

**INCHCAPE EAST (BROOK) LIMITED (FORMERLY  
LINDBROOK LIMITED)**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

**Registered in England and Wales No 3344494**

Registered Office  
Suite 3  
Rushmoor Court  
Croxley Business Park  
Hatters Lane  
Watford  
Herts  
WD18 8PY



## **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

### **Report of the directors**

The Directors submit their report together with the audited accounts for the year ended 31 December 2006

#### **1 Business review and principal activities**

The principal activities of the company during the year under review were distribution and retailing of cars and commercial vehicles sales of oils spare parts together with service repair facilities and vehicle rental

The results for the company show a pre-tax profit of £925 000 (2005 £963,000 loss) for the year

The Directors do not recommend the payment of a dividend (2005 £Nil)

On 1 January 2006 the net assets and trade of 4 Volkswagen franchises were transferred to Lindvale 2 Limited a fellow subsidiary undertaking at book value as part of a group restructuring plan. The results of these franchises have been presented as discontinued operations in 2005

On 4th July 2006, Inchcape Retail Limited acquired the entire share capital of Lind Automotive Group Holdings Limited including that of Lindbrook Limited which consists of 4 dealerships in the South and East of England. A cash consideration of £64.4m was paid for the group plus £18.7m to settle outstanding debt with a cash consideration of £26.5m for selected properties held outside Lind which were acquired by Inchcape Estates Limited, a fellow group undertaking

On 19th June 2007 the company passed a special resolution to change its name from Lindbrook Limited to Inchcape East (Brook) Limited

#### **2 Future outlook**

The directors do not foresee any significant changes in the company or its activities during 2007

#### **3 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 Inchcape group as a whole is provided on page 14 - 17 of the Group's Annual Report which does not form part of this report

#### **4 Key performance indicators (KPIs)**

The company is part of the Inchcape Group. The development, performance and position of the UK retail division which includes this company, is discussed on page 8 of the Group's Annual Report which does not form part of this report

#### **5 Directors**

The directors who held office throughout the year except as noted, were

G Dacre (resigned 4 July 2006)

B Fawcett (resigned 4 July 2006)

G J Potts (appointed 4 July 2006 resigned 17 September 2006)

M P Wheatley (appointed 4 July 2006)

C McCormack (appointed 4 July 2006)

S Lock (appointed 4 July 2006)

## **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

### **Report of the directors**

#### **6 Transactions with directors**

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2006 or occurred during the year for any director or connected person (2005: None) other than those disclosed in Note

#### **7 Directors' responsibility in respect of the preparation of accounts**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that

- suitable accounting policies have been used and applied consistently
- reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2006,
- applicable accounting standards have been followed

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **8 Employee involvement**

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group Intranet "the Pulse" and UK in-house magazine "Ignition" facilitate communication with employees throughout the world. Employees are regularly consulted upon matters concerning their employment.

Information is given on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc savings share option scheme, subject to the rules of that scheme. Employees are also offered Inchcape Colleague Advantages to promote their well-being.

#### **9 Employment and training policy**

The company is an equal opportunities employer and it is committed, where practicable and safe to do so, to the employment of disabled staff. The company is committed to the training and development of its staff. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

#### **10 Creditor payment policy**

The company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the company's suppliers are conducted. While the company does not follow any single external code or standard, in line with Inchcape Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

The number of days' purchases outstanding as at 31 December 2006, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year, was 19 days (2005 - 27 days).

#### **11 Statement of disclosure of information to auditors**

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken such steps as they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **12 Auditors**

On 30 October 2006, Grant Thornton UK LLP resigned as auditors and were replaced by PricewaterhouseCoopers LLP (PwC) on 7 November 2006. The directors used their power under the Companies Act 1985 to appoint PwC to fill the vacancy created by the resignation of Grant Thornton UK LLP.

Pursuant to Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly, PricewaterhouseCoopers LLP have indicated their willingness to remain in office.

## INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)

### Report of the directors

#### 13 Elective resolutions

In addition to the aforementioned election to dispense with the obligation to appoint auditors annually, further elective resolutions passed by the members remain in force. These resolutions remove the requirement for the company to -

- (i) Hold Annual General Meetings and
- (ii) Lay Report and Accounts before a General Meeting

By Order of the Board



For and on behalf of  
Inchcape UK Corporate Management Limited  
Company Secretary  
Date 3/9/2007

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

We have audited the financial statements of Inchcape East (Brook) Limited (formerly Lindbrook Limited) for the year ended 31 December 2006 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.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

### **Opinion**

In our opinion:

- i) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- ii) the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- iii) the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

Date 7/9/07

# **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

## **Profit and loss account**

**For the year ended 31 December 2006**

	<b>Note</b>	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Turnover</b>			
Continuing operations	<b>1</b>	130,082	109,061
Discontinued operations		-	54,468
		<u>130,082</u>	<u>163,529</u>
<b>Cost of sales</b>		(116,573)	(146,060)
<b>GROSS PROFIT</b>		<u>13,509</u>	<u>17,470</u>
Distribution costs		(7,624)	(7,318)
Administrative expenses		(4,849)	(10,192)
<b>Net operating expenses</b>		<u>(12,473)</u>	<u>(17,510)</u>
<b>Operating profit/(loss)</b>	<b>2</b>		
Continuing operations		1,037	705
Discontinuing operations		-	(745)
		<u>1,037</u>	<u>(40)</u>
Interest payable	<b>6</b>	(111)	(923)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>925</u>	<u>(963)</u>
Tax (charge)/credit on profit/(loss) on ordinary activities	<b>7</b>	(403)	258
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>522</u>	<u>(705)</u>
Dividends	<b>8</b>	-	-
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		<u>522</u>	<u>(705)</u>
Profit and loss account brought forward		<u>260</u>	<u>965</u>
Profit and loss account carried forward	<b>17</b>	<u><u>782</u></u>	<u><u>260</u></u>

There are no recognised gains or losses in either the current or previous financial years other than the profit for the financial year and therefore no statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

# INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)

Balance sheet  
As at 31 December 2006

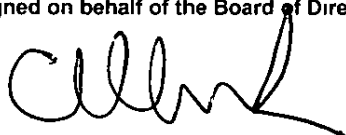
	Note	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Intangible asset	9	439	625
Tangible assets	10	565	1,927
		<u>1,004</u>	<u>2,552</u>
<b>Current Assets</b>			
Stocks	11	17,143	21,001
Debtors	12	6,339	8,861
Cash at bank and in hand		-	1,986
		<u>23,482</u>	<u>31,849</u>
<b>Creditors - amounts falling due within one year</b>	13	(23,378)	(26,859)
<b>Net current assets</b>		<u>103</u>	<u>4,989</u>
<b>Total assets less current liabilities</b>		<u>1,107</u>	<u>7,541</u>
<b>Creditors - amounts falling due after more than one year</b>	14	-	(6,987)
<b>Provisions for liabilities and charges</b>	15	(75)	(44)
<b>Net assets</b>		<u>1,032</u>	<u>510</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	250	250
Profit and loss account	17	782	260
<b>EQUITY SHAREHOLDERS' FUNDS</b>	18	<u>1,032</u>	<u>510</u>

Debtors include £nil (2005 £3,527,759) falling due after more than one year

The financial statements on pages 5 to 13 were approved by the Board of Directors on

3/9/2007

Signed on behalf of the Board of Directors



C McCormack  
Director

## **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

Notes to the accounts for the year ended 31 December 2006

### **1 ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are as described below.

The principal accounting policies of the company have been reviewed in accordance with Financial Reporting Standard 18 'Accounting Policies'.

No new accounting policies have been adopted during the year.

#### **Turnover**

Turnover represents the invoiced value of goods and services provided excluding Value Added Tax. The turnover is attributable to the one principal activity and is wholly derived in the United Kingdom.

