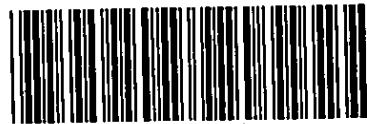


Abbey Garages (Cardiff) Limited

**Directors' report and financial
statements**

**Registered number 1403368
28 February 2013**

THURSDAY



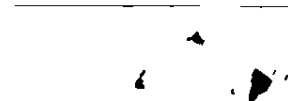
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Directors' report

The directors present their annual report and audited financial statements for the year ended 28 February 2013

Principal activities

The principal activity of the company remained that of a motor dealer and repairer

Business review

The results for the year are shown in the profit and loss account on page 6 and show a loss before tax for the financial year of £7,221 (2012 loss £301,009). The Company has made significant progress in the year in reducing its cost base and is now well placed to take advantage of the upturn currently seen in the new car market.

Against a background of an improving economic climate, revenues from all areas of the Company's activities have improved. During the year Ford have introduced a number of new products with further product launches planned for 2013. Their continued investment in new products is encouraging for the future. Significant emphasis continues to be placed on fuel efficient, low CO2 vehicles. The new products launched in the last year have been well received by customers, who continue to seek innovative products with good fuel economy and reduced costs of motoring.

The Volvo car franchise traded in line with expectations although used vehicle sales continue to require improvement. The aftermarket has performed better than expected and further increases in volumes are anticipated in the coming year. In 2012 Volvo UK launched its first hatchback model, the V40. The Motoring Press reaction to the vehicle has been very positive and greater public awareness is being sought both by the Company and the manufacturer to enable this excellent car to reach its full potential. Brand awareness for Volvo in the Company's area will be further enhanced with Cardiff recently being announced as one of the visited ports in the prestigious round the world Volvo Ocean Race in 2017. In 2013 Volvo will launch a limited number of V60 hybrid vehicles and initial Motoring Press reaction to the vehicle has been extremely positive.

The MG franchise continued during the year, although volumes remain very small. The brand continued into 2013 with the MG6 saloon car which is now available with both petrol and diesel engines. Volumes remain small by comparison with the Company's overall sales. The smaller MG3 hatchback will now be launched towards the end of 2013 almost 12 months later than was anticipated last year. This vehicle is needed urgently to give a market presence to the MG brand. The Company always considered the re-establishment of MG in the UK to be a slow burn and the delayed launch of the MG3 has had a detrimental effect on sales volumes. MG have continued their involvement in saloon car racing and the results have been very good. This now needs to be translated into greater brand awareness at a national level.

Economic conditions for 2013/14 are likely to remain difficult however there is strong evidence that the new car market is growing and for 2013 it is likely to exceed 2.1 million—a considerable uplift from the lowest point in recent years when it dropped to 1.8 million. The Company is well placed to expand its activities to meet this upturn in the market but is mindful not to increase its cost base above that which is required to achieve the increased volumes of business.

In 2012 the Company again won the Ford of Europe Chairman's Award for customer satisfaction, it is a tribute to the efforts and success of all of the staff involved in helping to achieve this prestigious award for the ninth time and the Directors wish to extend their thanks to all members of staff for the quality of their customer service and outstanding efforts during the year.

Dividends

The directors do not recommend the payment of a dividend (2012 £Nil).

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows

W M Barritt
R C Pugsley

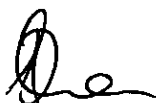
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



RJ Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

17th July 2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of Abbey Garages (Cardiff) Limited

We have audited the financial statements of Abbey Garages (Cardiff) Limited for the year ended 28 February 2013 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 28 February 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.

