

INCHCAPE EAST (BROOK) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

Registered in England and Wales No. 3344494

Registered Office
Suite 3, Building 8
Croxley Green Business Park
Hatters Lane
Watford
Herts
WD18 8PY

FRIDAY



LF21J4F5

L27

31/10/2008

27

COMPANIES HOUSE

INCHCAPE EAST (BROOK) LIMITED

Report of the directors

The Directors submit their report together with the audited accounts for the year ended 31 December 2007

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

The results for the company show a profit after tax of £1,595,000 (2006 £522,000) for the year
The Directors do not recommend the payment of a dividend (2006 £Nil)

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

2 Future outlook

The directors do not foresee any significant changes in the company or its activities during 2008

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 franchise and non-franchise retailers, employee retention and the general slowdown in the economic environment. Consumer confidence has fallen and this is affecting purchase decisions, particularly on big ticket items like cars. Inchcape has a strong and resilient business model and is taking appropriate actions to right-size the overall cost base.

Through the execution of Inchcape's proven strategy we expect the company will mitigate the industry downturn in the short term and place it in a position of strength when the market rebounds to the benefits of its People, Customers, Brand Partners and Shareholders. Further discussion on this specific risk is found in the interim management statement from Andre Lacroix, Group Chief Executive, dated 17 October 2008.

Further discussion of these risks and uncertainties, in the context of the Inchcape group as a whole, is provided on pages 34-37 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 30 of the Group's Annual Report which does not form part of this report.

5 Directors

The directors who held office throughout the year were

M P Wheatley
C McCormack
S Lock

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 2007, or occurred during the year for any director or connected person (2006 None)

7 Directors' indemnity

A qualifying third party indemnity (QTPI), as permitted by the Company's Articles of Association and sections 309A to 309C of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgement is given against the Director.

INCHCAPE EAST (BROOK) LIMITED

Report of the directors

8 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

9 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 "Customer 1st" 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 Benefit to promote their well-being.

10 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.

11 Supplier 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 2007, 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 17 days (2006 - 19 days).

12 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.

13 Auditors

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.

14 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 29/10/2008

INCHCAPE EAST (BROOK) LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 that company for the period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make reasonable and prudent judgements and estimates,
- state whether applicable United Kingdom Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue its 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INCHCAPE EAST (BROOK) LIMITED

We have audited the financial statements of Inchcape East (Brook) 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.

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 2007 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 UK

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Date 31/10/08

INCHCAPE EAST (BROOK) LIMITED

Profit and loss account
For the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
<i>Continuing operations</i>			
Turnover			
Continuing operations	1	164,707	130,082
Cost of sales		(148,115)	(116,573)
GROSS PROFIT		<u>16,592</u>	<u>13,509</u>
Distribution costs		(8,516)	(7,624)
Administrative expenses		(5,451)	(4,849)
Net operating expenses		<u>(13,967)</u>	<u>(12,473)</u>
Operating profit	2	2,625	1,037
Interest payable	6	(409)	(111)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,216</u>	<u>925</u>
Tax charge on profit on ordinary activities	7	(621)	(403)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR		<u>1,595</u>	<u>522</u>
Profit and loss account brought forward		<u>782</u>	<u>260</u>
Profit and loss account carried forward	16	<u><u>2,377</u></u>	<u><u>782</u></u>

There are no recognised gains or losses for the current and preceeding financial years other than the profit of £1,595,000 (2006 £522,000) shown above

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

Balance sheet
As at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Intangible asset	9	257	439
Tangible assets	10	434	565
		<u>691</u>	<u>1,004</u>
Current Assets			
Stocks	11	18,989	17,143
Debtors	12	6,758	6,339
		<u>25,747</u>	<u>23,482</u>
Creditors - amounts falling due within one year	13	(23,811)	(23,378)
Net current assets		<u>1,936</u>	<u>103</u>
Total assets less current liabilities		2,627	1,107
Provisions for liabilities and charges		-	(75)
Net assets		<u>2,627</u>	<u>1,032</u>
CAPITAL AND RESERVES			
Called up share capital	15	250	250
Profit and loss account	16	2,377	782
EQUITY SHAREHOLDERS' FUNDS	17	<u>2,627</u>	<u>1,032</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 29th October 2008

Signed on behalf of the Board of Directors



C McCormack
Director

INCHCAPE EAST (BROOK) LIMITED

Notes to the accounts for the year ended 31 December 2007

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The particular accounting policies adopted are as described below. They have all been applied consistently throughout the year and the preceding 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.

Revenue recognition

Revenue from the sale of goods and services sold is measured at the fair value of consideration receivable, net of rebates and any discounts, and includes lease rentals and finance and insurance commission. It excludes sales related to taxes and intra-Group transactions.

Dividend income is recognised when the right to receive payment is established.

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.

INCHCAPE EAST (BROOK) LIMITED

Notes to the accounts for the year ended 31 December 2007

1 ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided 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 future except as otherwise required by FRS 19

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

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

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

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

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts

INCHCAPE EAST (BROOK) LIMITED

Notes to the accounts for the year ended 31 December 2007

2 Operating profit

The operating profit is stated after charging

	2007 £'000	2006 £'000
Employee costs (see Note 3)	8,626	7,349
Depreciation of tangible fixed assets - owned	293	369
Amortisation	182	186
Auditors' remuneration	19	15
(Profit)/loss on disposal of fixed assets	(4)	131
Operating lease rentals - land and buildings	1,084	768
- plant and machinery	19	12
	<u>19</u>	<u>12</u>

3 Employees

Staff costs during the year amounted to

	2007 £'000	2006 £'000
Salaries and wages	7,654	6,488
Social security costs	849	713
Pension costs	123	147
	<u>8,626</u>	<u>7,349</u>

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

	2007 No	2006 No
Retail	84	92
Aftersales	109	100
Administration & management	39	35
	<u>232</u>	<u>227</u>

4 Directors' emoluments

None of the directors received any remuneration for services rendered to the Company (2006 £Nil)

5 Pensions and other post retirement benefits

The company contributes to a group 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 £39,000 (2006 £35,000). At 31 December 2007 there were no outstanding or prepaid contributions (2006 £nil).

