Registered No 00120996

S Jennings Limited

Report and Financial Statements

31 December 2010

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COMPANIES HOUSE

Directors
N A Khan
G H Armstrong
N W Dalkin

Secretary
G H Armstrong

Auditors
Ernst & Young LLP
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Newcastle upon Tyne
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Bankers
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1 Prospect Place
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NE2 1QP

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

During the year the company made a profit after taxation of £366,479 (2009 – profit of £1,300,894) The directors do not recommend the payment of a dividend (2009– £nil), leaving a profit for the year of £366,479 to be transferred to reserves (2009 – profit of £1,300,894)

Principal activity and review of business

The principal activity of the company continued to be the sale, service and repair of motor vehicles and the supply of motor vehicle accessories

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

	2010	*2009*	*Change*
	£000	*£000*	*%*
Turnover	143,213	146,735	(2 4%)
Gross profit	16,143	17,696	(8 8%)
Operating profit	1,465	2,974	(50 7%)
Shareholders' funds	11,280	10,914	3 4%
Current assets as % of current liabilities	101%	102%	
Average number of employees	458	471	(2 8%)

After a record performance in 2009, 2010 results reflect more challenging market conditions

Turnover decreased during the year by 2 4%

Ford car operations represented 71% of total turnover with commercial vehicles at 13%, Mazda at 11% and Seat 5%

Gross profit decreased by 8 8% during the year and the gross margin decreased from 12 6% to 11 27%

This has resulted in an overall decrease in operating profit to £1,465,000

Shareholders' funds have therefore increased by 3 4% which represents the profit for the year after interest and taxation and the movement in the revaluation reserve

The "quick ratio" of current assets to current liabilities has slightly deteriorated in the year

The average number of employees fell by 2 8% during the year

Despite the overall reduction in gross margin by almost 1% from the previous year, the Board of Directors remain satisfied with the results for 2010, which produced a pre-tax profit of £556,000 for the year

Included in this figure are exceptional costs of £111,000, relating to the closure of the bodyshop at South Shields

The first quarter of 2010 began strongly and profitability was ahead of forecast after the first six months

However, the economic uncertainty which seemed to reappear after the General Election and the subsequent announcement of major cuts in public expenditure – impacting a very important sector of the North East economy – resulted in significant downturn in demand during the second half of the year

Volume and market share were maintained, but with lower margins being retained

The outlook for 2011 remains challenging with similar trading conditions persisting into the first quarter, however, a new retail finance deal is in place which will both increase income and reduce stocking costs significantly

Directors' report

The Board of Directors are confident that the company will remain profitable during 2011

Future developments

The company is still involved in various discussions regarding redevelopment of certain sites

A planning application has now been submitted for the dealership at Stockton, to obtain access directly from the roundabout on Yarm Road

Discussions are still ongoing with regard to the dealership at Gateshead for potential redevelopment

And discussions have also begun with a property developer with a view to potential relocation of the dealership at Sunderland These developments would enhance the business and its financial strength

Directors

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

N A Khan
G H Armstrong
N W Dalkin

Financial risk management policy

The company's principal financial instruments comprise cash, cash equivalents and loans Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the company's operating activities

The main risks associated with the company's financial assets and liabilities are set out below

Interest rate risk

Term loans are entered into at floating interest rates The company's interest income and expenses are therefore affected by movements in interest rates The company uses interest rate swaps agreed with other parties to generate the desired interest profile, agreeing to exchange, at specific intervals, the difference between fixed rate and variable interest amounts calculated by reference to an agreed upon notional principal

Credit risk

The company has external debtors, however, the company undertakes assessments of its customers in order to try to ensure that credit is not extended where there is a significant risk of default

Liquidity risk and funding risk

At the balance sheet date, the company debt totalling £14,221,620 comprising principally bank loans and overdrafts of £6,738,813 and loans from vehicle manufacturers and related financing parties of £7,282,807 In addition the company utilises manufacturers' vehicle stocking credit facilities which are disclosed within trade creditors The company meets its day to day working capital requirements through its bank facility and manufacturers' support The company is dependent on continuing financial support being available in sufficient quantity and with the necessary flexibility of repayment terms to continue to allow working capital requirements to be met

