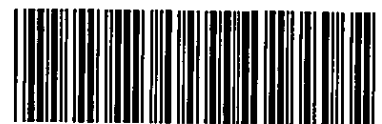


Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2011
for
John Banks Limited

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for the Year Ended 31 December 2011

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John Banks Limited
Company Information
for the Year Ended 31 December 2011

DIRECTORS:	J E Banks Mrs M C L Banks M J Banks J C Banks Mrs M K H Banks-Browne A J Smith
SECRETARY	Mrs M K H Banks-Browne
REGISTERED OFFICE	Kempson Way Moreton Hall Bury St Edmunds Suffolk IP32 7AR
REGISTERED NUMBER	1831725 (England and Wales)
AUDITORS:	ASE Audit LLP Statutory Auditors & Chartered Accountants Rowan Court Concord Business Park Manchester Greater Manchester M22 0RR

Report of the Directors
for the Year Ended 31 December 2011

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of motor vehicle dealers

REVIEW OF BUSINESS

Following the growth and turnaround we achieved during the previous two years, the climate for the motor industry as a whole has remained difficult and although the market was certainly difficult with the franchises that we specialise in we were put under additional pressure due to the tsunami in Japan as well as the floods in Thailand at the beginning of 2011 which caused a lack of product availability within the market place with the Director's having to re-budget during June 2011 in order to realign cashflow, profitability and workforce plans for the back end of the year

Having completed these tasks the Director's are pleased to announce another good year where the teams employed by the Group have worked more closely together to achieve a satisfactory result overall

Total turnover during the year fluctuated more than normal due to the lack of product then supply all coming through at the same time but year on year we are pleased to say that within the Honda side of the business we remained one of the highest performing dealers for the network and met our original new car targets set at the back end of 2010 although profitability overall was down

Overhead absorption remained a major focus for the accounts team and a further cost reduction process has been ongoing throughout the year

We end up with a Group operating profit of £813,119 which is below the original budgeted figures but the pressure due to the Tsunami in Japan and the floods in Thailand have had a severe effect on the provision of product although operating costs remained slightly lower than previous years This was still an increase from 2010 of £164,015 and overall we are very pleased with the results

The motorcycle division thrived in its first year and the John Banks Motorcycle division came out within the top 25 New Bike dealers in the Country This has been mainly due to our processes in place A process driven sale and plenty of available stock, a professional attitude to the sale of the motorcycles as a whole has created a positive source of custom

The Management Accounts package was continually updated throughout the year which has continued to focus on current issues and KPI improvements were upheld during 2011 which led to increased opportunity and profitability in the workshops, and although we have seen a drop in retention figures of 4 year plus cars we are attempting to offer other products to retain the customers overall

One negative for the year had been the pressure from RBS as our Bankers of 37 years and specifically on the cash flow and monies available to us to trade within the allowable overdraft Having been told by RBS they would not continue to support Manufacturer debt we looked elsewhere and in November 2011 were offered a number of deals with alternative Bankers but opted to go with HSBC and swapped from RBS to HSBC fully on the 27th March 2012, notice was given to RBS on the 26th January 2012

We started the hive up of John Banks (Ipswich) Limited into John Banks Limited in October 2011 but this was set back due to the untenable working relationship with RBS, the hive up went through at the end of March 2012 also taking overhead costs down for future years

The change of Bankers creates improved cash flow, less pressure on the repayment profile of the mortgages we have in place and a huge reduction in charges for 2012 onwards

The market in which the Company operated during 2011 was promoted by a lot of 0% finance offers and whilst these offers were ideal for the consumers, as dealers the profit margins were hindered due to the contributions having to be made by ourselves over all the manufacturers products

Gross profit overall maintained a good level although volume on used was still difficult to attain along with fleet sales for the Honda and Suzuki products being nearly non-existent compared to original budgets

The Directors are confident of the Company's ability to meet the continued challenges presented in the forthcoming year as we have very strong, sound processes in place

The start of the year has shown high performance turnover results in used and an increase in non franchised sales has occurred in order to meet demands

We are excited by the new product lines that are being introduced by both Honda and Suzuki as well as the offers to meet the demand for Fleet and Corporate Sales for 2012

Report of the Directors
for the Year Ended 31 December 2011

The strict processes, daily operating controls and cost reduction exercises within the group as well as monitoring of the budget have allowed the group to overcome any challenges that they have been faced and act on anything prior to any decline in showroom traffic. Our website analysis allows continual daily updates.

