011 £**	**2010 £**
At 1 January	1,044,292	1,033,646
Loss for the financial year	(117,819)	(50,754)
Dividends	-	(15,000)
Other recognised gains and losses	(20,000)	76,400
At 31 December	906,473	1,044,292

21 Gross cash flows

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	1,319	5,900
Interest paid	(10,435)	(4,926)
	(9,116)	974
Capital expenditure		
Payments to acquire tangible fixed assets	(27,344)	(375,507)
Receipts from sales of investments	-	1,000
	(27,344)	(374,507)
Financing		
Loan repayments	(62,500)	150,000

22 Analysis of changes in net debt

	At 1 Jan 2011 £	Cash flows £	Non-cash changes £	At 31 Dec 2011 £
Cash at bank and in hand	104,500	(60,800)		43,700
Overdrafts	(134,189)	67,619		(66,570)
		6,819		
Debt due within 1 year	(62,500)	12,500		(50,000)
Debt due after 1 year	(87,500)	50,000		(37,500)
		62,500		
Total	(179,689)	69,319	-	(110,370)

23 Pension commitments

As stated in note 8 the company has a commitment in respect of the defined benefit pension scheme to fund the deficit arising at the last actuarial valuation amounting to £368,000 The company has agreed to make monthly payments of £5,040 over a ten year period, commencing 1 July 2010 to discharge the deficit Following the actuarial valuation at 5 April 2012, the actuary has indicated that they are prepared to agree the contribution level remains at the same level

24 Other financial commitments

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

	Land and buildings 2011 £	Land and buildings 2010 £	Other 2011 £	Other 2010 £
Operating leases which expire				
within one year	-	-	1,036	698
within two to five years	-	-	2,832	4,248
	-	-	3,868	4,946

25 Related party transactions

	2011 £	2010 £
West Midland Finance Ltd		
A company in which the directors have a share interest		
During the year the company purchased goods from West Midlands Finance Ltd amounting to £23,750 (2010 £45,641) and sold goods amounting to £Nil (2010 £21,891) The company also paid interest on a loan on a commercial rate from West Midland Finance Ltd amounting to £4,119 (2010 £3,019) All transactions were at open market value		
Amount due from (to) the related party disclosed in other creditors	(165,665)	(161,545)

26 Ultimate controlling party

The company was under the control of the directors throughout the whole of the current and previous financial periods, by virtue of their ownership of the entire issued share capital