The directors have prepared forecasts for future trading covering a period of at least 12 months from the date of approval of these financial statements, which show the company continuing to be profitable and cash generative in 2011 and thereafter The directors continue to maintain close contact with the Group's funders and keep them appraised of trading developments The funders have led the directors to believe that current levels of financial support will be maintained which the Directors believe will be sufficient to meet the company's ongoing financial requirements

Directors' report

Financial risk management policy (continued)

Operational risk

The demand and supply of new and used vehicles fluctuates over time and this can have a significant impact on the market value of vehicles The group constantly makes assessments as to the appropriate stock levels and carrying values to apply based on their assessment of short term market conditions The group's profitability and cash flow are affected by movements in market conditions and the group's ability to accurately predict these in advance

Disabled employees

The group gives consideration to applications for employment made by disabled persons, depending upon the nature of the vacancies arising Group policy provides, where practicable, for the continued employment of persons disabled in the course of their employment Training facilities are available to all employees

Employee involvement

The directors have a practice of formally publicising important developments of the business and of promoting the common interests of the group and the staff by means of regular meetings and continuous individual contact

Market value of land and buildings

The company's land and buildings were professionally valued at 31 December 2006 and updated to 31 December 2009 The directors incorporated these valuations in to the financial statements The directors are of the opinion that the valuations remain appropriate at 31 December 2010

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

G H Armstrong
Director

30 March 2011

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 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 financial statements, and
- 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 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 financial statements 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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

ERNST & YOUNG

Independent auditors' report

to the members of S Jennings Limited

We have audited the financial statements of S Jennings Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 24 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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 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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Mark Hatton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

30 March 2011

Profit and loss account

for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	2	143,213,422	146,735,360
Cost of sales		127,070,743	129,039,491
Gross profit		16,142,679	17,695,869
Operating expenses		(16,574,258)	(16,467,897)
Other operating income	6	1,896,626	1,745,623
Operating profit		1,465,047	2,973,595
Interest payable	7	(909,415)	(1,180,509)
Profit on ordinary activities before taxation		555,632	1,793,086
Tax on profit on ordinary activities	8	(189,153)	(492,192)
Retained profit for the financial year	18	366,479	1,300,894

Statement of total recognised gains and losses

for the year ended 31 December 2010

	2010 £	2009 £
Profit for financial year	366,479	1,300,894
Deficit on revaluation of properties	-	(471,654)
Total gains recognised since last annual report	366,479	829,240

Note on historical cost profit and loss account

for the year ended 31 December 2010

	2010	*2009*
	£	*£*
Reported profit on ordinary activities before taxation	555,632	1,793,086
Difference between historical cost depreciation and that calculated on the revalued amount	45,320	44,308
Historical cost profit on ordinary activities before taxation	600,952	1,837,394
Historical cost profit for the year after taxation and dividends	411,799	1,345,202

Balance sheet

at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible fixed assets	9	14,052,878	14,157,219
Current assets			
Stocks	11	33,966,148	34,307,811
Debtors – amounts falling due after more than one year	12	6,756,524	6,756,524
– amounts falling due within one year	12	4,647,255	6,496,890
Cash at bank and in hand		3,914	3,540
		45,373,841	47,564,765
Creditors amounts falling due within one year	13	(44,962,507)	(46,779,766)
Net current assets		411,334	784,999
Total assets less current liabilities		14,464,212	14,942,218
Creditors amounts falling due after more than one year	14	(2,671,910)	(3,449,020)
Provision for liabilities and charges	15	(512,094)	(579,469)
Net assets		11,280,208	10,913,729
Capital and reserves			
Called up share capital	17	658,827	658,827
Share premium account	18	26,425	26,425
Revaluation reserve	18	4,305,763	4,351,083
Capital reserve	18	16,348	16,348
Profit and loss account	18	6,272,845	5,861,046
Shareholders' funds	18	11,280,208	10,913,729

The financial statements were approved by the Board of Directors on 30 March 2011 and signed on their behalf by

