

COMPANY REGISTRATION NUMBER 962227

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005**

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISORS

The board of directors

D R Samuel
J R Andrews
C Holloway
B Woodham
D Bush
M Eades
P Best
H Gosling
V Smith
J Dutton

Company secretary

M C Yeadon

Registered office

Kimber House
12 Cemetery Road
Abingdon
Oxon
OX14 1AS

Auditor

CW Fellowes Limited
Registered Auditors
Templars House
Lulworth Close
Chandlers Ford
Hampshire
SO53 3TL

THE MG CAR CLUB LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

The directors present their report and the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company (hereafter referred to as 'the Club') in the period under review continued to be that of catering for the interests of owners and enthusiasts for M.G. cars through the production of publications, the provision of services and organisation of social events and competitive activities.

DIRECTORS

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

P Buckles
A Bugbird
S Cox
D R Samuel
J R Andrews
C Holloway
B Woodham
D Bush
M Heath
M Eades
P Best
H Gosling
V Smith
D M Cox (formerly Turner)

M Eades was appointed as a director on 15 October 2005.
P Best was appointed as a director on 15 October 2005.
H Gosling was appointed as a director on 15 October 2005.
V Smith was appointed as a director on 15 October 2005.

A Bugbird retired as a director on 15 October 2005.
S Cox retired as a director on 15 October 2005.
M Heath retired as a director on 15 October 2005.
D M Cox (formerly Turner) retired as a director on 7 March 2005.
J Dutton was appointed as a director on 18 March 2006.
P Buckles retired as a director on 18 March 2006.

THE MG CAR CLUB LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITOR

A resolution to re-appoint CW Fellowes Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Kimber House
12 Cemetery Road
Abingdon
Oxon
OX14 1AS

Signed by order of the directors

M C Yeadon
Company Secretary

Approved by the directors on

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MG
CAR CLUB LIMITED**

YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of The MG Car Club Limited for the year ended 31 December 2005 on pages 6 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 8.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MG
CAR CLUB LIMITED** *(continued)*

YEAR ENDED 31 DECEMBER 2005

Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and

the financial statements have been properly prepared in accordance with the Companies Act 1985.

CW FELLOWES LIMITED

Registered Auditors

Templars House

Lulworth Close

Chandlers Ford

Hampshire

SO53 3TL

.....

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
TURNOVER	2	1,198,656	1,469,967
Cost of sales		<u>867,688</u>	<u>1,045,859</u>
GROSS PROFIT		330,968	424,108
Administrative expenses		361,636	394,422
Other operating income	3	<u>(1,980)</u>	<u>(1,915)</u>
OPERATING (LOSS)/PROFIT	4	(28,688)	31,601
Interest receivable		18,677	18,594
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(10,011)	50,195
Tax on (loss)/profit on ordinary activities	5	2,424	2,043
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(12,435)</u>	<u>48,152</u>

The notes on pages 8 to 11 form part of these financial statements.

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

AS AT 31 DECEMBER 2005

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Tangible assets	6		132,563		137,291
CURRENT ASSETS					
Stocks		67,833		74,001	
Debtors	7	51,220		51,572	
Cash at bank and in hand		581,901		650,458	
		<u>700,954</u>		<u>776,031</u>	
CREDITORS: Amounts falling due within one year					
	8	<u>186,268</u>		<u>253,638</u>	
NET CURRENT ASSETS			514,686		522,393
TOTAL ASSETS LESS CURRENT LIABILITIES			647,249		659,684
RESERVES					
Revaluation reserve	11		45,184		45,184
Other reserves	12		451		451
Profit and loss account	12		601,614		614,049
MEMBERS' FUNDS			647,249		659,684

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on the and are signed on their behalf by:

.....
P Best

The notes on pages 8 to 11 form part of these financial statements.

THE MG CAR CLUB LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents services provided during the period net of VAT.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	33% straight line
Motor Vehicles	-	25% straight line
Tenants Improvements	-	10% straight line

No depreciation has been provided for on either freehold land and buildings or trophies. This is in accordance with the provisions of FRS 15 which state that depreciation need not be charged if the remaining useful economic life of an asset is greater than 50 years or where the depreciation charge is immaterial owing to a long useful economic life or high residual value.

Stocks

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

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

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. TURNOVER

The percentage of turnover attributable to overseas markets was 4% (2004:4%).

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

3. OTHER OPERATING INCOME

	2005	2004
	£	£
Rent receivable	<u>1,980</u>	<u>1,915</u>

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2005	2004
	£	£
Staff pension contributions	6,652	7,955
Depreciation of owned fixed assets	19,269	14,764
Loss on disposal of fixed assets	–	156
Auditor's fees	6,350	5,850
	<u> </u>	<u> </u>

During 2005, production of the Club magazine was contracted to be supplied by third parties instead of produced in house. This was coupled with the joint publication to members of the Club magazine with MG Enthusiast magazine.

The new magazines have been published later than before, which has meant that in 2005 costs of the magazine have arisen in only 11 months of the year. Had the January 2006 edition been published as early as in previous years, the publication costs of that month would have appeared in the 2005 accounts, increasing costs in that year by £14,268.

5. TAXATION ON ORDINARY ACTIVITIES

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year	<u>2,424</u>	<u>2,043</u>
Total current tax	<u>2,424</u>	<u>2,043</u>

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Trophies £	Tenants Imp'ments £	Total £
COST OR VALUATION						
At 1 Jan 2005	35,000	64,840	21,211	59,068	38,000	218,119
Additions	–	4,724	–	9,817	–	14,541
At 31 Dec 2005	<u>35,000</u>	<u>69,564</u>	<u>21,211</u>	<u>68,885</u>	<u>38,000</u>	<u>232,660</u>
DEPRECIATION						
At 1 Jan 2005	–	42,528	15,500	–	22,800	80,828
Charge for the year	–	10,167	5,302	–	3,800	19,269
At 31 Dec 2005	<u>–</u>	<u>52,695</u>	<u>20,802</u>	<u>–</u>	<u>26,600</u>	<u>100,097</u>
NET BOOK VALUE						
At 31 Dec 2005	<u>35,000</u>	<u>16,869</u>	<u>409</u>	<u>68,885</u>	<u>11,400</u>	<u>132,563</u>
At 31 Dec 2004	<u>35,000</u>	<u>22,312</u>	<u>5,711</u>	<u>59,068</u>	<u>15,200</u>	<u>137,291</u>

Revaluation of fixed assets

The trophies were revalued prior to 2001 to create a revaluation reserve of £45,184. The company has opted to take advantage of the transitional provisions of the FRSSE and so has not updated this valuation.

7. DEBTORS

	2005 £	2004 £
Trade debtors	23,839	25,538
VAT recoverable	2,715	3,181
Other debtors	24,666	22,853
	<u>51,220</u>	<u>51,572</u>

8. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	34,038	51,675
Corporation tax	616	593
Other taxation and social security	3,760	6,517
Other creditors	147,854	194,853
	<u>186,268</u>	<u>253,638</u>

THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

9. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2005	2004
	£	£
Operating leases which expire: After more than 5 years	<u>1,800</u>	<u>1,800</u>

10. RELATED PARTY TRANSACTIONS

The ultimate controlling parties are the Executive Committee detailed on page 2.

During the year Mr P Best was appointed a director of The MG Car Club Limited. The company has undertaken transactions with Peter Best Insurance Services Limited for a number of years. Mr P Best is a director and the controlling party of this company.

For the year ended 31 December 2005 the company paid £18,964 (2004: £14,523) for insurance services to Peter Best Insurance Services Limited. The company also received advertising revenues of £4,966 (2004: £6,632) from Peter Best Insurance Services Limited.

During 2005 and 2004 Peter Best Insurance Services Limited gave donations to The MG Car Club Limited of up to £10,000 in each year. These amounts are included as turnover in the financial statements.