Independent auditor's report to the members of Abbey Garages (Cardiff) Limited
(continued)

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

Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

SH August 2013



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Profit and loss account
for the year ended 28 February 2013

	<i>Note</i>	2013 £	2012 £
Turnover	<i>1</i>	36,566,983	35,327,682
Cost of sales		(32,814,346)	(31,530,743)
Gross profit		3,752,637	3,796,939
Distribution costs		(1,580,754)	(1,662,916)
Administrative expenses		(2,234,689)	(2,508,669)
Other operating income		140,061	163,641
Operating profit/(loss)		77,255	(211,005)
Interest payable and similar charges	<i>5</i>	(84,476)	(123,108)
Interest receivable		-	33,104
Loss on ordinary activities before taxation	<i>2-5</i>	(7,221)	(301,009)
Tax on loss on ordinary activities	<i>6</i>	(19,576)	55,091
Loss on ordinary activities after taxation, being loss for the financial year	<i>13</i>	(26,797)	(245,918)

The above results represent the total recognised gains and losses of the company in both financial years and relate entirely to continuing operations

There is no material difference between the result as disclosed in the profit and loss account and the result as given by an unmodified historical cost basis



Balance sheet
at 28 February 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	7		2,713,469		2,868,238
Current assets					
Stocks	8	9,992,917		8,891,993	
Debtors	9	2,167,574		3,065,365	
Cash in hand and at bank		16,840		19,958	
			12,177,331	11,977,316	
Creditors amounts falling due within one year	10	(11,694,704)		(11,629,661)	
Net current assets			482,627		347,655
Total assets less current liabilities, being net assets			3,196,096		3,215,893
Capital and reserves					
Called up share capital	12		600,000		600,000
Revaluation reserve	13		906,267		915,686
Profit and loss account	13		1,689,829		1,700,207
Equity shareholder's funds	14		3,196,096		3,215,893

These financial statements were approved by the board of directors on 17th July 2013 and were signed on its behalf by



RC Pugsley
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with the historical cost accounting rules, modified to include the revaluation of certain freehold properties, and conform to applicable accounting standards

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year of £26,797, as the company has net current assets of £482,627 and so can therefore meet its liabilities as they fall due within the next 12 months. In addition directors have prepared budgets and forecasts which indicate an improvement for 2013/14

Bank facilities with HSBC are due for renewal in September 2013. Directors are not aware of anything to indicate that these facilities will not be renewed. As at 28 February 2013 the maximum facility available to the Group of which Abbey Garages (Cardiff) Limited is a member was £2,500,000, and the Group was within this limit. As shown within note 16 the amount owed as at 28 February 2013 was £3,097

Cash flow statement

The company is exempt from the requirement of FRS 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking whose parent has prepared a consolidated cash flow statement which incorporates the cash flows of the company and which is available to the public

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	30 years
Plant and machinery	2-10 years
Fixtures, fittings, tools and equipment	4 -10 years

No depreciation is provided on freehold land

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligations for future instalments

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Pensions

The company participates in a defined contribution scheme and the charge against profits is the amount of contributions payable to the pension scheme in respect of the accounting period

Share based payments

The company's Enterprise Management Incentives share option scheme allows employees to acquire shares of the company. The fair value of options granted and not yet vested as at 28 February 2013 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The estimate of the fair value of the option is measured based on the fair value of the equity instruments granted and is calculated on an option pricing model (with the contractual life of the option and expectations of early exercise built into the model)

Notes (continued)

1 Accounting policies (continued)

Stocks

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

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, in full, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of goods and services to customers during the year. Income is recognised when all significant risks and rewards of ownership have been transferred to the customer, which is generally on despatch of goods from the company or on the provision of services by the company. All turnover and (loss)/profit on ordinary activities before taxation is derived from the UK and arises solely from the principal activity of the company

2 Loss on ordinary activities before taxation

	2013 £	2012 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
<i>Audit services</i>		
Fees payable to the company auditor for the audit of company accounts	12,500	12,400
Fees payable to the company auditor and associates for other services		
- tax services	3,100	3,050
- VAT services	4,500	5,500
Depreciation	179,364	197,163
	<hr/>	<hr/>

3 Remuneration of directors

No director received any remuneration in either year

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2013	2012
Management	8	8
Administration	21	27
Service and sales staff	77	85
	<hr/>	<hr/>
	106	120
	<hr/>	<hr/>

The payroll costs of these persons were as follows

	2013	2012
	£	£
Wages and salaries	1,956,121	2,178,843
Social security costs	228,545	223,210
Pension costs (see note 17)	4,127	4,880
	<hr/>	<hr/>
	2,188,793	2,406,933
	<hr/>	<hr/>