The Starbucks 'coffee stop' introduced at the back end of 2010 at Bury St Edmunds whilst not being a profit centre has indeed given the site a greater feeling of energy and activity at all times in the showroom and continues to be the hub of the site.

We look forward to 2012

DIVIDENDS

The total amount of dividends paid during the year was £317,040

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

J E Banks
Mrs M C L Banks
M J Banks
J C Banks
Mrs M K H Banks-Browne
A J Smith

FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

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

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

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

Interest rate risk

The group's liquidity position does place reliance on short term borrowings and a mortgage which is at variable rate. Policies are in place to control and limit such borrowings and hence such perceived risk is considered to be minimal.

Liquidity risk

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

Credit Risk

The group's principal financial assets include its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed regularly by the directors together with the aged debtors and collection history.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable donations of £538 were made during the period. There were no political contributions.

Report of the Directors
for the Year Ended 31 December 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, ASE Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



Mrs M K H Banks-Browne - Secretary

Date

11/6/2012

Report of the Independent Auditors to the Members of
John Banks Limited

We have audited the financial statements of John Banks Limited for the year ended 31 December 2011 on pages six to twenty five. 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 a Report of the Auditors 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 set out on page four, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 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.

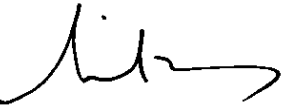
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.



Mike Jones FCA (Senior Statutory Auditor)
for and on behalf of ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Date 1.6.12

John Banks Limited (Registered number: 1831725)

Consolidated Profit and Loss Account
for the Year Ended 31 December 2011

	Notes	31 12 11 £	31 12 10 £
TURNOVER		31,164,074	34,457,311
Cost of sales		28,557,200	31,667,770
GROSS PROFIT		2,606,874	2,789,541
Administrative expenses		1,793,755	2,140,437
OPERATING PROFIT	3	813,119	649,104
Interest receivable and similar income		-	162
		813,119	649,266
Interest payable and similar charges	4	248,236	267,013
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		564,883	382,253
Tax on profit on ordinary activities	5	4,081	29,986
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		560,802	352,267

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

NOTE OF HISTORICAL COST PROFITS AND LOSSES

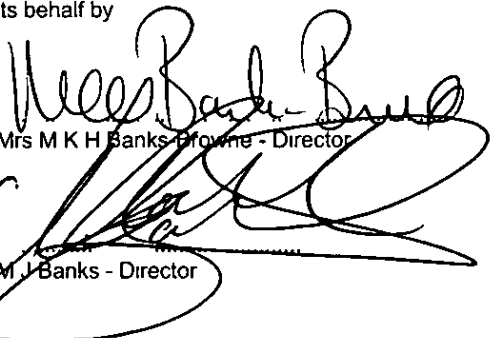
The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

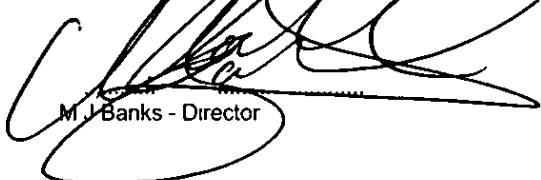
John Banks Limited (Registered number 1831725)