G H Armstrong
Director

Statement of cash flows

for the year ended 31 December 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	19	3,891,523	2,015,501
Returns on investment and servicing of finance			
Interest paid		(909,415)	(1,180,509)
Taxation			
Corporation tax paid		(288,355)	(114,874)
Capital expenditure			
Payments to acquire tangible fixed assets		(277,925)	(182,444)
Net cash outflow from capital expenditure		(277,925)	(182,444)
Net cash inflow before financing	21	2,415,828	537,674
Financing			
Vehicle stocking loan finance		(776,751)	(42,674)
FCE Plc loan		(580,000)	-
FCE Plc Mortgage		(148,833)	(148,833)
Bank loan		(309,028)	(186,598)
Hire purchase finance		(923,625)	248,822
		(2,738,237)	(129,283)
(Decrease)/increase in cash	20	(322,409)	408,391

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

The principal risks and uncertainties faced by the company are discussed in the Directors' Report on pages 2 to 4 In view of the recent performance of the business, the expectation of continuing support from the funders and the current forecast performance and cash flows of the business for 2011 and 2012, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly the directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, modified to include the revaluation of certain freehold land and buildings

Group financial statements

Group financial statements are not prepared to consolidate the financial statements of S Jennings (South Shields) Limited The company has taken advantage of the exemption not to prepare group financial statements on the basis that it is a subsidiary of S Jennings Group Limited and is included together with S Jennings (South Shields) Limited in the group financial statements of that company

Fixed assets

Freehold buildings are stated at valuation, less depreciation Surpluses arising from the professional valuations of properties are taken directly to the revaluation reserve, with the exception of surpluses on properties which reverse a previous impairment, which are credited to the profit and loss account Deficits are eliminated against any revaluation reserve in respect of that property with any excess, to the extent that it represents an impairment, being charged to the profit and loss account Surpluses or deficits realised on the disposal of an asset are transferred from the revaluation reserve to the profit and loss account reserve All other fixed assets are stated at cost less depreciation

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

Depreciation

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

Freehold land and buildings	–	1%
Long leasehold land and buildings	–	over the life of the lease
Motor vehicles	–	25%
Plant, machinery and fixtures and fittings	–	20% to 33%

Stocks

Stocks are stated at the lower of cost and net realisable value as follows

- cost incurred in bringing each product to its present location and condition on a first in, first out basis,
- net realisable value based on estimated selling price less all further costs to be incurred to completion and disposal

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted
- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets
- Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses

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

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives

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

Pension costs

Defined contribution scheme

The group operates a defined contribution pension scheme (the Group Personal Plan) Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Capitalisation of interest

Interest on borrowings to finance the construction of properties and machinery held as tangible fixed assets is capitalised Interest is capitalised from the date work starts to the date when substantially all the activities that are necessary to get the asset ready for use are complete Where construction is completed in parts, each part is considered separately when capitalising interest

Interest is capitalised before any allowance for tax relief

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Interest rate swaps

The company's criteria for interest rate swaps are

- the instrument must be related to an asset or a liability, and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing with net interest payable Interest rate swaps are not revalued to fair value or shown on the balance sheet at the year end If they are terminated early, the gain/loss is spread over the remaining maturity of the original instrument

2. Turnover

Turnover represents the net invoiced sales, excluding VAT, of goods and services sold to third parties during the year, in relation to continuing activities Sales of goods are recognised when the goods are available for collection by the customer and sales of services are recognised when the service has been provided Turnover is attributable to the company's principal activity and arose substantially all within the United Kingdom

3. Operating profit

This is stated after charging/(crediting)

		2010	*2009*
		£	£
Depreciation of owned tangible fixed assets		378,521	415,693
Operating lease rentals	– land and buildings	679,881	658,500
	– other	168,796	146,829
Auditors' remuneration	– audit services	35,000	32,350
	– non-audit services	6,850	5,000
Reversal of provision for impairment		-	(182,887)

Details of the non-audit services can be found in the financial statements of the parent undertaking S Jennings Group Limited

4. Directors' emoluments

	2010	*2009*
	£	£
Aggregate emoluments	495,016	584,436

No retirement benefits are accruing to directors during the year (2009 – £nil)

Notes to the financial statements

at 31 December 2010

4. Directors' emoluments (continued)

The amounts in respect of the highest paid director are as follows

	2010	*2009*
	£	*£*
Aggregate emoluments	167,957	200,670

5. Staff costs

	2010	*2009*
	£	*£*
Wages and salaries	9,352,552	9,410,254
Social security costs	866,975	868,047
Other pension costs	151,741	-
	10,371,268	10,278,301