#### **Intangible fixed assets**

Goodwill represents the difference between the fair value of the consideration and the identifiable net assets at the date of acquisition and is written off over the directors' estimate of its useful economic life of five to ten years.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant machinery fixtures & fittings	10% - 33% on cost
Motor vehicles	25% on cost
Leasehold improvements	10% - 25% on cost

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary provision is made for obsolete, slow moving and defective stocks. Stocks on consignment and their related obligations are recognised in current assets and creditors respectively on adoption of the consignment stock when the risks and rewards of ownership pass to the company.

#### **Consignment stock**

Where it is concluded that consignment stock is in substance an asset of the company it is recognised on the balance sheet together with a corresponding liability to the manufacturer.

#### **Deferred taxation**

Deferred taxation is provided for in full (without discounting) based on current tax rates and law on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax in the future except as otherwise required by FRS19. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.



## **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

Notes to the accounts for the year ended 31 December 2006

### **1 ACCOUNTING POLICIES (CONTINUED)**

#### **Leased assets**

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

#### **Pension and other post retirement benefits**

The group contributes to a group personal pension plan for individuals and the contributions are accounted for in the period to which they relate

#### **FRS 8 Related party transactions**

The directors regard Inchcape plc, a company registered in England and Wales, as the ultimate controlling party. Therefore the Company has applied the exemption in paragraph 3 of FRS 8 "Related Party Disclosure". This exemption permits the non-disclosure of transactions and balances with related parties that are included in the consolidated financial statements of Inchcape plc. The directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS 8

# **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

Notes to the accounts for the year ended 31 December 2006

## **2 Operating profit/(loss)**

The operating profit/(loss) is stated after charging

	2006 £'000	2005 £'000
Employee costs (see Note 3)	7 349	11 128
Depreciation of tangible fixed assets - owned	369	643
Depreciation of tangible fixed assets - under HP	-	33
Amortisation	186	180
Auditors' remuneration	15	33
Loss on disposal of fixed assets	131	3
Operating lease rentals - land and buildings	768	1 669
- plant and machinery	12	-

## **3 Employees**

Staff costs during the year amounted to

	2006 £'000	2005 £'000
Salaries and wages	6 488	9 955
Social security costs	713	1 057
Pension costs	147	116
	<u>7,349</u>	<u>11 128</u>

The average number of persons employed by the company throughout the year was made up as follows

	2006 No	2005 No
Retail	92	122
After-sales	100	117
Administration & management	35	199
	<u>227</u>	<u>438</u>

## **4 Directors' emoluments**

None of the directors received any remuneration for services rendered to the Company (2005 £Nil)

## **5 Pensions and other post retirement benefits**

### **Pension benefits**

The company contributes to a group's personal pension plan for individuals. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge for the year was £147 000 (2005 £116 000). At 31 December 2006 there were no outstanding or prepaid contributions (2005 £nil).

## **6 Interest payable**

	2006 £'000	2005 £'000
Interest payable on bank loans and overdrafts	111	923
	<u>111</u>	<u>923</u>

## **7 Taxation**

### **a) Taxation charge/(credit) for the year**

The taxation charge/(credit) based on the results for the year is made up as follows

	2006 £'000	2005 £'000
UK Corporation Tax at 30% (2005 charge 30%)	372	(245)
Over provision in previous year	-	31
	<u>372</u>	<u>(214)</u>
Deferred tax origination and reversal of timing differences	31	(44)
Tax charge/(credit) for the year	<u>403</u>	<u>(258)</u>

# **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

Notes to the accounts for the year ended 31 December 2006

## **7 Taxation (continued)**

### **b) Factors affecting tax charge/(credit) for the year**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £'000	2005 £'000
Profit/(loss) on ordinary activities before tax	925	(963)
Tax at 30% (2005: 30%)	278	(289)
<i>Factors affecting charge/(credit) for the year</i>		
Non-deductible expenses	111	10
Depreciation in excess of capital allowances/accelerated capital allowances	(17)	38
Adjustment to tax charge in respect of previous year	-	31
Other items	-	(4)
Current tax charge/(credit) for the year (as above)	372	(214)

