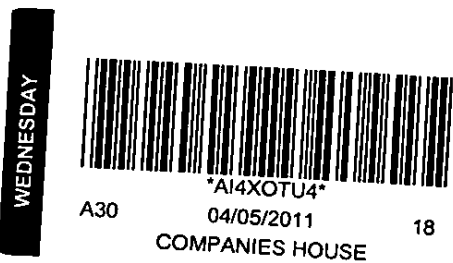


**EVANS HALSHAW (CHESHAM) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2010**

Registered Number 1994408



**EVANS HALSHAW (CHESHAM) LIMITED**

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**YEAR ENDED 31 DECEMBER 2010**

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**DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2010**

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2010

**RESULTS AND DIVIDENDS**

The results for the year are shown in the profit and loss account on page 3  
The directors do not recommend the payment of a dividend (2009 £nil)

**BUSINESS REVIEW**

The Company did not trade during the year

The majority of the Pendragon Group's borrowing facilities expire on 30 April 2012. The Group has begun preliminary discussions on renewal of these facilities. At this stage, the expectation is that the facilities will be renewed in 2011. Current forecasts and projections taking account of potential changes in market circumstances show that the Group should be able to operate within the level of the current facilities.

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.

**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

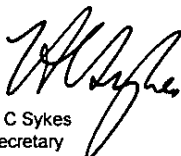
**POLITICAL AND CHARITABLE DONATIONS**

The Company made no political or charitable donations during the year (2009 £nil)

**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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

  
H C Sykes  
Secretary

Loxley House  
Little Oak Drive  
Annesley  
Nottinghamshire  
NG15 0DR  
15 April 2011

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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 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 EVANS HALSHAW (CHESHAM) LIMITED**

We have audited the financial statements of Evans Halshaw (Chesham) Limited for the year ended 31 December 2010 set out on pages 3 to 8. 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 auditors' 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 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its result 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

**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



**G Watts (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
Registered Auditor

15 April 2011

**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2010**

Note		2010 £000	2009 £000
	<b>RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	-	-
4	Taxation on result on ordinary activities	-	11
7	<b>RESULT / PROFIT FOR THE FINANCIAL YEAR</b>	-	11

There are no material differences between the result / profit as shown in the profit and loss account above and their historical cost equivalents

All amounts relate to discontinued operations

There are no recognised gains and losses in either year other than the result for that year

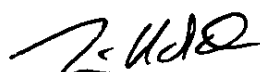
Movements in reserves are shown in note 7

The notes on pages 6 to 8 form part of these financial statements

**BALANCE SHEET****AT 31 DECEMBER 2010**

Note		2010 £000	2009 £000
	<b>CURRENT ASSETS</b>		
5	Debtors	5,022	5,022
	<b>NET ASSETS</b>	<b>5,022</b>	<b>5 022</b>
	<b>CAPITAL AND RESERVES</b>		
6	Called up share capital	292	292
7	Profit and loss account	4,730	4 730
	<b>SHAREHOLDERS' FUNDS</b>	<b>5,022</b>	<b>5,022</b>

Approved by the Board of Directors on 15 April 2011 and signed on its behalf by

T P Holden  
Director

Registered Company Number 1994408

The notes on pages 6 to 8 form part of these financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDSYEAR ENDED 31 DECEMBER 2010

	2010 £000	2009 £000
Result / profit for the financial year	-	11
Net increase in shareholders' funds	-	11
Opening shareholders' funds	5,022	5,011
Closing shareholders' funds	5,022	5,022

The notes on pages 6 to 8 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2010****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) Accounting convention 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 Business Review section of the Directors' Report on page 1

The majority of the Pendragon Group's borrowing facilities expire on 30 April 2012 The Group has begun preliminary discussions on renewal of these facilities At this stage, the expectation is that the facilities will be renewed in 2011 Current forecasts and projections taking account of potential changes in market circumstances show that the Group should be able to operate within the level of the current facilities

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

(b) 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

(c) Cash flow statement Evans Halshaw (Chesham) 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

(d) Related parties 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

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 no amounts were received from or paid to related parties At the year end no amounts were due to or receivable from related parties

(e) Auditor's remuneration Auditor's remuneration is borne by Alloy Racing Limited, another group Company

**2 OPERATING RESULT**

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

**3 EMPLOYEES**

The Company had no employees during the year (2009 nil)

No director of the Company received or waived any remuneration for services to the Company during the year (2009 £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



## NOTES TO THE FINANCIAL STATEMENTS continued

## YEAR ENDED 31 DECEMBER 2010

4	TAXATION	2010 £000	2009 £000
	UK corporation tax at the UK average statutory rate of 28% (2009 28%)		
	Adjustments in respect of prior periods	-	23
	Deferred taxation		
	Adjustments in respect of prior periods	-	(34)
		-	(11)
	Factors affecting the tax credit for the period		
	The current tax charge for the period is equal to (2009 higher) than the standard rate of corporation tax in the UK ((28%) (2009 28%)) The differences are explained below	2010 £000	2009 £000
	Result on ordinary activities before tax	-	-
	Tax on result at the UK average statutory rate of 28% (2009 28%)	-	-
	Effects of		
	Adjustments to tax charge in respect of previous periods	-	23
	Total current tax charge	-	23
	Aggregate tax credits are analysed as		
	Current tax	-	23
	Deferred tax	-	(34)
		-	(11)
	The Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 26% was substantively enacted on 29 March 2011 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly.		
5	DEBTORS	2010 £000	2009 £000
	Amounts owed by group undertakings	5,022	5,022
	All amounts are due within one year		
6	CALLED UP SHARE CAPITAL	2010 £000	2009 £000
	Allotted, called up and fully paid		
	291,827 (2009 291,827) ordinary shares of £1.00 each	292	292
7	RESERVES		Profit and Loss Account £000
	At 31 December 2009 and at 31 December 2010		4,730

**NOTES TO THE FINANCIAL STATEMENTS continued**

**YEAR ENDED 31 DECEMBER 2010**

**8 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH 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 2010 are available from the Company Secretary, Pendragon PLC, Loxley House, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR.

**9 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 2010, the Group balance sheet value of those assets would have been £309m.