Consolidated Balance Sheet
31 December 2011

	Notes	31 12 11 £	£	31 12 10 £	£
FIXED ASSETS					
Intangible assets	8		78,777		90,902
Tangible assets	9		7,425,186		7,466,813
Investments	10		-		-
			<u>7,503,963</u>		<u>7,557,715</u>
CURRENT ASSETS					
Stocks	11	4,193,636		3,442,443	
Debtors	12	721,349		1,317,714	
Cash at bank and in hand		353,631		955	
		<u>5,268,616</u>		<u>4,761,112</u>	
CREDITORS					
Amounts falling due within one year	13	6,616,838		5,963,451	
NET CURRENT LIABILITIES			<u>(1,348,222)</u>		<u>(1,202,339)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,155,741		6,355,376
CREDITORS					
Amounts falling due after more than one year	14		(2,869,002)		(3,322,222)
PROVISIONS FOR LIABILITIES	18		<u>(18,924)</u>		<u>(9,101)</u>
NET ASSETS			<u>3,267,815</u>		<u>3,024,053</u>
CAPITAL AND RESERVES					
Called up share capital	19		284,300		284,300
Revaluation reserve	20		2,503,833		2,503,833
Profit and loss account	20		479,682		235,920
SHAREHOLDERS' FUNDS	24		<u>3,267,815</u>		<u>3,024,053</u>

The financial statements were approved by the Board of Directors on its behalf by


Mrs M K H Banks-Prowse - Director


M J Banks - Director

11/6/2012

and were signed on

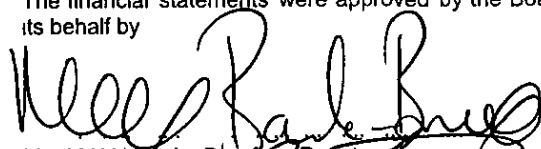
The notes form part of these financial statements

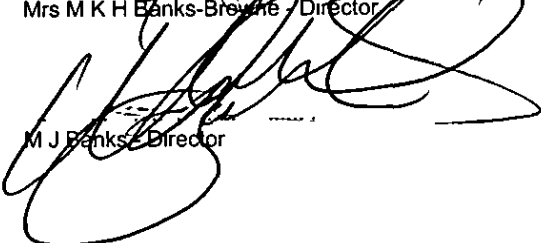
Company Balance Sheet
31 December 2011

	Notes	31 12 11 £	£	31 12 10 £	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		5,403,000		5,406,797
Investments	10		200,000		200,000
			<u>5,603,000</u>		<u>5,606,797</u>
CURRENT ASSETS					
Stocks	11	2,445,571		2,030,721	
Debtors	12	1,491,318		951,521	
Cash in hand		3,315		955	
		<u>3,940,204</u>		<u>2,983,197</u>	
CREDITORS					
Amounts falling due within one year	13	4,614,872		3,936,643	
NET CURRENT LIABILITIES			<u>(674,668)</u>		<u>(953,446)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,928,332		4,653,351
CREDITORS					
Amounts falling due after more than one year	14		2,762,276		3,092,264
NET ASSETS			<u>2,166,056</u>		<u>1,561,087</u>
CAPITAL AND RESERVES					
Called up share capital	19		284,300		284,300
Revaluation reserve	20		1,496,773		1,496,773
Profit and loss account	20		384,983		(219,986)
SHAREHOLDERS' FUNDS	24		<u>2,166,056</u>		<u>1,561,087</u>

The financial statements were approved by the Board of Directors on its behalf by

1/6/2012 and were signed on


Mrs M K H Banks-Breath, Director


M J Banks, Director

Consolidated Cash Flow Statement
for the Year Ended 31 December 2011

	Notes	31 12 11 £	£	31 12 10 £	£
Net cash inflow from operating activities	1		1,337,748		820,900
Returns on investments and servicing of finance	2		(248,236)		(266,851)
Taxation			(27,003)		28,284
Capital expenditure	2		60,836		(164,843)
Equity dividends paid			(235,894)		(15,000)
			<u>887,451</u>		<u>402,490</u>
Financing	2		(252,090)		(589,719)
Increase/(decrease) in cash in the period			<u>635,361</u>		<u>(187,229)</u>
Reconciliation of net cash flow to movement in net debt	3				
Increase/(decrease) in cash in the period		635,361		(187,229)	
Cash outflow from decrease in debt and lease financing		<u>540,462</u>		<u>456,258</u>	
Change in net debt resulting from cash flows			1,175,823		269,029
New finance leases			<u>(158,144)</u>		<u>(53,000)</u>
Movement in net debt in the period			<u>1,017,679</u>		<u>216,029</u>
Net debt at 1 January			<u>(5,022,629)</u>		<u>(5,238,658)</u>
Net debt at 31 December			<u>(4,004,950)</u>		<u>(5,022,629)</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2011