The average monthly number of employees during the year (including directors) was made up as follows

	2010	*2009*
	No	*No*
Management	42	41
Administration	94	95
Vehicle sales	117	115
Mechanics and others	205	220
	458	471

6. Other operating income

	2010	*2009*
	£	*£*
Finance commission	1,409,357	1,127,164
Other income	487,269	618,459
	1,896,626	1,745,623

Other income represents income received from various suppliers in the form of commission, rebates or grants

Notes to the financial statements

at 31 December 2010

7. Interest payable

	2010	*2009*
	£	*£*
Bank loans and overdrafts	702,357	711,397
Used vehicle stocking loan	307,302	411,667
New vehicle stocking interest	402,163	541,931
Stocking interest credit	(652,083)	(616,940)
Hire purchase contracts	90,227	81,373
Other interest	59,449	51,081
	909,415	1,180,509

8. Tax

(a) Analysis of charge in the year

	2010	*2009*
	£	*£*
Current tax		
UK corporation tax on profit of the year	175,453	285,225
Adjustment in respect of previous years	1,496	(806)
Total current tax (note 8(b))	176,949	284,419
Deferred tax		
Origination and reversal of timing differences	25,989	207,773
Effect of change in tax rate	(13,785)	–
Total deferred tax (note 15)	12,204	207,773
Tax on profit on ordinary activities	189,153	492,192

Notes to the financial statements

at 31 December 2010

8. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are reconciled below

	2010	*2009*
	£	*£*
Profit on ordinary activities before tax	555,632	1,793,086
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	155,577	502,064
Effects of		
Expenses not deducted for tax purposes	46,244	42,141
Reversal of impairment of tangible fixed assets	-	(51,208)
Capital allowances for the year in excess of depreciation	(26,368)	(18,855)
Adjustments in respect of previous periods	1,496	(806)
Utilisation of tax losses	-	(188,917)
Current tax charge for the year (note 8(a))	176,949	284,419

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains, which have been deferred through the application of capital gains rollover relief No provision has been made in respect of deferred tax in relation to these gains as no liability is currently expected to arise The amount not provided is £220,000 (2009 – £230,000)

No provision has been made for deferred tax on gains recognised on revaluing property to its open market value on the basis that there was no intention to sell these assets at the balance sheet date Such tax would become payable only if the properties were sold without it being possible to claim rollover relief The total amount unprovided for is £840,000 (2009 – £1,030,000)

Following announcements in the 2011 Budget on 23 March 2011, it was proposed that the full rate of corporation tax be reduced for four years from 1 April 2011, ultimately bringing the corporation tax rate down to 23% A reduction from 28% to 27% was substantively enacted on 20 July 2010 and was intended to take effect from 1 April 2011, however the 2011 Budget announced that this will be reduced to 26% instead and this reduction to 26% was substantively enacted on 29 March 2011 At the balance sheet date, the change in the tax rate has no effect on current tax liabilities arising prior to the effective date of change The enacted reduction at the balance sheet date to 27% has however applied to the deferred tax assets and liabilities arising at the balance sheet date If the effect of the rate change to 23% had been implemented at the balance sheet date this would not have had a material effect on these financial statements

The 2011 Budget also confirmed previously announced proposed changes to capital allowances Amongst these it was proposed that the rate of writing down allowances on the main pool would reduce from 20% to 18% with effect from the 1 April 2012 As these proposals have not been enacted, there is no effect on these financial statements

Notes to the financial statements

at 31 December 2010

9. Tangible fixed assets

	Freehold land and buildings £	*Long leasehold land and buildings* £	*Plant, machinery, fixtures and motor vehicles* £	*Total* £
Cost				
At 1 January 2010	13,828,848	424,553	3,952,210	18,205,611
Additions	-	-	277,925	277,925
Disposals	-	-	(37,416)	(37,416)
At 31 December 2010	13,828,848	424,553	4,192,719	18,446,120
Depreciation				
At 1 January 2010	368,848	209,376	3,470,168	4,048,392
Charge for year	115,264	16,733	246,524	378,521
Disposals	-	-	(33,671)	(33,671)
At 31 December 2010	484,112	226,109	3,683,021	4,393,242
Net book value				
At 31 December 2010	13,344,736	198,444	509,698	14,052,878
At 1 January 2010	13,460,000	215,177	482,042	14,157,219

