

PENDRAGON USED CARS LIMITED

Formerly Quicks Car Supermarkets Limited

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

Registered Number :

1482233

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PENDRAGON USED CARS LIMITED

Formerly Quicks Car Supermarkets Limited

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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The Company is a wholly-owned subsidiary of Pendragon PLC.

The Company's principal activity is that of motor retailers in the UK. The business consists of the sale of used vehicles and their service and repair and operates from 7 locations.

As shown in the Company's profit and loss account on page 4, turnover was £49,670,000, showing a reduction of 3.7% over the previous year's £51,561,000. The loss before taxation was £2,805,000 for 2014 against the loss recorded in the prior year of £2,782,000.

The balance sheet on page 5 of the financial statements shows that the shareholder's funds of the Company have decreased by £2,212,000 to a deficit of £1,361,000. This is a result of the loss after taxation for the year.

Risks to the business include fluctuations in general economic conditions, such as interest rate increases, environmental concerns and legislation and the loss of key personnel. These risks are significant to the group and are also detailed in the group financial statements.

The directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors are satisfied that the Company is well positioned to take advantage of future opportunities.

By order of the Board



T P Holden
Director

15 May 2015

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2014.

The Company changed its name to Pendragon Used Cars Limited from Quicks Car Supermarkets Limited on 21 April 2015.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (2013 : £nil).

DIRECTORS

The directors who held office during the year were as follows:

T G Finn
T P Holden
M S Casha
H C Sykes
Pendragon Management Services Limited

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements.

EMPLOYMENT OF DISABLED PERSONS

The Company recognises its responsibilities in employing and training disabled persons. If any employee becomes disabled it is standard practice, in all but the most extreme circumstances, to offer an alternative job and provide retraining where necessary.

EMPLOYEE INVOLVEMENT

Regular contact and exchanges of information are maintained to keep employees informed of the progress of the business.

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

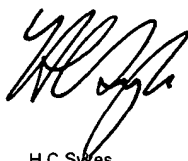
DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

KPMG LLP were appointed as auditor at the Annual General Meeting. This was as a result of a change to the legal entity structure within KPMG. KPMG LLP has indicated its willingness to continue as independent auditor and in accordance with section 489 of the Companies Act 2006, a resolution concerning its reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



H C Sykes
Secretary

Loxley House
2 Oakwood Court
Little Oak Drive
Annesley
Nottinghamshire
NG15 0DR
15 May 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENDRAGON USED CARS LIMITED

We have audited the financial statements of Pendragon Used Cars Limited for the year ended 31 December 2014 set out on pages 4 to 10. 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 31 December 2014 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 Strategic Report and 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.



Michael Steventon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

15 May 2015

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

Note		2014 £000	2013 £000
2	TURNOVER	49,670	51,561
	Cost of sales	(44,413)	(45,938)
	GROSS PROFIT	5,257	5,623
	Distribution costs	(3,455)	(3,684)
	Administrative expenses	(4,173)	(4,205)
3	OPERATING LOSS	(2,371)	(2,266)
5	Interest payable	(434)	(516)
	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,805)	(2,782)
6	Taxation on loss on ordinary activities	593	2,064
13	LOSS FOR THE FINANCIAL YEAR	(2,212)	(718)

There are no material differences between the losses as shown in the profit and loss account above and their historical cost equivalents.
All amounts relate to continuing operations.
There are no recognised gains and losses in either year other than the result for that year.
Movements in reserves are shown in note 13.
The notes on pages 7 to 10 form part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2014

Note		2014 £000	2013 £000
	FIXED ASSETS		
7	Tangible assets	574	723
	CURRENT ASSETS		
8	Stocks	7,998	9,274
9	Debtors	1,838	1,809
		9,836	11,083
10	CREDITORS: amounts falling due within one year	(11,771)	(10,955)
	NET CURRENT (LIABILITIES) / ASSETS	(1,935)	128
	NET (LIABILITIES) / ASSETS	(1,361)	851
	CAPITAL AND RESERVES		
12	Called up share capital	8,000	8,000
13	Profit and loss account	(9,361)	(7,149)
	SHAREHOLDERS' (DEFICIT) / FUNDS	(1,361)	851

Approved by the Board of Directors on 15 May 2015 and signed on its behalf by :



T P Holden
Director

Registered Company Number : 1482233

The notes on pages 7 to 10 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2014

	2014 £000	2013 £000
Loss for the financial year	(2,212)	(718)
Issue of ordinary shares	-	3,000
Net increase in shareholders' (deficit) / funds	(2,212)	2,282
Opening shareholders' funds / (deficit)	851	(1,431)
Closing shareholders' (deficit) / funds	(1,361)	851

The notes on pages 7 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

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

(a) Basis of preparation. The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention. The financial statements have been prepared on a going concern basis.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Pendragon group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Company's parent company, has confirmed that it will continue to provide financial support to the Company if needed. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. However, as with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue.

The directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Pendragon Used Cars Limited is a wholly owned subsidiary of Pendragon PLC. The Company's results are included in the consolidated financial statements of Pendragon PLC, which are publicly available; the Company has relied upon the exemption in FRS 1 (revised) and has not included a cash flow statement as part of these financial statements.

As the Company is a wholly owned subsidiary of Pendragon PLC the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

(b) Turnover. Turnover from the sale of goods is recognised in the profit and loss account, net of discounts, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when service has been completed. Turnover from services rendered is recognised in the profit and loss account in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by surveys of work performed or by reference to time expended on services that are charged on labour rate basis.

(c) Tangible fixed assets and depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic life as follows:

Plant and equipment - 10 to 33% per annum
Motor vehicles - 20 to 25% per annum

(d) Stocks. Motor vehicles and parts stocks are stated at the lower of cost and net realisable value.

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.

(e) Taxation. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred taxation. Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date, except as follows:

'(i) deferred tax is not recognised on the difference between book values and fair values of non-monetary assets arising on acquisitions unless there is a binding agreement to sell such an asset and the gain or loss expected to arise has been recognised; and
'(ii) deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

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

(f) Leases. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

(g) Post-retirement benefits. The Company participates in a group wide defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

(h) Related parties. The Company has a related party relationship with Reg Vardy (VMC) Limited, which is a joint venture undertaking between Pendragon PLC and General Motors UK Limited.

During the year, the following amounts were received from related parties in respect of vehicle sales:

	2014 £000	2013 £000
Reg Vardy (VMC) Limited	7	4

During the year, the following amounts were paid to related parties in respect of vehicle purchases:

	2014 £000	2013 £000
Reg Vardy (VMC) Limited	117	37

At the year end, £700 was owing to Reg Vardy (VMC) Limited (2013 : £5,600).

(i) Auditor's remuneration. Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Pendragon PLC.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

2 **TURNOVER**
All turnover arises in the United Kingdom from the Company's principal activities.

3 **OPERATING LOSS**
Operating loss has been arrived at after charging :

	2014 £000	2013 £000
Depreciation of tangible fixed assets - owned	182	198
Audit fee / Auditors' remuneration	1	1
Operating lease charges - Plant & equipment	2	6
Operating lease rentals - land and buildings	835	900

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Pendragon PLC.

4 **EMPLOYEES**
The average number employed by the Company in the following areas was:

	2014 Number	2013 Number
Sales	169	180
Administration	30	33
	199	213

	2014 £000	2013 £000
Costs incurred in respect of these employees were :		
Wages and salaries	3,829	3,932
Social security costs	312	317
Other pension costs	55	35
	4,196	4,284

No director of the Company received or waived any remuneration for services to the Company during the year (2013 : £nil).

There were no other employees during the year (2013 : nil)

The directors are employed by Pendragon PLC and full details of their remuneration can be found in the Directors Remuneration Report section of that company's annual report. Due to the large number of subsidiary undertakings of the Pendragon group it is impracticable to make any meaningful apportionments of the directors' remuneration for the Company.

5 **INTEREST PAYABLE**

	2014 £000	2013 £000
Bank loans and overdrafts	70	88
Intra group interest payable	50	122
Stocking loan interest	314	306
	434	516

6 **TAXATION**

	2014 £000	2013 £000
UK corporation tax at the UK average statutory rate of 21.5% (2013 : 23.25%)		
Current tax on income for the year	(606)	(651)
Adjustments in respect of prior periods	64	60
Total current tax	(542)	(591)
Deferred taxation		
Capital allowances for period in excess of depreciation	4	6
Effect of decrease in tax rate	-	230
Adjustments in respect of prior periods	(55)	(1,709)
Total deferred tax	(51)	(1,473)
Tax on loss on ordinary activities	(593)	(2,064)

Factors affecting the tax credit for the period:

