

S. G. SMITH (MOTORS) LIMITED

COMPANY NO. 287379

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2009



S G SMITH MOTOR GROUP

S.G. SMITH (MOTORS) LIMITED
REPORT OF THE DIRECTORS

The Directors submit their report and audited financial statements for the year ended 31st December 2009

Activities of the Company

The principal activity of the Company is that of property holding

Review of Results and Future Developments

The Directors do not consider the trading results outlined on Page 4 to be satisfactory in the light of the current trading conditions. They continue to seek avenues to improve the profitability of the company

Fixed Assets

In the Directors' opinion, the book value of land and buildings is not substantially different from the market value at 31st December 2009

Dividends

The Directors recommend that no dividend be paid

Directors

The following Directors have held office since 1st January 2009

R C D Smith
C B Slater (resigned 23rd April 2009)
M J Wilson (appointed 22nd April 2009)

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of Directors' Responsibilities

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

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

S.G. SMITH (MOTORS) LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

Statement of Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

25 Dulwich Village,
London SE21 7BW

29th September 2010

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'R C D Smith', written over a horizontal line.

R C D Smith
Director

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
S.G. SMITH (MOTORS) LIMITED

We have audited the financial statements of S G Smith (Motors) Limited for the year ended 31st December 2009 which comprise the Profit and Loss Account, the Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters which 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 set out on page 2, 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 the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & 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 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 31st December 2009 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 the directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Christopher Lane (Senior Statutory Auditor)
For and on behalf of Kingston Smith LLP
Chartered Accountants
Statutory Auditor

Kingston Smith LLP

Devonshire House,
60 Goswell Road,
London,
EC1M 7AD
29th September 2010

S.G. SMITH (MOTORS) LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2009

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Turnover	1 (b)	173,345	188,846
Continuing operations			
Cost of sales		<u>(43,756)</u>	<u>(41,197)</u>
Gross Profit		129,589	147,649
Administrative expenses		(41,592)	(30,400)
Other operating expenses		(62,937)	(87,163)
Other operating income		<u>135</u>	<u>285</u>
		(104,394)	(117,278)
Operating Profit	2	<u>25,195</u>	<u>30,371</u>
Continuing operations			
Interest payable and similar charges	4	(56,784)	(64,418)
Interest receivable and similar income	5	(3,209)	1,348
Loss on ordinary activities before taxation		<u>(34,798)</u>	<u>(32,699)</u>
Taxation credit/(charge)	6	(3,770)	743
Retained Loss for the financial year	11	£ <u>(38,568)</u>	£ <u>(31,956)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2009</u>	<u>2008</u>
Reported loss on ordinary activities before taxation	(34,798)	(32,699)
Difference between depreciation on freehold property on historical cost basis and valuation basis	7,037	7,037
Historical cost loss on ordinary activities before taxation	£ <u>(27,761)</u>	£ <u>(25,662)</u>
Retained historical cost loss for the financial year	£ <u>(23,991)</u>	£ <u>(26,405)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses other than those passing through the profit and loss account

S.G. SMITH (MOTORS) LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 2009

	<u>Note</u>	<u>2009</u>	<u>2008</u>
<u>FIXED ASSETS</u>			
Tangible assets	1(d),7	944,908	967,776
<u>CURRENT ASSETS</u>			
Debtors	8	<u>674,866</u>	<u>685,904</u>
		674,866	685,904
<u>CREDITORS DUE WITHIN ONE YEAR</u>	9	<u>(75,018)</u>	<u>(70,182)</u>
<u>NET CURRENT ASSETS</u>		<u>599,848</u>	<u>615,722</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,544,756	1,583,498
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	1(c),12	(386)	(560)
<u>NET ASSETS</u>		£ <u>1,544,370</u>	£ <u>1,582,938</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	10	3,000	3,000
Revaluation reserve	11	628,920	628,920
Profit and loss account	11	<u>912,450</u>	<u>951,018</u>
<u>SHAREHOLDERS' FUNDS</u>	11	£ <u>1,544,370</u>	£ <u>1,582,938</u>


R C D SMITH DIRECTOR

Approved by the Board on 29th September 2010

Company Registration No 287379

S.G. SMITH (MOTORS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009

1 ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

(b) Turnover

Turnover represents the amounts invoiced for rental and services supplied to customers, excluding Value Added Tax

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom

(c) Deferred Taxation

Deferred tax is provided for, in respect of the taxation effects of all timing differences that have originated but have not been reversed at the balance sheet date. Liabilities are calculated at the rates that have been enacted at the balance sheet date

No capital gains tax provision has been made in respect of the revaluation surplus on property, which is held for long-term use

(d) Tangible Fixed Assets

Depreciation is provided to write off the cost or valuation of assets over their expected useful lives, using the straight-line method, at the following annual rates

Freehold Buildings	2%
Plant & Machinery	between 10% and 33%
Fixtures & Fittings	between 10% and 33%
Motor Vehicles	between 10% and 33%

(e) Leases

Assets held under finance leases are included under tangible assets and depreciated over their expected useful lives

Rentals payable under operating leases are charged to the profit and loss account as incurred