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

	31 12 11	31 12 10
	£	£
Operating profit	813,119	649,104
Depreciation charges	132,333	153,720
Loss/(profit) on disposal of fixed assets	18,727	(3,864)
Increase in stocks	(851,333)	(46,142)
Decrease/(increase) in debtors	313,735	(168,025)
Increase in creditors	911,167	236,107
Net cash inflow from operating activities	1,337,748	820,900

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

	31 12 11	31 12 10
	£	£
Returns on investments and servicing of finance		
Interest received	-	162
Interest paid	(238,688)	(260,520)
Interest element of hire purchase payments	(9,548)	(6,493)
Net cash outflow for returns on investments and servicing of finance	(248,236)	(266,851)
Capital expenditure		
Purchase of tangible fixed assets	(70,249)	(181,720)
Sale of tangible fixed assets	131,085	16,877
Net cash inflow/(outflow) for capital expenditure	60,836	(164,843)
Financing		
Loan repayments in year	(408,957)	(419,602)
Net inflow/(outflow) from other loans	-	(9,619)
Capital repayments in year	(131,505)	(27,037)
Amount introduced by directors	288,372	-
Amount withdrawn by directors	-	(133,461)
Net cash outflow from financing	(252,090)	(589,719)

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2011

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 11 £	Cash flow £	Other non-cash changes £	At 31 12 11 £
Net cash				
Cash at bank and in hand	955	352,676		353,631
Bank overdrafts	(1,281,160)	282,685		(998,475)
	<u>(1,280,205)</u>	<u>635,361</u>		<u>(644,844)</u>
Debt				
Hire purchase	(139,694)	131,505	(158,144)	(166,333)
Debts falling due within one year	(346,934)	(64,443)	-	(411,377)
Debts falling due after one year	(3,255,796)	473,400	-	(2,782,396)
	<u>(3,742,424)</u>	<u>540,462</u>	<u>(158,144)</u>	<u>(3,360,106)</u>
Total	<u>(5,022,629)</u>	<u>1,175,823</u>	<u>(158,144)</u>	<u>(4,004,950)</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2011

1 ACCOUNTING POLICIES

Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

At the balance sheet date, the group had net current liabilities of £1,175,490. The group is reliant on future short and long term funding being available from its principal bankers, to enable it to continue operating and to meet its liabilities as they fall due.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The accounts do not reflect the adjustments that would have been made should continuing finance not be available, namely reducing the value of the assets to their realisable amounts, providing for any further liabilities which might arise and reclassifying all fixed assets and long term liabilities as current assets and liabilities respectively.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted by virtue of section 408 of the Companies Act 2006.

Turnover

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

Goodwill

Goodwill represents the difference between the fair value of the consideration paid on acquisition of a business and the fair value of its separable net assets at the date of acquisition. Goodwill is being amortised over its useful economic life of 20 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost or valuation
Plant and machinery	- 20% on reducing balance and Between 10% and 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance and at variable rates on reducing balance

No depreciation is charged on freehold land or freehold and long leasehold properties where the directors consider that the residual value of freehold property is at least equal to its net book value and that its useful life is in excess of 50 years. As a result the depreciation would not be material and is therefore not charged in the profit and loss account. The directors perform annual impairment reviews to ensure that the recoverable amount is not lower than the carrying value.

Stocks

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

Consignment vehicles

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

Vehicle repurchase commitments

Obligations to purchase vehicles are included in vehicle repurchase commitments within stock, with the corresponding liability shown within creditors. The obligations are valued at their repurchase price, and provision is made against any anticipated losses on disposal.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

1 ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

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

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

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

Deferred tax is measured on a non-discounted basis

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The company operates defined contribution schemes, a group personal pension plan for employees and directors and a small self administered scheme for certain directors. The assets of the schemes are held separately from those of the company in independently managed funds. The pension charge represents the amounts payable by the company to the funds in respect of the year

2 STAFF COSTS

	31 12 11	31 12 10
	£	£
Wages and salaries	2,431,454	2,893,781
Social security costs	316,108	348,831
Other pension costs	20,203	19,023
	<u>2,767,765</u>	<u>3,261,635</u>