### **c) Factors that may affect future tax charges**

Excluding the impact of exceptional items and assuming the current level of profitability continues the anticipated future effective rate of tax for the company will be approximately 40% representing a current year tax charge calculated as the UK nominal rate of tax (2006: 30%) multiplied by the accounting profit or loss for the year plus the non-deductible amortisation of goodwill (2006: £0.2m) and other permanent items.

The UK budget announcement of 21 March 2007 included a number of changes to the UK tax rules to be phased in over the financial years 2008/09 - 2010/11 (inclusive). The announcements that will have the most immediate impact to UK companies are the reduction in the rate of UK corporation tax from 30% to 28% and the reduction in tax allowances on plant and machinery from 25% to 20% (plant) and 25% to 10% (building fixtures) for the 2008/09 financial year, followed by the phased abolition of tax allowances (4% pa) on buildings used for an industrial use. As at the balance sheet date these changes have not been substantially enacted and hence the deferred tax has not been restated to reflect the reduced tax rates and allowances that have been proposed.

## **8 Dividends**

No dividends were proposed or paid in 2006 or 2005.

## **9 Intangible fixed assets**

	Goodwill £'000
<i>Cost</i>	
At 1 January 2006 and 31 December 2006	1,150
<i>Amortisation</i>	
At 1 January 2006	525
Charge for the year	186
At 31 December 2006	711
<i>Net book value</i>	
At 31 December 2006	439
At 31 December 2005	625

# **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

Notes to the accounts for the year ended 31 December 2006

## **10 Tangible fixed assets**

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant, machinery, fixtures and fittings £'000	Motor vehicles £'000	TOTAL £'000
<i>Cost</i>					
At 1 January 2006	73	15	3 718	137	3,943
Transferred to Lindvale 2 Limited	(8)	-	(1 678)	(25)	(1 711)
Transferred to other companies	-	-	(105)	-	(105)
Additions	3	2	140	14	159
Disposals	(65)	(15)	(223)	(11)	(314)
At 31 December 2006	<u>3</u>	<u>2</u>	<u>1 852</u>	<u>115</u>	<u>1 972</u>
<i>Depreciation</i>					
At 1 January 2006	8	-	1,940	68	2 016
Transferred to Lindvale 2 Limited	(1)	-	(741)	(9)	(751)
Transferred from other companies	-	-	(35)	-	(35)
Charged in the year	24	-	323	22	369
Disposals	(31)	-	(154)	(7)	(192)
At 31 December 2006	<u>-</u>	<u>-</u>	<u>1 333</u>	<u>74</u>	<u>1 407</u>
<i>Net book value</i>					
At 31 December 2006	<u>3</u>	<u>2</u>	<u>519</u>	<u>41</u>	<u>565</u>
At 31 December 2005	<u>65</u>	<u>15</u>	<u>1 778</u>	<u>69</u>	<u>1 927</u>

On 1 January 2006 the assets of 4 volkswagen dealerships were transferred to a fellow group company Lindvale 2 Limited at net book value at nil profit nil loss

## **11 Stocks**

	2006 £'000	2005 £'000
Finished goods - purchased stock	9 622	11 318
Finished goods - consignment stock	7 521	9,683
	<u>17 143</u>	<u>21 001</u>

Finished goods consist partly of consignment stock that is held on a sale or return basis from the manufacturer. The liability for these vehicles which bears a financing charge at variable rates is included in trade creditors (see note 12). Payment becomes due when title passes to the Company which is generally the earlier of six months from delivery to the company or when they are sold by the company.