S.G. SMITH (MOTORS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2009

	<u>2009</u>	<u>2008</u>
2 <u>OPERATING PROFIT</u>		
This is stated after charging		
Depreciation of tangible fixed assets		
- Wholly owned	£ 18,687	£ 18,279
- Held under finance leases	£ -	£ -
Auditors' remuneration audit	£ 1,125	£ 1,125
Auditors' remuneration other	£ 375	£ 375
	<u>£ 19,187</u>	<u>£ 19,779</u>
3 <u>EMPLOYEE INFORMATION</u>		
The average number of employees during the Year were		
Production and sales	3	3
Administration	2	1
	<u>5</u>	<u>4</u>
Staff costs were		
Salaries and wages	76,004	61,168
Social security costs	6,439	4,529
	<u>£ 82,443</u>	<u>£ 65,697</u>
4 <u>INTEREST PAYABLE</u>		
Bank Loans and overdrafts	£ 56,784	£ 64,418
5 <u>INTEREST RECEIVABLE</u>		
Trade interest received	£ (3,209)	£ 1,348
6 <u>TAXATION</u>		
Corporation tax charge at 28% (2008 28%)	3,944	-
Current tax charge for year	3,944	-
Deferred taxation movement	(174)	(743)
	<u>£ 3,770</u>	<u>£ (743)</u>
Factors affecting the current year tax charge were as follows -		
Loss on ordinary activities before tax	£ (37,798)	£ (32,699)
Loss on ordinary activities at standard rate of Corporation Tax in the UK of 28%	(9,743)	(9,156)
Expenses not deductible for tax purposes	-	38,299
Depreciation in excess of capital allowances	3,888	4,447
Other tax adjustments	(4,786)	(33,590)
Group relief	15,900	-
Small companies relief	(1,315)	-
Current tax charge for year	<u>£ 3,944</u>	<u>£ -</u>

S.G. SMITH (MOTORS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31st DECEMBER 2009

7 TANGIBLE FIXED ASSETS	Freehold Property	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
<u>Cost or Valuation</u>					
At 1 st January 2009	1,068,015	3,572	6,575	30,378	1,108,540
Additions	-	-	2,817	-	2,817
Disposals	(7,000)	-	-	-	(7,000)
At 31 st December 2009	£ 1,061,015	£ 3,572	£ 9,392	£ 30,378	£ 1,104,357
<u>Depreciation</u>					
At 1 st January 2009	112,856	1,565	3,867	22,476	140,764
Charge for the year	13,018	560	986	4,121	18,685
Eliminated on disposal	-	-	-	-	-
At 31 st December 2009	£ 125,874	£ 2,125	£ 4,853	£ 26,597	£ 159,449
<u>Net Book Value</u>					
At 31 st December 2009	£ 935,141	£ 1,447	£ 4,539	£ 3,781	£ 944,908
At 31 st December 2008	£ 955,159	£ 2,007	£ 2,708	£ 7,902	£ 967,776
<u>Historical Cost Basis</u>			2009	2008	
Freehold Historic Cost			432,095	439,095	
Depreciation			(75,993)	(69,474)	
Net Book Value			356,102	369,621	
Additional Depreciation on revaluation basis			(43,382)	(43,382)	
Revaluation in 1981			-	-	
Revaluation in 1988			628,920	628,920	
		£	£ 941,640	£ 955,159	

S.G. SMITH (MOTORS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2009

	<u>2009</u>	<u>2008</u>
8 DEBTORS		
<u>Due within one year</u>		
Trade Debtors	60,956	47,689
Amounts owed by group undertakings	588,514	567,206
Other Debtors	5,334	-
Prepayments and accrued income	20,062	22,152
	<u>674,866</u>	<u>637,047</u>
<u>Due after one year</u>		
Property Debtor	-	48,857
	£ <u>674,866</u>	£ <u>685,904</u>

9 CREDITORS DUE WITHIN ONE YEAR

Trade creditors	26,590	18,202
Corporation tax	3,944	-
Payments received on account	41,067	47,957
Accruals and deferred income	3,417	4,023
	£ <u>75,018</u>	£ <u>70,182</u>

10 SHARE CAPITAL EQUITY INTERESTS

	<u>2009</u>	<u>2008</u>
<u>Authorised</u>		
Ordinary shares of £1 each	£ <u>3,000</u>	£ <u>3,000</u>
<u>Allotted and fully paid</u>		
Ordinary shares of £1 each	£ <u>3,000</u>	£ <u>3,000</u>

11 SHAREHOLDERS' FUNDS	<u>Share Capital</u>	<u>Revaluation Reserve</u>	<u>Profit and Loss Account</u>	<u>Total</u>
At beginning of year	3,000	628,920	951,018	1,582,938
Loss in year	-	-	(38,568)	(38,568)
At end of year	£ <u>3,000</u>	£ <u>628,920</u>	£ <u>912,450</u>	£ <u>1,544,370</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES DEFERRED TAXATION

At beginning of year	560
Charged to profit and loss account	(174)
At end of year	£ <u>386</u>

	2009 Amount Provided	2008 Amount Provided
This comprises		
Accelerated Capital Allowances	386	560
Other Timing Differences	-	-
	386	560

S.G. SMITH (MOTORS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 2009

13 CONTINGENT LIABILITIES

The company has provided joint and several guarantees to secure loan and overdraft facilities to group undertakings. The amounts advanced under these facilities at 31st December 2009 were £45,184 (2008 £45,616)

In addition, the company's freehold property is charged to the company's bankers to secure advances made to the company

14 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of its parent company, which is S G Smith (Motors) Insurance and Management Services Limited. That company prepares consolidated financial statements, copies of which may be obtained from the registered office at 25 Dulwich Village, London SE21 7BW

The company has taken advantage of the exemption to which it is entitled not to disclose any related party transactions

15 CONTROL

The company is controlled by R C D Smith, the chairman, by virtue of his own shareholding and those of trusts of which he is a trustee