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

	31 12 11	31 12 10
Management	23	22
Sales and service	94	95
	<u>117</u>	<u>117</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 11	31 12 10
	£	£
Hire of plant and machinery	10,884	4,582
Other operating leases	47,286	50,917
Depreciation - owned assets	104,248	128,981
Depreciation - assets on hire purchase contracts	15,960	12,614
Loss/(profit) on disposal of fixed assets	18,727	(3,864)
Goodwill amortisation	12,125	12,125
Auditors' remuneration	24,369	30,300
	<u>186,266</u>	<u>535,996</u>
Directors' remuneration	5,761	5,461
Directors' pension contributions to money purchase schemes	<u>5,761</u>	<u>5,461</u>

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

Money purchase schemes	<u>5</u>	<u>5</u>
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4 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 11	31 12 10
	£	£
Bank interest	40,055	54,519
Bank loan interest	112,552	102,140
Other interest	86,081	103,861
Hire purchase interest	9,548	6,493
	<u>248,236</u>	<u>267,013</u>

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 11	31 12 10
	£	£
Current tax		
UK corporation tax	3,751	27,003
Adjustment in respect of prior years	(9,493)	-
Total current tax	<u>(5,742)</u>	<u>27,003</u>
Deferred tax	<u>9,823</u>	<u>2,983</u>
Tax on profit on ordinary activities	<u>4,081</u>	<u>29,986</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

5 TAXATION - continued

Factors affecting the tax charge

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

	31 12 11 £	31 12 10 £
Profit on ordinary activities before tax	<u>564,883</u>	<u>382,253</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2010 - 21%)	112,977	80,273
Effects of		
Expenses not deductible for tax purposes	1,544	1,073
Capital allowances in excess of depreciation	(9,144)	(10,461)
Utilisation of tax losses	(101,626)	(43,882)
Adjustments to tax charge in respect of previous periods	<u>(9,493)</u>	<u>-</u>
Current tax charge	<u>(5,742)</u>	<u>27,003</u>

6 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £922,009 (2010 - £246,353)

7 DIVIDENDS

	31 12 11 £	31 12 10 £
A Ordinary shares of £1 each Interim	<u>317,040</u>	<u>15,000</u>

8 INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2011 and 31 December 2011	<u>242,500</u>
AMORTISATION	
At 1 January 2011	151,598
Amortisation for year	<u>12,125</u>
At 31 December 2011	<u>163,723</u>
NET BOOK VALUE	
At 31 December 2011	<u>78,777</u>
At 31 December 2010	<u>90,902</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

9 TANGIBLE FIXED ASSETS

Group	Freehold property £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 1 January 2011	6,206,454	664,838	719,601
Additions	6,421	-	53,069
Disposals	-	-	(27,026)
At 31 December 2011	6,212,875	664,838	745,644
DEPRECIATION			
At 1 January 2011	8,617	805	499,635
Charge for year	10,024	2,984	42,825
Eliminated on disposal	-	-	(5,583)
At 31 December 2011	18,641	3,789	536,877
NET BOOK VALUE			
At 31 December 2011	6,194,234	661,049	208,767
At 31 December 2010	6,197,837	664,033	219,966
	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2011	573,150	380,261	8,544,304
Additions	21,470	147,433	228,393
Disposals	-	(136,400)	(163,426)
At 31 December 2011	594,620	391,294	8,609,271
DEPRECIATION			
At 1 January 2011	408,954	159,480	1,077,491
Charge for year	39,191	25,184	120,208
Eliminated on disposal	-	(8,031)	(13,614)
At 31 December 2011	448,145	176,633	1,184,085
NET BOOK VALUE			
At 31 December 2011	146,475	214,661	7,425,186
At 31 December 2010	164,196	220,781	7,466,813

Cost or valuation at 31 December 2011 is represented by

	Freehold property £	Short leasehold £	Plant and machinery £
Valuation in 2009	6,085,000	-	-
Cost	127,875	664,838	745,644
	6,212,875	664,838	745,644

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

9 TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2009	-	-	6,085,000
Cost	594,620	391,294	2,524,271
	<u>594,620</u>	<u>391,294</u>	<u>8,609,271</u>

If freehold property had not been revalued it would have been included at the following historical cost

	31 12 11 £	31 12 10 £
Cost	<u>4,533,198</u>	<u>4,525,147</u>
Aggregate depreciation	<u>27,967</u>	<u>27,967</u>

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

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2011	23,800	150,883	174,683
Additions	-	158,144	158,144
Disposals	(23,800)	(25,000)	(48,800)
Transfer to ownership	-	(36,291)	(36,291)
At 31 December 2011	<u>-</u>	<u>247,736</u>	<u>247,736</u>
DEPRECIATION			
At 1 January 2011	2,975	29,022	31,997
Charge for year	-	15,960	15,960
Eliminated on disposal	(2,975)	(5,833)	(8,808)
Transfer to ownership	-	24,315	24,315
At 31 December 2011	<u>-</u>	<u>63,464</u>	<u>63,464</u>
NET BOOK VALUE			
At 31 December 2011	<u>-</u>	<u>184,272</u>	<u>184,272</u>
At 31 December 2010	<u>20,825</u>	<u>121,861</u>	<u>142,686</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

9 TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 1 January 2011	4,291,454	664,838	435,239
Additions	5,021	-	45,281
Disposals	-	-	(27,026)
At 31 December 2011	4,296,475	664,838	453,494
DEPRECIATION			
At 1 January 2011	8,617	805	286,783
Charge for year	8,834	2,984	31,273
Eliminated on disposal	-	-	(5,583)
At 31 December 2011	17,451	3,789	312,473
NET BOOK VALUE			
At 31 December 2011	4,279,024	661,049	141,021
At 31 December 2010	4,282,837	664,033	148,456

	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2011	400,534	296,239	6,088,304
Additions	19,304	144,683	214,289
Disposals	-	(111,400)	(138,426)
At 31 December 2011	419,838	329,522	6,164,167
DEPRECIATION			
At 1 January 2011	285,388	99,914	681,507
Charge for year	27,205	17,145	87,441
Eliminated on disposal	-	(2,198)	(7,781)
At 31 December 2011	312,593	114,861	761,167
NET BOOK VALUE			
At 31 December 2011	107,245	214,661	5,403,000
At 31 December 2010	115,146	196,325	5,406,797

Cost or valuation at 31 December 2011 is represented by

	Freehold property £	Short leasehold £	Plant and machinery £
Valuation in 2009	4,170,000	-	-
Cost	126,475	664,838	453,494
	4,296,475	664,838	453,494

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

9 TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2009	-	-	4,170,000
Cost	419,838	329,522	1,994,167
	<u>419,838</u>	<u>329,522</u>	<u>6,164,167</u>

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

	31 12 11 £	31 12 10 £
Cost	<u>3,554,705</u>	<u>3,549,684</u>

Land and buildings were valued on an open market basis on 26 November 2009 by Anglia Building Surveying Limited

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

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2011	23,800	115,588	139,388
Additions	-	158,144	158,144
Disposals	(23,800)	-	(23,800)
Transfer to ownership	-	(25,996)	(25,996)
At 31 December 2011	<u>-</u>	<u>247,736</u>	<u>247,736</u>
DEPRECIATION			
At 1 January 2011	2,975	17,855	20,830
Charge for year	-	13,460	13,460
Eliminated on disposal	(2,975)	-	(2,975)
Transfer to ownership	-	32,149	32,149
At 31 December 2011	<u>-</u>	<u>63,464</u>	<u>63,464</u>
NET BOOK VALUE			
At 31 December 2011	<u>-</u>	<u>184,272</u>	<u>184,272</u>
At 31 December 2010	<u>20,825</u>	<u>97,733</u>	<u>118,558</u>

10 FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2011 and 31 December 2011	<u>200,000</u>
NET BOOK VALUE	
At 31 December 2011	<u>200,000</u>
At 31 December 2010	<u>200,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

10 FIXED ASSET INVESTMENTS - continued

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

Subsidiary

John Banks (Ipswich) Limited

Nature of business Motor Car Dealer

	%		
Class of shares	holding		
Ordinary £1	100 00		
		31 12 11	31 12 10
		£	£
Aggregate capital and reserves		1,301,762	1,662,970
Profit for the year		38,792	105,914
		<u> </u>	<u> </u>

11 STOCKS

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Vehicles	2,968,988	2,168,933	1,776,081	1,301,246
Consignment stock	980,328	1,080,468	484,898	599,574
Parts and other stocks	244,320	193,042	184,592	129,901
	<u>4,193,636</u>	<u>3,442,443</u>	<u>2,445,571</u>	<u>2,030,721</u>

12 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Trade debtors	313,286	543,733	288,044	362,370
Amounts owed by group undertakings	-	-	903,041	-
Directors' current accounts	138,281	426,653	138,281	426,653
Tax	5,742	-	-	-
S455 tax recoverable	69,421	69,421	69,421	69,421
Deferred tax asset	-	-	3,719	-
Prepayments and accrued income	194,619	277,907	88,812	93,077
	<u>721,349</u>	<u>1,317,714</u>	<u>1,491,318</u>	<u>951,521</u>

13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Bank loans and overdrafts (see note 15)	1,409,852	1,628,094	1,305,635	1,364,751
Hire purchase contracts (see note 16)	79,727	73,268	60,422	66,238
Trade creditors	3,685,935	2,917,777	2,384,620	1,691,674
Amounts owed to group undertakings	-	-	-	29,975
Tax	-	27,003	-	12
Social security and other taxes	258,741	80,534	215,068	60,092
Proposed dividends	81,146	-	81,146	-
Consignment creditor	980,328	1,080,468	484,898	599,574
Accrued expenses	121,109	156,307	83,083	124,327
	<u>6,616,838</u>	<u>5,963,451</u>	<u>4,614,872</u>	<u>3,936,643</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

14 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Bank loans (see note 15)	2,782,396	3,255,796	2,675,670	3,043,532
Hire purchase contracts (see note 16)	86,606	66,426	86,606	48,732
	<u>2,869,002</u>	<u>3,322,222</u>	<u>2,762,276</u>	<u>3,092,264</u>

15 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	998,475	1,281,160	998,475	1,118,293
Bank loans	411,377	346,934	307,160	246,458
	<u>1,409,852</u>	<u>1,628,094</u>	<u>1,305,635</u>	<u>1,364,751</u>
Amounts falling due between one and two years				
Bank loans	<u>350,553</u>	<u>346,934</u>	<u>307,160</u>	<u>246,458</u>
Amounts falling due between two and five years				
Bank loans	<u>1,340,493</u>	<u>1,681,162</u>	<u>1,277,160</u>	<u>1,569,374</u>
Amounts falling due in more than five years				
Repayable by instalments				
Bank loans	<u>1,091,350</u>	<u>1,227,700</u>	<u>1,091,350</u>	<u>1,227,700</u>

Amounts falling due after more than five years consist of a variable rate bank loan at 1.5% above base rate repayable by instalments over a 15 year term expiring March 2021

16 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	31 12 11	31 12 10
	£	£
Net obligations repayable		
Within one year	79,727	73,268
Between one and five years	86,606	66,426
	<u>166,333</u>	<u>139,694</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

16 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Hire purchase contracts	
	31 12 11	31 12 10
	£	£
Net obligations repayable		
Within one year	60,422	66,238
Between one and five years	86,606	48,732
	<u>147,028</u>	<u>114,970</u>

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

Group

	Land and buildings	
	31 12 11	31 12 10
	£	£
Expiring		
Between one and five years	20,000	20,000
In more than five years	26,770	26,770
	<u>46,770</u>	<u>46,770</u>

Company

	Land and buildings	
	31 12 11	31 12 10
	£	£
Expiring		
Between one and five years	20,000	20,000
In more than five years	26,770	26,770
	<u>46,770</u>	<u>46,770</u>

17 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Bank overdraft	998,475	1,281,160	998,475	1,118,293
Bank loans	3,193,773	3,602,730	2,982,830	3,289,990
Vehicle Creditors	3,278,809	3,036,028	2,002,997	1,329,030
	<u>7,471,057</u>	<u>7,919,918</u>	<u>5,984,302</u>	<u>5,737,313</u>