11. COMPANY LIMITED BY GUARANTEE

The members of the company have agreed to contribute £1 each to the assets of the company in the event of it being wound up.

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Revaluation reserve	Other reserves equity	Profit and loss account	Total share- holders' funds
	£	£	£	£
Balance brought forward	45,184	451	614,049	659,684
Loss for the year	–	–	(12,435)	(12,435)
Balance carried forward	<u>45,184</u>	<u>451</u>	<u>601,614</u>	<u>647,249</u>

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2005

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5.**



**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
TURNOVER				
Subscriptions		327,248		331,584
Events		570,334		621,442
Regalia sales		95,409		103,679
Safety Fast advertising income		58,204		85,796
Commissions and donations		10,528		17,308
Books and publications		28,612		24,884
Raffle and dinner dance income		10,504		14,393
Other income		7,490		5,835
Motorsport administration income		90,327		265,046
		<u>1,198,656</u>		<u>1,469,967</u>
COST OF SALES				
Opening stock and work-in-progress	74,001		43,316	
Safety Fast direct costs	153,727		161,008	
Regalia	63,794		118,583	
Events	536,627		522,598	
Motorsport administration	68,964		235,474	
Books and publications	21,200		17,697	
Raffle and dinner expenditure	9,422		10,377	
Donations and subscriptions	909		2,078	
Other purchases	6,877		8,729	
	<u>935,521</u>		<u>1,119,860</u>	
Closing stock and work-in-progress	(67,833)		(74,001)	
		<u>867,688</u>		<u>1,045,859</u>
GROSS PROFIT		330,968		424,108
OVERHEADS				
Administrative expenses		361,636		394,422
		<u>(30,668)</u>		<u>29,686</u>
OTHER OPERATING INCOME				
Rent receivable		1,980		1,915
OPERATING (LOSS)/PROFIT		(28,688)		31,601
Bank interest receivable		18,677		18,594
(LOSS)/PROFIT ON ORDINARY ACTIVITIES		(10,011)		50,195

THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
ADMINISTRATIVE EXPENSES				
Personnel costs				
Wages and salaries	131,259		124,792	
Staff national insurance contributions	14,552		14,943	
Staff pension contributions	6,652		7,955	
		152,463		147,690
Establishment expenses				
Rent, rates and water	11,843		10,458	
Light and heat	6,337		5,632	
Insurance	15,707		14,175	
Repairs and maintenance	8,041		6,764	
		41,928		37,029
General expenses				
Motor expenses	5,669		5,503	
Travel and subsistence	557		821	
Telephone	3,876		4,454	
Hire of equipment	2,040		2,088	
Printing and stationery	16,303		16,578	
Postage	24,115		31,014	
Beverages and buffets	1,106		796	
Subscriptions	4,744		5,870	
Room hire and meeting charges	2,041		1,087	
Gardening and cleaning	3,337		2,878	
Overseas expenses	5,850		5,926	
Board and council expenses	7,417		6,589	
Exhibition expenses	4,409		4,021	
VAT partial exemption	21,433		24,456	
Credit card charges	4,932		5,749	
Advertising	8,880		9,427	
Entertaining	1,200		2,009	
General expenses	4,201		4,693	
Legal and professional fees	2,575		1,963	
Other professional fees	7,951		45,415	
Accountancy fees	197		500	
Auditors remuneration	6,350		5,850	
Depreciation	19,269		14,764	
Loss on disposal of fixed assets	-		156	
		158,452		202,607
Carried forward		352,843		387,326

**THE MG CAR CLUB LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
ADMINISTRATIVE EXPENSES <i>(continued)</i>				
Brought forward		352,843		387,326
Financial costs				
Bad and doubtful debts	4,916		4,000	
Bank charges	<u>3,877</u>		<u>3,096</u>	
		8,793		7,096
		<u>361,636</u>		<u>394,422</u>
INTEREST RECEIVABLE				
Bank interest receivable		<u>18,677</u>		<u>18,594</u>