Included within freehold land and buildings is a total of £170,212 (2009 – £170,212) of finance charges capitalised in the production cost of assets

Land and buildings of the company were revalued as at 31 December 2006 by Knight Frank a firm of independent Chartered Surveyors on the basis of open market value in accordance with RICS Appraisal and Valuation Standards (5th Edition) of the Royal Institution of Chartered Surveyors The valuations were updated to 31 December 2009 and the directors incorporated these valuations into the 2010 financial statements as the directors believe they remain appropriate

The amount of freehold and leasehold land and buildings determined according to the historical cost convention would be as follows

	2010 £	*2009* £
Cost	9,963,258	9,963,258
Aggregate depreciation	(1,161,355)	(1,074,679)
Net book value	8,801,903	8,888,579

Notes to the financial statements

at 31 December 2010

10. Investments

	2010 £	2009 £
Investment in subsidiary undertakings		
Cost at 1 January and 31 December	-	-

The company holds more than 10% of the share capital of the following companies

Subsidiary undertaking	*Country of registration*	*Holding*	*Proportion held*	*Nature of business*
S Jennings (South Shields) Limited	England and Wales	Ordinary shares	1	Dormant

11. Stocks

	2010 £	2009 £
Vehicles	32,801,198	33,309,638
Parts	1,052,130	964,726
Sundry stocks	112,820	33,447
	33,966,148	34,307,811

12. Debtors

Amounts falling due within one year

	2010 £	2009 £
Trade debtors	3,935,590	5,585,136
Other debtors	-	232,408
Prepayments and accrued income	711,665	679,346
	4,647,255	6,496,890

Amounts falling due after more than one year

	2010 £	2009 £
Amounts owed by group undertakings	6,756,524	6,756,524

Notes to the financial statements

at 31 December 2010

13. Creditors: amounts falling due within one year

	2010	*2009*
	£	*£*
Vehicle stocking loan (Secured)	4,857,502	5,634,253
FCE Bank Plc (Unsecured)	-	580,000
FCE Bank Plc (Secured)	148,833	148,833
Bank overdrafts (Secured)	5,225,614	4,902,831
HSBC Medium term loan (Secured)	416,921	258,420
Trade creditors	30,743,063	31,895,222
Amounts due to subsidiary undertaking	65,946	65,946
Hire purchase contracts	900,840	1,824,465
Other tax and social security	1,135,511	240,232
Accruals and deferred income	1,294,458	944,339
Corporation tax payable	173,819	285,225
	44,962,507	46,779,766

The overdraft facility from HSBC Bank plc is secured by mortgages over the freehold properties of the company and by a fixed charge on the debts and a floating charge on the assets of the company

The secured bank loan facility from HSBC Bank plc is secured by mortgages over the freehold properties of the company

The FCE Bank plc secured loan represents a loan facility which is secured by a mortgage over a freehold property of the company

The vehicle stocking loan is due to Santander and is secured over the vehicles funded by the loan

14. Creditors: amounts falling due after more than one year

	2010	*2009*
	£	*£*
FCE Bank Plc (Secured)	1,375,632	1,524,465
HSBC Medium term loan (Secured)	1,296,278	1,763,807
Support grant	-	160,748
	2,671,910	3,449,020

Notes to the financial statements

at 31 December 2010

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

The maturity of bank loans, overdrafts and hire purchase debt is set out below

	2010	*2009*
	£	*£*
In one year or less	11,549,710	13,348,803
Between one and two years	565,754	148,833
Between two and five years	1,325,856	446,498
In more than five years	780,300	2,692,940
	14,221,620	16,637,074

The FCE Bank Plc secured loan is repayable in 180 monthly instalments of £12,778 plus interest at 2 25% above base rate commencing in January 2006

Interest rate swap are in place, fixing the rate payable at 4 78% on the first £6,000,000 of borrowings and 5% on the next £6,000,000