5 Interest payable and similar charges

	2013	2012
	£	£
Vehicle stocking plans	76,115	111,831
Finance charges in respect of finance leases and hire purchase contracts	8,361	11,277
	<hr/>	<hr/>
	84,476	123,108
	<hr/>	<hr/>

Notes (continued)

6 Tax on loss on ordinary activities

Analysis of the charge/(credit) in the year

	2013 £	2012 £
Current tax		
UK corporation tax on profits for the year	12,000	-
Adjustment in respect of prior years	-	-
Group relief	10,035	(53,825)
Total current tax charge/(credit)	22,035	(53,825)
Deferred tax		
Deferred tax credit for the year (note 11)	(2,459)	(1,266)
Adjustment in respect of prior years (note 11)	-	-
Tax on loss on ordinary activities	19,576	(55,091)

Factors affecting the tax charge for the current year

The current tax charge/(credit) for the year is higher (2012 lower) than the blended rate of corporation tax in the UK of 24.2% (2012 26.1%). The differences are explained below

	2013 £	2012 £
Loss on ordinary activities before tax	(7,221)	(301,009)
Loss on ordinary activities before tax multiplied by the blended rate of corporation tax of 24.2% (2012 26.1%)	(1,747)	(78,563)
Effects of		
Expenses not deductible for tax purposes	2,229	725
Depreciation in excess of capital allowances	24,982	24,151
Adjustment in respect of prior years	-	-
Other timing differences	(909)	(138)
Difference in tax rates	(2,520)	-
Current tax charge/(credit) for the year	22,035	(53,825)

A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings tools and equipment	Total
	£	£	£	£
Cost or valuation				
At beginning of year	3,328,075	594,299	608,946	4,531,320
Additions	-	24,595	-	24,595
Disposals	-	(65,197)	-	(65,197)
At end of year	3,328,075	553,697	608,946	4,490,718
Analysis				
Assets at cost	1,828,075	553,697	608,946	2,990,718
Assets at valuation	1,500,000	-	-	1,500,000
	3,328,075	553,697	608,946	4,490,718
Depreciation				
At beginning of year	812,264	513,293	337,525	1,663,082
Disposals	-	(65,197)	-	(65,197)
Charge for year	78,251	44,335	56,778	179,364
At end of year	890,515	492,431	394,303	1,777,249
Net book value				
At 28 February 2013	2,437,560	61,266	214,643	2,713,469
At 29 February 2012	2,515,811	81,006	271,421	2,868,238

The freehold premises, included above at a revaluation, were professionally valued by Messrs Cooke and Arkwright on an existing use open market basis in a report dated 19 April 1989. In accordance with the transitional provisions set out in FRS 15 *Tangible Fixed Assets*, these valuations have not been updated. The directors are not aware of any material change in value. Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost.

The amount of freehold land and buildings (included above at a revaluation) determined according to the historical cost accounting rules is as follows:

	2013 £	2012 £
Cost	446,416	446,416
Depreciation	(311,876)	(301,630)
	134,540	144,786

Included within freehold land and buildings is land amounting to £1,086,812 (2012 £1,086,812) which is not depreciated.

Notes (continued)

8 Stocks

	2013 £	2012 £
Motor vehicles	9,581,411	8,394,186
Motor vehicle parts	331,531	384,838
Petrol, oil and sundry	79,975	112,969
	<u>9,992,917</u>	<u>8,891,993</u>

Vehicle stocks with a value of £18,564 (2012 £227,467) which are the property of the company are subject to separate finance arrangements

9 Debtors

	2013 £	2012 £
Trade debtors	678,658	562,233
Amounts owed by group undertakings	504,030	1,819,746
Other debtors	891,637	587,548
Deferred tax asset (see note 11)	31,145	28,686
Prepayments and accrued income	62,104	67,152
	<u>2,167,574</u>	<u>3,065,365</u>

The deferred tax asset is recoverable in more than one year

10 Creditors' amounts falling due within one year

	2013 £	2012 £
Bank overdraft	415,251	1,739,855
Obligations under hire purchase contracts	25,802	290,556
Trade creditors	10,200,579	8,518,054
Amounts owed to group undertakings in respect of group relief	176,901	166,866
Other creditors, including taxes and social security		
Other creditors	84,767	95,919
Corporation tax	12,000	-
Other taxes and social security	71,256	58,174
Accruals and deferred income	708,148	760,237
	<u>11,694,704</u>	<u>11,629,661</u>

