

Maranello Sales Limited

**Directors' report and financial
statements**

Registered number 1443371

For the year ended 31 December 2007

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Directors' report

The directors present their annual report, together with the financial statements and auditors' report, for the year ended 31 December 2007

Principal activity and business review

The company's principal activity during the year comprised the operation of motor dealerships involving the sale, maintenance and repair of motor vehicles and the supply of related accessories

On 2 October 2007, Sytner Group Limited acquired 100% of the issued share capital of the company's parent company, Maranello Holdings Ltd

On 2 October 2007, the company disposed of its Ferrari/Maserati dealership in St Albans and its Ferrari/Maserati dealership in Sevenoaks at approximately book value

Results and dividends

The company's loss before tax for the year was £3,078,000 (2006 loss £2,923,000) Further details with regard to the trading results for the year and the amount transferred to reserves are set out on page 6 The directors do not recommend the payment of a dividend (2006 £Nil)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers and employee retention

Further discussion of these risks and uncertainties, in the context of the Sytner group as a whole, is provided in the directors' report for Sytner Group Limited, which does not form part of this report

Key performance indicators

The company is part of the Sytner group The development, performance and position of the group, which includes this company is provided in the directors' report for Sytner Group Limited, which does not form part of this report

Directors

The directors who served during the year and subsequently are shown below

| | |
|-----------------|--|
| Mr S Lock | (resigned 2 October 2007) |
| Mr C McCormack | (resigned 2 October 2007) |
| Mr M P Wheatley | (resigned 2 October 2007) |
| Mr A C Jeary | (appointed 30 July 2007, resigned 26 September 2007) |
| M Carpenter | (appointed 2 October 2007) |
| GE Nieuwenhuys | (appointed 2 October 2007) |

Creditor payment policy

The company's policy in respect of its suppliers is to agree terms of payment on or before entering into each transaction and to adhere to such terms, subject to satisfactory completion of the transaction concerned Where prior agreement is neither practicable nor feasible, invoices will be dealt with in a timely manner as part of a systematic payment process The company does not follow any code or standard on payment practice At 31 December 2007, the company's creditor days compared to the value of suppliers' invoices received in the year was 15 days (2006 8 days)

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

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 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

By order of the board



M Carpenter
Secretary

2 Penman Way
Grove Park
Leicester
LE19 1ST

24 October 2008

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).

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Maranello Sales Limited

We have audited the financial statements of Maranello Sales Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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 whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 judgments 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.

Independent auditors' report to the members of Maranello Sales Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

24 October 2008

Profit and loss account
for the year ended 31 December 2007

| | <i>Notes</i> | Continuing operations £000 | 2007 Discontinued £000 | Total £000 | 2006 Continuing operations £000 |
|--|--------------|---|---------------------------------------|-----------------------|--|
| Turnover | <i>1</i> | 58,998 | 15,306 | 74,304 | 68,432 |
| Cost of sales | | (53,391) | (14,379) | (67,770) | (62,194) |
| Gross profit | | 5,607 | 927 | 6,534 | 6,238 |
| Distribution costs | | (3,919) | (343) | (4,262) | (3,902) |
| Administrative expenses | | (4,367) | (319) | (4,686) | (5,197) |
| Operating profit/(loss) | | (2,679) | 265 | (2,414) | (2,861) |
| Profit on disposal of business | | | | - | - |
| Loss before finance charges | | | | (2,414) | (2,861) |
| Interest payable and similar charges | <i>2</i> | | | (664) | (62) |
| Loss on ordinary activities before taxation | <i>3</i> | | | (3,078) | (2,923) |
| Tax on loss on ordinary activities | <i>5</i> | | | 465 | 862 |
| Loss on ordinary activities after taxation | | | | (2,613) | (2,061) |
| Loss for the financial year | | | | (2,613) | (2,061) |

In each year, there were no recognised gains and losses other than the loss for the year

In each year there are no material differences between the retained loss and the historical cost equivalent