15. Provision for liabilities and charges

	2010	*2009*
	£	*£*
Deferred taxation	397,600	385,396
Used car warranty provision	114,494	194,073
	512,094	579,469

The used car warranty covers the anticipated cost of honouring warranties sold with used cars

The amount provided for deferred tax is as follows

	2010	*2009*
	£	*£*
Accelerated capital allowances	397,600	385,396
Deferred taxation		
At 1 January	385,396	177,623
Deferred tax charge in the profit and loss account	12,204	207,773
At 31 December	397,600	385,396

Notes to the financial statements

at 31 December 2010

16. Pensions and similar obligations

Defined contribution scheme

The company operates funded defined contribution schemes The assets of the scheme are held in separate Trustee administered funds Contributions at 31 December 2010 amounted to £nil (2009 – £nil)

17. Issued share capital

Allotted, called up and fully paid	*No*	*2010* £	*No*	*2009* £
Ordinary shares of £1 each	658,827	658,827	658,827	658,827

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	*Share premium account* £	*Profit and loss account* £	*Revaluation reserve* £	*Capital reserve* £	*Total share-holders' funds* £
At 31 December 2008	658,827	26,425	4,515,844	4,867,045	16,348	10,084,489
Retained profit for the year	-	-	1,300,894	-	-	1,300,894
Excess depreciation charge on revalued assets	-	-	44,308	(44,308)	-	-
Deficit on revaluation	-	-	-	(471,654)	-	(471,654)
At 31 December 2009	658,827	26,425	5,861,046	4,351,083	16,348	10,913,729
Retained profit for the year	-	-	366,479	-	-	366,479
Excess depreciation charge on revalued assets	-	-	45,320	(45,320)	-	-
At 31 December 2010	658,827	26,425	6,272,845	4,305,763	16,348	11,280,208

19. Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	*2009* £
Operating profit	1,465,047	2,973,595
Depreciation charges	378,521	415,693
Decrease in stocks	341,663	5,167,527
Decrease/(increase) in debtors	1,849,635	(1,003,839)
Decrease in creditors	(147,088)	(5,354,588)
Reversal of Impairment	-	(182,887)
Loss on disposal of tangible fixed assets	3,745	-
Net cash flow from operating activities	3,891,523	2,015,501

Notes to the financial statements

at 31 December 2010

20. Reconciliation of net cash flow to movements in net debt

	2010	*2009*
	£	*£*
(Decrease)/increase in cash in the year	(322,409)	408,391
Decrease in vehicle stocking loan finance	776,751	42,674
Decrease/(increase) in FCE Bank Plc finance	923,625	(248,822)
Decrease in bank loan	309,028	186,598
Decrease in FCE plc mortgage	148,833	148,833
Decrease in FCE plc loan	580,000	-
Change in net debt	2,415,828	537,674
Net debt at 1 January	(16,633,534)	(17,171,208)
Net debt at 31 December	(14,217,706)	(16,633,534)

21. Analysis of changes in net debt

	1 January 2010	*Cash flows*	*31 December 2010*
	£	*£*	*£*
Cash in hand and at bank	3,540	374	3,914
Overdrafts	(4,902,831)	(322,783)	(5,225,614)
	(4,899,291)	(322,409)	(5,221,700)
Debt due within one year	(8,445,972)	2,121,876	(6,324,096)
Debt due after one year	(3,288,271)	616,361	(2,671,910)
Total	(16,633,534)	2,415,828	(14,217,706)

22. Financial commitments

At 31 December, the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		*Other*	
	2010	*2009*	*2010*	*2009*
	£	*£*	*£*	*£*
Operating leases which expire				
Due within one year	-	-	-	28,882
Between one and two years	-	-	291,658	6,302
Between two and five years	-	146,500	11,920	152,817
In more than five years	641,000	512,000	-	-
	641,000	658,500	303,578	188,001

Notes to the financial statements

at 31 December 2010

23. Contingent liability

A contingent liability exists in S Jennings Limited in the form of an unlimited cross bank guarantee in favour of S Jennings Group Limited

HSBC bank plc has provided a guarantee with recourse to group companies amounting to £153,600

24. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is AB500 Limited The ultimate parent undertaking is S Jennings Group Limited, which is incorporated in the UK Copies of its group financial statements, which include the company, are available from its registered office