Notes (continued)

11 Deferred taxation

In accordance with FRS 19 Deferred tax, full provision has been made for deferred taxation as follows

	Asset £
At beginning of year	(28,686)
Credited to profit and loss during the year	(2,459)
	<hr/>
At end of year (note 9)	(31,145)
	<hr/>

The amounts provided for deferred taxation are set out below

	2013 Amount provided liability/(asset) £	2012 Amount provided liability/(asset) £
Difference between accumulated depreciation and capital allowances	(9,233)	(5,680)
Other timing differences	(21,912)	(23,006)
	<hr/>	<hr/>
	(31,145)	(28,686)
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A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 28 February 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The 2012 Autumn statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

12 Called up share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
600,000 ordinary shares of £1 each	600,000	600,000
	<hr/>	<hr/>

Notes (continued)

13 Reserves

	Revaluation reserve £	Profit and loss account £
At beginning of year	915,686	1,700,207
Depreciation on revaluation surplus released to profit and loss account	(9,419)	9,419
Loss for the financial year	-	(26,797)
Contribution from parent undertaking	-	7,000
At end of year	906,267	1,689,829

14 Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Opening shareholder's funds	3,215,893	3,454,811
Loss for the financial year	(26,797)	(245,918)
Contribution from parent undertaking	7,000	7,000
Closing shareholder's funds	3,196,096	3,215,893

15 Commitments

At the year end there were no capital commitments (2012 £Nil)

The company has no annual commitments under non-cancellable operating leases (2012 Nil)

16 Contingent liabilities

The company is contingently liable, together with its ultimate parent and certain fellow subsidiary undertakings, for an unlimited multilateral guarantee in respect of the net position of the group's bank overdrafts and cash balances. The net liability at 28 February 2013 was £3,097 (2012 £766,078), none of which has been provided for in these financial statements (2012 £Nil).

17 Pension scheme

The company participates in the Penarth Commercial Properties Limited group pension scheme. The scheme is a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. At the year end, there were no outstanding contributions payable to the scheme (2012 £Nil). The pension charge represents the following contributions payable by the company during the year:

	2013 £	2012 £
Contributions payable into group fund (note 4)	4,127	4,880



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Notes (continued)

18 Related party transactions

As the company is a wholly owned subsidiary of Penarth Commercial Properties Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other 100% owned entities which form part of the group

19 Ultimate parent company and controlling party

The company's ultimate parent and controlling party is Penarth Commercial Properties (Holdings) Limited, a company registered in Wales. Its immediate parent undertaking is Penarth Commercial Properties Limited, a company registered in Wales. The largest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties (Holdings) Limited. The smallest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties Limited. The consolidated accounts of these companies are available to the public and may be obtained from Ford House, 281 Penarth Road, Cardiff.

20 Share Based Payments

The company participates in a single Enterprise Management Incentives share option scheme under which a maximum of 300,000 shares of the ultimate parent company may be placed under option for employees. The scheme is operated by Penarth Commercial Properties (Holdings) Limited. The options are exercisable 10 years from date of grant, or earlier only in certain specified circumstances such as the takeover or flotation of the group. Options exercised are to be settled by the physical delivery of shares in the ultimate parent company.

The grant date, exercise price per share and number of shares are as follows:

Grant date	Exercise price £	Number of shares	Expiry date of options
30 Sept 2005	0.30	100,000	30 Sept 2015

The number and weighted average exercise prices of share options in the company are as follows:

	2013 Weighted average exercise price (£)	2013 Number of options	2012 Weighted average exercise price (£)	2012 Number of options
Outstanding at the beginning and end of the year	0.3	100,000	0.3	100,000
Exercisable at the end of the year		-		-

The options outstanding at the year end have a maximum exercise price of £0.30 and a weighted average remaining contractual life of 3 years. The total expense recognised for each year arising from share based payments is as follows:

	2013 £	2012 £
Equity settled share based payment	7,000	7,000