Balance sheet
at 31 December 2007

| | <i>Note</i> | 2007 | 2006 |
|---|-------------|----------------|-----------------|
| | | £000 | £000 |
| Fixed assets | | | |
| Intangible assets | 6 | - | 100 |
| Tangible assets | 7 | 431 | 473 |
| | | <u>431</u> | <u>573</u> |
| Current assets | | | |
| Stocks | 8 | 6,270 | 11,987 |
| Debtors | 9 | 2,996 | 3,159 |
| Cash at bank | | 975 | - |
| | | <u>10,241</u> | <u>15,146</u> |
| Creditors: amounts falling due within one year | 10 | <u>(9,307)</u> | <u>(11,741)</u> |
| Net current assets | | <u>934</u> | <u>3,405</u> |
| Total assets less current liabilities | | <u>1,365</u> | <u>3,978</u> |
| Provisions for liabilities and charges | 11 | - | - |
| Net assets | | <u>1,365</u> | <u>3,978</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Profit and loss account | | 1,365 | 3,978 |
| Total equity shareholders' funds | 13 | <u>1,365</u> | <u>3,978</u> |

These financial statements were approved by the board of directors on 24 October 2008 and were signed on its behalf by


M Carpenter
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 group's financial statements

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They are prepared on a going concern basis, notwithstanding the deficiency of net assets shown in the balance sheet, as the directors have received an assurance of continuing financial support from Sytner Group Limited.

Turnover

Turnover, which arises wholly in the United Kingdom from the company's principal activity, being that of the operation of motor dealerships, is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

Consolidation and cash flow statement

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 228 of the Companies Act 1985 because it is a wholly-owned subsidiary of the Sytner Group plc which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

Acquisitions

Acquisitions are accounted for under the acquisition accounting method. The results of businesses acquired are consolidated for the period from the date on which control passed.

Goodwill, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is amortised on a straight line basis over a period up to 20 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and equipment and motor vehicles - Between 3 and 10 years

Residual value is calculated on prices prevailing at the date of acquisition.

Stocks

Stocks are stated at the lower of cost and net realisable value and include interest bearing consignment vehicles. Cost incurred in bringing each product to its present location and condition is based on purchase price less trade discounts. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

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

Notes (continued)

1 Accounting policies (continued)

Pension costs

A number of employees are members of the Sytner Group Pension Plan, a defined contribution scheme

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

2 Interest payable and similar charges

| | 2007 £000 | 2006 £000 |
|------------------------|-----------------|----------------|
| Stocking loan interest | 580 | - |
| Bank overdrafts | 84 | 62 |
| | <hr/> 664 <hr/> | <hr/> 62 <hr/> |

3 Notes to the profit and loss account

| | 2007 £000 | 2006 £000 |
|--|-----------------|-----------------|
| <i>Loss on ordinary activities before taxation is stated</i> | | |
| <i>after charging</i> | | |
| Depreciation | 161 | 150 |
| Amortisation of goodwill | - | 50 |
| Operating lease rentals | | |
| Land and buildings | 137 | 929 |
| Hire of plant and machinery | - | - |
| | <hr/> 161 <hr/> | <hr/> 979 <hr/> |

| | 2007 £000 | 2006 £000 |
|-------------------------------------|----------------|----------------|
| Auditors' remuneration | | |
| Audit of these financial statements | 11 | 10 |
| | <hr/> 11 <hr/> | <hr/> 10 <hr/> |

Notes (continued)

4 Staff costs

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

| | Number of employees 2007 | 2006 |
|------------------------|-----------------------------|----------|
| Workshop staff | 47 | 50 |
| Sales and distribution | 19 | 35 |
| Administration | 12 | 14 |
| | <hr/> 78 | <hr/> 99 |

The aggregate payroll costs of these persons were as follows

| | £000 | £000 |
|-----------------------|-------------|-------------|
| Wages and salaries | 2,950 | 3,215 |
| Social security costs | 330 | 373 |
| Pension costs | 105 | 1,955 |
| | <hr/> 3,385 | <hr/> 5,543 |

Directors' remuneration

The directors who served during the year are all directors of an intermediate parent company, Sytner Group Limited and are remunerated by that company, with the exception of Messrs Lock, McCormack and Wheatley. It is not practicable to allocate their remuneration to individual companies in the group. With regards to Messrs Carpenter and Nieuwenhuys the remuneration has, therefore, been disclosed in the financial statements of Sytner Group Limited. Messrs Lock, McCormack and Wheatley did not receive any remuneration for services rendered to the company during the period.

5 Taxation

Analysis of credit in year

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| <i>UK corporation tax</i> | | |
| Current tax on income for the year | (1,026) | (410) |
| Adjustment in respect of previous years | 56 | - |
| <i>Deferred tax (see note 11)</i> | | |
| Origination/reversal of timing differences | 469 | (452) |
| Adjustment in respect of previous years | 36 | - |
| | <hr/> (465) | <hr/> (862) |

Notes (continued)

5 Taxation (continued)

Factors affecting the tax credit for the current year

The current tax credit for the year is higher (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| <i>Current tax reconciliation</i> | | |
| Loss on ordinary activities before taxation | (3,078) | (2,923) |
| | <hr/> | <hr/> |
| Current tax at 30% (2006 30%) | (923) | (877) |
| <i>Effects of</i> | | |
| Expenses not deductible for tax purposes | 39 | 16 |
| Difference between accounts profit and taxable profits on capital asset disposals | 65 | - |
| Transfer pricing adjustment | 3 | - |
| Capital allowances in excess of depreciation | (57) | (57) |
| Short term timing differences | - | 306 |
| Other timing differences | (153) | - |
| Adjustment to tax charge in respect of previous years | 56 | 202 |
| | <hr/> | <hr/> |
| Total current tax credit (see above) | (970) | (410) |
| | <hr/> | <hr/> |

Factors that may affect future current and total tax charges

The corporation tax rate applicable to the company has changed from 30% to 28% from 1 April 2008

6 Intangible fixed assets

| | Goodwill £000 |
|-----------------------|------------------|
| <i>Cost</i> | |
| At 1 January 2007 | 250 |
| Disposal | (250) |
| | <hr/> |
| At 31 December 2007 | - |
| | <hr/> |
| <i>Amortisation</i> | |
| At 1 January 2007 | 150 |
| Disposal | (150) |
| | <hr/> |
| At 31 January 2007 | - |
| | <hr/> |
| <i>Net book value</i> | |
| At 31 December 2007 | - |
| | <hr/> |
| At 31 December 2006 | 100 |
| | <hr/> |

The goodwill on acquisition of the former HR Owen sports car business in St Albans was being amortised on a straight line basis over five years, which is the period that the directors estimate that the value of the underlying business acquired was expected to exceed over the value of the underlying assets

On 30 September 2007, the former HR Owen sports car business in St Albans was transferred to Inchcape Retail Limited at net book value

Notes (continued)

7 Tangible fixed assets

| | Fixtures and equipment £000 | Motor vehicles £000 | Total £000 |
|-----------------------|--|------------------------------------|-----------------------|
| <i>Cost</i> | | | |
| At beginning of year | 2,029 | 100 | 2,129 |
| Additions | 715 | - | 715 |
| Disposals | (780) | - | (780) |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 1,964 | 100 | 2,064 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At beginning of year | 1,634 | 22 | 1,656 |
| Charge for year | 136 | 25 | 161 |
| Disposals | (184) | - | (184) |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 1,586 | 47 | 1,633 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 December 2007 | 378 | 53 | 431 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2006 | 395 | 78 | 473 |
| | <hr/> | <hr/> | <hr/> |

Notes (continued)

8 Stocks

| | 2007 £000 | 2006 £000 |
|---------------------|--------------|---------------|
| Vehicles for resale | 4,086 | 9,559 |
| Consignment stock | 1,984 | 2,402 |
| Parts | 200 | 26 |
| | <u>6,270</u> | <u>11,987</u> |

There is no material difference between the balance sheet value of stocks and their replacement cost

9 Debtors

| | 2007 £000 | 2006 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 963 | 1,085 |
| Other debtors | 38 | 59 |
| Amounts owed by group undertakings | 1,195 | 530 |
| Deferred taxation (note 11) | 301 | 806 |
| Prepayments and accrued income | 42 | 679 |
| Corporation tax | 457 | - |
| | <u>2,996</u> | <u>3,159</u> |

Amounts owed by group undertakings are interest free and do not have a fixed repayment date

10 Creditors: amounts falling due within one year

| | 2007 £000 | 2006 £000 |
|------------------------------------|--------------|---------------|
| Bank overdraft | - | 2,426 |
| Stocking loans | 1,548 | - |
| Amounts owed to group undertakings | - | 2,246 |
| Consignment stock liabilities | 1,984 | 2,402 |
| Trade creditors | 1,179 | 1,532 |
| Other taxes and social security | 51 | 26 |
| Other creditors | 2,636 | 2,728 |
| Accruals and deferred income | 1,909 | 381 |
| | <u>9,307</u> | <u>11,741</u> |

The stocking loans are secured on the vehicles to which they relate and bear interest related to Finance House base rates

The bank overdraft is secured by fixed and floating charges over the assets of the Group and bears interest at 1% over UK Base Rate

Notes (continued)

11 Provisions for liabilities and charges

The provision for liabilities and charges comprise deferred tax as follows

| | 2007 £000 | 2006 £000 |
|--------------------------------|--------------|--------------|
| Decelerated capital allowances | (301) | (806) |

There is no unprovided deferred tax at either the current year end or preceding year end

Movements on the provision for deferred tax are analysed below

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Balance at beginning of year | (806) | (354) |
| Charged/(Credited) to profit and loss account (note 5) | 505 | (452) |
| Balance at end of year | (301) | (806) |

These balances are disclosed in debtors (note 9)

12 Called up share capital

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| <i>Authorised:</i> 10,000 ordinary shares of £1 each | 10 | 10 |
| <i>Allotted:</i> 100 ordinary shares of £1 each | - | - |

13 Reconciliation of movements in shareholders' funds

| | 2007 £000 | 2006 £000 |
|------------------------------|--------------|--------------|
| Balance at beginning of year | 3,978 | 6,039 |
| Loss for the financial year | (2,613) | (2,061) |
| Balance at end of year | 1,365 | 3,978 |

Notes (continued)

14 Financial commitments

Operating leases

Annual commitments under non-cancellable leases are as follows

| | Land and buildings | | Plant and machinery | |
|----------------------------|--------------------|------------|---------------------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| | £000 | £000 | £000 | £000 |
| Expiry date | | | | |
| Within one year | - | 797 | 1 | - |
| Between two and five years | 137 | - | - | - |
| After five years | - | - | - | - |
| | <u>137</u> | <u>797</u> | <u>1</u> | <u>-</u> |

Capital commitments

The company had no capital commitments at either the current year end or preceding year end

Contingent liabilities

The company has a cross guarantee with fellow group companies to guarantee bank borrowings

15 Ultimate parent company and controlling party

The company is a subsidiary undertaking of Penske Automotive Group, Inc, incorporated in Michigan, USA. Penske Automotive Group, Inc is also the largest group in which the results of the company are consolidated. The consolidated financial statements are available from 2555 Telegraph Road, Bloomfield Hills, Detroit, MI 48302-0954, USA.

The smallest group in which the results are consolidated is that headed by Sytner Group Limited incorporated in England and Wales. The consolidated financial statements are available to the public from the registrar of companies.

16 Related party transactions

The company entered into a number of transactions during the year with other companies within the above group. Under the provisions of FRS 8 no disclosure has been provided on the grounds that all companies within the group are 100% owned and the consolidated financial statements of the parent company are publicly available.