6 Interest payable

	2007 £'000	2006 £'000
Interest payable on bank loans and overdrafts	409	111
	<u>409</u>	<u>111</u>

INCHCAPE EAST (BROOK) LIMITED

Notes to the accounts for the year ended 31 December 2007

7 Taxation

a) Taxation charge for the year

The taxation charge based on the results for the year is made up as follows

	2007 £'000	2006 £'000
UK Corporation Tax at 30% (2006 30%)	762	372
Over provision in previous year	20	-
	<u>782</u>	<u>372</u>
Deferred tax origination and reversal of timing differences	(161)	31
Tax charge for the year	<u>621</u>	<u>403</u>

b) Factors affecting tax charge 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

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>2,216</u>	<u>925</u>
Tax at 30% (2006 30%)	665	278
Factors affecting charge for the year		
Non-deductible expenses	13	111
Depreciation in excess of capital allowances/accelerated capital allowances	84	(17)
Adjustment to tax charge in respect of previous year	20	-
Current tax charge for the year (as above)	<u>782</u>	<u>372</u>

c) Factors that may affect future tax charges

The anticipated future effective rate of tax for the company will be slightly above or below the UK nominal rate (2006 30%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense

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 paid in 2007 or 2006

9 Intangible fixed assets

	Goodwill £'000
<i>Cost</i>	
At 1 January 2007 and 31 December 2007	<u>1,150</u>
<i>Amortisation</i>	
At 1 January 2007	711
Charge for the year	182
At 31 December 2007	<u>893</u>
<i>Net book value</i>	
At 31 December 2007	<u>257</u>
At 31 December 2006	<u>439</u>

INCHCAPE EAST (BROOK) LIMITED

Notes to the accounts for the year ended 31 December 2007

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 2007	3	2	1,852	115	1,972
Transferred to Lindvale 2 Limited	(1)	-	6	-	5
Transferred to other companies	-	-	9	-	9
Additions	-	-	157	-	157
Disposals	-	-	(193)	(41)	(234)
At 31 December 2007	<u>2</u>	<u>2</u>	<u>1,831</u>	<u>74</u>	<u>1,909</u>
<i>Depreciation</i>					
At 1 January 2007	-	-	1,333	74	1,407
Transferred from other companies	-	-	3	-	3
Charged in the year	-	-	275	18	293
Disposals	-	-	(188)	(40)	(228)
At 31 December 2007	<u>-</u>	<u>-</u>	<u>1,423</u>	<u>52</u>	<u>1,475</u>
<i>Net book value</i>					
At 31 December 2007	<u>2</u>	<u>2</u>	<u>408</u>	<u>22</u>	<u>434</u>
At 31 December 2006	<u>3</u>	<u>2</u>	<u>519</u>	<u>41</u>	<u>565</u>

11 Stocks

	2007 £'000	2006 £'000
Finished goods - purchased stock	9,895	9,622
Finished goods - consignment stock	9,094	7,521
	<u>18,989</u>	<u>17,143</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 13). 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

	2007 £'000	2006 £'000
Trade debtors	2,742	2,768
Amounts owed by group undertakings	3,192	2,887
Other debtors	54	6
Deferred taxation (note 14)	86	-
Prepayments and accrued income	684	678
	<u>6,758</u>	<u>6,339</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

INCHCAPE EAST (BROOK) LIMITED

Notes to the accounts for the year ended 31 December 2007

13 Creditors amounts falling due within one year

	2007 £'000	2006 £'000
Bank loans and overdraft	3,986	5,069
Deposits received	1,061	1,295
Trade creditors	16,161	13,521
Amounts owed to group undertakings	1,309	2,761
Other taxation and social security costs	395	187
Other creditors	198	32
Accruals and deferred income	701	513
	<u>23,811</u>	<u>23,378</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand

14 Deferred taxation

	2006 £'000
As at 1 January 2007	(75)
Deferred tax credit for the year (note 7)	161
As at 31 December 2007	<u>86</u>

Deferred taxation can be analysed as

	2007 £'000	2006 £'000
Depreciation in excess of capital allowances	<u>86</u>	<u>(75)</u>

15 Called up share capital

	2007 £'000	2006 £'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>

16. Reserves

	Profit & Loss £'000
At 1 January 2007	782
Retained profit for the year	1,595
At 31 December 2007	<u>2,377</u>

17 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Retained profit/(loss) for the year	1,595	522
Opening shareholders' funds	1,032	510
Closing shareholders' funds	<u>2,627</u>	<u>1,032</u>

INCHCAPE EAST (BROOK) LIMITED

Notes to the accounts for the year ended 31 December 2007

18 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	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Within one year	-	-	1,005	1,029
Between two and five years	10	7	-	-
	<u>10</u>	<u>7</u>	<u>1,005</u>	<u>1,029</u>

19 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 (2006: £nil).

20 Parent Undertaking and Controlling Party

The company's immediate parent is Inchcape East (Acre) 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