The bank loan and overdraft are secured by a legal mortgage and debenture over the group's freehold property and guarantees given by the group companies

The vehicle creditors and the other loans include stocking plan finance secured by a general charge over the asset and undertakings of the company and an amount secured directly on the vehicles themselves

Hire purchase contracts are secured on the assets themselves

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

18 PROVISIONS FOR LIABILITIES

	Group	
	31 12 11	31 12 10
	£	£
Deferred tax	18,924	9,101
Group		
		Deferred tax
		£
Balance at 1 January 2011		9,101
Short term timing differences		(27,984)
Accelerated capital allowances		37,807
Balance at 31 December 2011		18,924
Company		
		Deferred tax
		£
Accelerated capital allowances		24,728
Short term timing differences		(28,447)
Balance at 31 December 2011		(3,719)

19 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	31 12 11	31 12 10
			£	£
144,993	A Ordinary	£1	144,993	144,993
14,215	B Ordinary	£1	14,215	14,215
14,215	C Ordinary	£1	14,215	14,215
14,215	D Ordinary	£1	14,215	14,215
14,215	E Ordinary	£1	14,215	14,215
82,447	F Ordinary	£1	82,447	82,447
			284,300	284,300

20 RESERVES

Group	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 January 2011	235,920	2,503,833	2,739,753
Profit for the year	560,802		560,802
Dividends	(317,040)		(317,040)
At 31 December 2011	479,682	2,503,833	2,983,515

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

20 RESERVES - continued

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2011	(219,986)	1,496,773	1,276,787
Profit for the year	922,009		922,009
Dividends	(317,040)		(317,040)
At 31 December 2011	<u>384,983</u>	<u>1,496,773</u>	<u>1,881,756</u>

21 TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the years ended 31 December 2011 and 31 December 2010

	31 12 11 £	31 12 10 £
M J Banks		
Balance outstanding at start of year	262,328	103,029
Amounts advanced	46,053	159,299
Amounts repaid	(223,176)	-
Balance outstanding at end of year	<u>85,205</u>	<u>262,328</u>
J C Banks		
Balance outstanding at start of year	76,876	50,305
Amounts advanced	8,395	26,571
Amounts repaid	(81,368)	-
Balance outstanding at end of year	<u>3,903</u>	<u>76,876</u>
Mrs M K H Banks-Browne		
Balance outstanding at start of year	150,514	121,845
Amounts advanced	10,611	28,669
Amounts repaid	(109,214)	-
Balance outstanding at end of year	<u>51,911</u>	<u>150,514</u>

Directors loans are interest free and repayable on demand

In addition the above loans the group entered into transaction with the directors as follows

M J Banks - Sales of goods to M J Banks totalling £10

M K H Banks-Browne - rental of equipment from M K H Banks-Browne totalling £20,337

All transactions were conducted on an arms length basis

During the year total dividends paid to directors were

J E Banks - £47,500

M C Banks - £6,000

M J Banks - £87,740

J C Banks - £87,900

M K H Banks-Browne - £87,900

22 POST BALANCE SHEET EVENTS

On 1 January 2012 the trade and assets (excluding property) of John Banks (Ipswich) Limited were hived up in to the company The property was transferred on 23 March 2012 at a market value of £1,250,000

23 ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the group during the year under review and the preceding year was J E Banks by virtue of owning the majority of the issued share capital

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	31 12 11	31 12 10
	£	£
Profit for the financial year	560,802	352,267
Dividends	(317,040)	(15,000)
Net addition to shareholders' funds	243,762	337,267
Opening shareholders' funds	3,024,053	2,686,786
Closing shareholders' funds	3,267,815	3,024,053
 Company	 31 12 11	 31 12 10
	£	£
Profit for the financial year	922,009	246,353
Dividends	(317,040)	(15,000)
Net addition to shareholders' funds	604,969	231,353
Opening shareholders' funds	1,561,087	1,329,734
Closing shareholders' funds	2,166,056	1,561,087