## **12 Debtors**

	2006 £'000	2005 £'000
Trade debtors	2 768	3 012
Amounts owed by group undertakings	2 887	3 528
Other debtors	6	199
Prepayments and accrued income	678	2 123
	<u>6 339</u>	<u>8 861</u>

# **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

Notes to the accounts for the year ended 31 December 2006

## **13 Creditors amounts falling due within one year**

	2006 £'000	2005 £'000
Bank loans and overdraft	5 069	2 114
Deposits received	1 295	683
Trade creditors	13 521	11 730
Amounts owed to group undertakings	2 761	-
Net obligations under hire purchase	-	33
Other taxation and social security costs	187	1 335
Other creditors	32	9,253
Accruals and deferred income	513	1 711
	<u>23 378</u>	<u>26 859</u>

## **14 Creditors amounts falling due after more than one year**

	2006 £'000	2005 £'000
Net obligations under hire purchase	-	92
Amounts due to group undertakings	-	6,805
	<u>-</u>	<u>6 897</u>

On acquisition of the company by Inchcape Retail Limited the amounts due over one year were settled with their respective counterparties

## **15 Provisions against liabilities and charges**

	2006 £'000	2005 £'000
<b>Deferred taxation</b>		
Opening balance	44	88
Accelerated capital allowances	31	(44)
Deferred taxation liability	<u>75</u>	<u>44</u>

## **16 Called up share capital**

	2006 £'000	2005 £ 000
Authorised 250 000 ordinary shares of £1 each	<u>250</u>	<u>250</u>
Allotted called up and fully paid 250,000 ordinary share of £1 each	<u>250</u>	<u>250</u>

## **17 Reserves**

	Profit & Loss £'000
At 1 January 2006	260
Retained profit for the year	<u>522</u>
At 31 December 2006	<u>782</u>

## **18 Reconciliation of movements in shareholders' funds**

	2006 £'000	2005 £'000
Retained profit/(loss) for the year	522	(705)
Opening shareholders' funds	<u>510</u>	<u>1 215</u>
Closing shareholders' funds	<u>1 032</u>	<u>510</u>

# **INCHCAPE EAST (BROOK) LIMITED (FORMERLY LINDBROOK LIMITED)**

Notes to the accounts for the year ended 31 December 2006

## **19 Commitments under operating leases**

Annual commitments under operating leases, analysed over the period when the lease expires are as follows

	Plant and equipment		Land and buildings	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Within one year	-	-	1,029	958
Between two and five years	7	-	-	48
After five years	-	-	-	707
	<u>7</u>	<u>-</u>	<u>1,029</u>	<u>1,713</u>

## **20 Contingent Liabilities**

The company is party to composite cross guarantees between banks, its ultimate parent company and fellow subsidiaries. The company's contingent liability under these guarantees at the year end was £nil (2005 £26 164 040)

Prior to acquisition the company had a joint and several liability under a group VAT registration. The total liability at 31 December 2005 was £1 680 812

## **21 Transaction with related parties and directors**

During the year the group purchased or sold vehicles to the following directors

	2006		2005	
	Sales	Purchases	Sales	Purchases
	£	£	£	£
BK Fawcett	-	-	36 659	80,390

During the year the group paid rent totalling £144 150 (2005 £275,000) in respect of property owned by G M Dacre

## **22 Cash flow statement**

The company's ultimate parent undertaking is Inchcape plc, a company registered in England and Wales. Accordingly the company has taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (Revised) Cash Flow Statements and not published its own cash flow statement

## **23 Parent Undertaking and Controlling Party**

The company's immediate parent is Inchcape East (Acre) Limited (formerly Lindacre Limited) a company registered in England and Wales

The Directors regard the ultimate parent undertaking to be Inchcape plc a company registered in England and Wales

Both the smallest and the largest group of which the company is a member and for which Group Accounts are drawn up is that of Inchcape plc. Copies of the Report and Accounts for that company are available from

The Company Secretary  
Inchcape plc  
22A St James's Square  
London  
SW1Y 5LP