The current tax credit for the period is lower (2013 : lower) than the standard rate of corporation tax in the UK ((21.5%) (2013 : 23.25%)). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before tax	(2,805)	(2,782)
Tax on loss at the UK average statutory rate of 21.5% (2013 : 23.25%)	(603)	(647)
Effects of:		
Capital allowances for period in excess of depreciation	(4)	(6)
Other disallowables	1	2
Adjustments in respect of prior periods	64	60
Total current tax credit	(542)	(591)

On 20 March 2013, the Chancellor stated his intention to reduce the main rate of UK corporation tax to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015. These additional rate reductions were substantively enacted on 2 July 2013. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the expected long term rate of 20% substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2014

7 FIXED ASSETS - TANGIBLE ASSETS

	Short Leasehold Property £000	Plant & Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 31 December 2013	55	1,147	29	1,231
Additions	-	114	43	157
Disposals	(27)	(145)	(48)	(220)
At 31 December 2014	28	1,116	24	1,168
Depreciation				
At 31 December 2013	16	492	-	508
Charge for the year	5	174	3	182
Disposals	(11)	(83)	(2)	(96)
At 31 December 2014	10	583	1	594
Net book value				
At 31 December 2014	18	533	23	574
At 31 December 2013	39	655	29	723

8 STOCKS

	2014 £000	2013 £000
Vehicles for resale	7,859	9,144
Vehicle parts and other stocks	139	130
	7,998	9,274

During the year a credit of £44,000 was recognised in respect of the write down of stocks (2013 : £99,000 credit).

9 DEBTORS

	2014 £000	2013 £000
Trade debtors	1	15
Other debtors and prepayments	250	258
Deferred tax (see note 11)	1,587	1,536
	1,838	1,809

All amounts are due within one year, with the exception of deferred tax.

10 CREDITORS : amounts falling due within one year

	2014 £000	2013 £000
Bank overdraft	5,496	2,692
Payments received on account	113	110
Amounts owed to group undertakings	5	491
Trade creditors	4,941	6,294
Other taxation and social security	157	179
Accruals and deferred income	1,059	1,189
	11,771	10,955

11 DEFERRED TAX ASSET

The movement in the deferred tax asset for the year is as follows:

	Deferred tax £000
At 31 December 2013	1,536
Profit and loss account	51
At 31 December 2014	1,587

The amounts of deferred tax asset in the financial statements are as follows:

	2014 £000	2013 £000
Fixed asset timing differences	144	97
Losses	1,437	1,437
Other short term timing differences	6	2
Fixed asset timing differences	1,587	1,536

The directors believe that the deferred tax asset recognised is recoverable as they expect taxable profits to arise in the foreseeable future.

Deferred tax assets are shown in debtors (see note 9).

12 CALLED UP SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid :		
8,000,000 (2013 : 8,000,000) ordinary shares of £1 each	8,000	8,000

NOTES TO THE FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2014

13	RESERVES	Profit and Loss Account £000
	At 31 December 2013	(7,149)
	Loss for financial year	(2,212)
	At 31 December 2014	(9,361)

14 OPERATING LEASE COMMITMENTS

Annual lease payments due in 2015 under operating leases of the Company, according to the period in which the lease expires are as follows:

	Land and buildings:	
	2014	2013
	£000	£000
Over 5 years	320	424

15 PENSIONS

The Company participates in a defined contribution scheme (group stakeholder arrangement) for eligible employees. In addition, to comply with the Government's automatic enrolment legislation, the Company chose to participate in the People's Pension Scheme in April 2013. This is a defined contribution occupational pension scheme provided by B&CE.

The pension charge cost in respect of the group stakeholder arrangement and the People's Pension Scheme for the year was £55,000 (2013 : £35,000).

16 CONTINGENT LIABILITIES

The Company is party to multi-lateral cross guarantees in respect of the indebtedness of Pendragon PLC and its UK subsidiaries in favour of certain lenders to the Group.

Pendragon PLC has granted security over some of the Company's assets, not subject to any other arrangements, mainly comprising property, debtors and certain vehicle stocks. Pendragon PLC has also granted security over assets in some of its other subsidiaries and if security over the total of all those assets had been granted at 31 December 2014, the Group balance sheet value of those assets would have been £354m (2013 : £297m).

17 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The Company's ultimate parent company and ultimate controlling party is Pendragon PLC which is incorporated in England and Wales. The largest and smallest group in which the results of the Company are consolidated is that headed by Pendragon PLC. Financial statements of Pendragon PLC for the year ended 31 December 2014 are available from the Company Secretary, Pendragon PLC, Loxley House, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR.