
Autosales Limited

Report and Financial Statements

◆ *Year ended 31 December 2014* ◆

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COMPANIES HOUSE

Company No: 3729441

AUTOSALES LIMITED

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AUTOSALES LIMITED

COMPANY INFORMATION

Directors M A Kibble
 S C Kibble
 D A Varnish

Secretary D A Varnish

Registered office Vulcan Road
 Bilston
 West Midlands

Registered number 3729441

Auditors Baxters Limited
 Chartered Accountants and Statutory Auditor
 3 Nightingale Place
 Pendeford Business Park
 Wobaston Road
 Wolverhampton
 West Midlands

Bankers Lloyds TSB Bank PLC
 27 Lichfield Street
 Bilston
 West Midlands

STRATEGIC REPORT

Review of business

The Directors report that despite a small increase in turnover of £229,559 the company will be reporting a loss for the year. The main issue facing the company has been the transition from representing Skoda for 52 years at the Bilston branch and incorporating the new Mitsubishi franchise into what is a cold area for this brand. The Directors appreciate that the new franchise will take time to establish in the market and would anticipate that sales will continue to grow during 2015, however it will take until the end of 2016 for the brand to fully establish itself in the local market.

Mitsubishi are however still one of the fastest growing franchises in the UK. The launch of the Outlander PHEV hybrid vehicle has been a tremendous success with the brand achieving 10,000 registrations in the first year. During 2015 the brand will launch the new L200 commercial pickup.

Suzuki sales continued to grow and the Directors are delighted to report another record year achieving 377 new registrations. The company is really looking forward to the launch of the new Celerio, a replacement for the Alto, and an all new crossover vehicle the Vitara.

Likewise Skoda sales also grew substantially with the Burntwood branch achieving another record year with 625 registrations. They are also looking forward to two new car launches in the year with the new Fabia in quarter one and new Superb in September.

Where the business has struggled has been the control and management of used vehicles and ex demonstrator vehicles. The pressure on the business to achieve its new targets has led to less focus on used cars from senior and line managers alike. The Directors have addressed the issue by implementing a business strategy that puts direct focus on used car stock management and driving to reduce the used car holding by one third by the end of 2015.

Aftersales performance improved with good parts sales from Skoda and Suzuki and service labour sales also improved, but remain well below the figures prior to the crash of 2008. Customer confidence that franchise service centres offer value for money and are comparable to the fast fit centres is growing. Significant focus is being applied to this section of the business and a new Aftersales manager has been appointed for the Bilston branch for 2015.

The senior management spent considerable time on and significant capital investment was made in the redevelopment of the Skoda branch. As one of the first sites in the UK to complete the new Skoda Corporate Identity programme the site is ready to reap the rewards of the new look and strong corporate message during 2015.

The Directors and senior managers have handled significant issues that have impacted and changed the business operation during the past 5 years. They are looking forward to fewer external disruptions during 2015 allowing focus to be entirely on the core elements of the business.

During the first quarter of 2015 the company completed its renewal application to the FCA. The interim permission ended on 31 March 2015. Stephen Kibble Managing Director took responsibility to ensure the application was completed and necessary changes implemented. The manufacturers, in preparation for the new FCA regulations, made significant changes to the commission structures and despite the company increasing significantly its conversion of its customers into taking out finance and insurance products the actual commission received fell by £36,140. This is due to the suppliers of these products changing their commission structure and taking advantage of the FCA changes to reduce the commission paid out.

AUTOSALES LIMITED

STRATEGIC REPORT (Continued)

The Directors during quarter 4 2014 completed a cost saving review and have identified cost savings for 2015. These savings will be graded in during the year as current contracts are completed. The savings are significant.

The Directors anticipate 2015 being a significantly better year however trading will remain difficult with significant challenges to margins from its used car disposal strategy and manufacture squeeze on retailers margins.

The Directors would like to thank all its staff for all their hard work and diligence and to all its partners for their co-operation during the year and look forward to working with them all closely during 2015.

Financial risks and uncertainties

The company is aware of the risks to the business should one of the Directors die whilst in service and has taken the following measures to ensure that the disruption to the business though significant would not be catastrophic. The Directors have completed a shareholders agreement which ensures that on the death of a shareholder the company has first option to purchase the shares. To ensure the company can afford to do so, it has taken out insurance to cover the death in service of the shareholders.

Risks associated with the running of a franchise agreement are fully recognised by the Directors, they have invested in ensuring that all the standards required by the brands to ensure the continual holding of the franchise are fully met.

The company has agreed banking facilities and access to a mixture of short-term and long-term debt finance which are regarded as sufficient to cover any financing requirements for the foreseeable future.

Signed on behalf of the directors



S C KIBBLE
Director

Approved by the directors on 19 May 2015

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Results and dividends

The results of the periods trading, the financial position of the company and the transfer to reserves are shown in the annexed financial statements.

The company's loss after tax for the year amounted to £83,499 (2013 - profit £75,352).

Dividends of £Nil were declared and paid during the year (2013 - £72,500).

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 17 to the accounts.

Directors

The present directors of the company are set out on page 1. All of the directors served throughout the year.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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). 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

AUTOSALES LIMITED

REPORT OF THE DIRECTORS **(Continued)**

Strategic Report

The company has included its business review and information on its financial risks and uncertainties in the Strategic Report on pages 2 and 3.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The report of the directors was approved by the Board on 19 May 2015 and signed on its behalf by:



D A VARNISH
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTOSALES LIMITED

We have audited the financial statements of Autosales Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 FRC's website at 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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AUTOSALES LIMITED (Continued)**

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.



A G Baxter (Senior statutory auditor)
for and on behalf of
Baxters Limited
Statutory Auditor
Wolverhampton

19 May 2015

AUTOSALES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1	21,593,807	21,364,208
Cost of sales		(20,369,749)	(20,035,014)
		<hr/>	<hr/>
Gross profit		1,224,058	1,329,194
Distribution costs		(589,077)	(616,575)
Administrative expenses		(824,336)	(852,214)
Other operating income	3	98,608	134,748
		<hr/>	<hr/>
Operating loss	4	(90,747)	(4,847)
Profit on disposal of discontinued operations	7	-	135,000
Interest payable	8	(13,627)	(13,023)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(104,374)	117,130
Tax on (loss)/profit on ordinary activities	9	20,875	(41,778)
		<hr/>	<hr/>
(Loss)/profit for the financial year	19	(83,499)	75,352
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses other than those reported above.

All activities for 2014 derive from continuing operations.

AUTOSALES LIMITED**BALANCE SHEET
at 31 December 2014****Company No: 3729441**

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	11	286,992	236,023
Current assets			
Stocks	12	4,169,142	4,083,666
Debtors	13	253,840	171,296
Cash at bank and in hand		1,282	1,432
Creditors: Amounts falling due within one year	14	4,424,264 (4,110,143)	4,256,394 (4,096,712)
Net current assets		314,121	159,682
Total assets less current liabilities		601,113	395,705
Creditors: Amounts falling due after more than one year	15	(465,000)	(185,000)
Provision for liabilities and charges	16	(20,903)	(11,996)
Net assets		115,210	198,709
Capital and reserves			
Called up share capital	18	100,000	100,000
Profit and loss account	19	15,210	98,709
Shareholders' funds - equity	20	115,210	198,709

The financial statements were approved and authorised for issue by the Board on 19 May 2015 and signed on its behalf by:



S C KIBBLE
Director

AUTOSALES LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash (outflow)/inflow from operating activities	22	(157,340)	49,398
Taxation			
UK Corporation tax		(29,782)	-
Returns on investment and servicing of finance			
Interest paid		(13,627)	(13,023)
Dividends paid		-	(72,500)
		(13,627)	(85,523)
Acquisitions and disposals			
Discontinued operation proceeds		-	135,000
Investing activities			
Receipts for tangible assets		-	4,719
Payments for tangible assets		(109,636)	(14,984)
(Decrease)/increase in cash and cash equivalents	23	(301,385)	88,610

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Turnover

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year.

Depreciation

Depreciation is provided on tangible assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

Property alterations	10% straight line
Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Computers	25% straight line
Motor vehicles	25% written down value

Stocks

Stocks are valued at the lower of cost and net realisable value. In establishing cost, stocks at the end of the year are taken to represent latest purchases or production. On this basis cost comprises:

Motor vehicles, spares and petrol	Purchase price
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Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Taxation

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

Financial instruments

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowings.

Operating leases

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

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014**2. TURNOVER**

The turnover is attributable to the one principal activity of the company. All customers are based in the UK.

3. OTHER OPERATING INCOME

	2014	2013
	£	£
Commission receivable	98,608	134,748
	<u> </u>	<u> </u>

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging/(crediting):

	2014	2013
	£	£
Depreciation of tangible assets	58,667	65,234
Auditors' remuneration - audit	10,440	10,300
- non audit	850	850
Profit on disposal of tangible assets	-	(171)
	<u> </u>	<u> </u>

5. DIRECTORS EMOLUMENTS

	2014	2013
	£	£
Emoluments	94,848	104,988
Pension contributions	512	10,029
	<u> </u>	<u> </u>
	95,360	115,017
	<u> </u>	<u> </u>

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014**6. STAFF COSTS**

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

	2014	2013
	No.	No.
Production	15	15
Sales and distribution	20	21
Administration	13	14
	<hr/>	<hr/>
	48	50
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£	£
Wages and salaries	915,839	997,667
Social security	76,621	77,606
Pension contributions	512	10,029
	<hr/>	<hr/>
	992,972	1,085,302
	<hr/>	<hr/>

7. PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS

	2014	2013
	£	£
Disposal of discontinued operations:		
Profit on sale of operation	-	135,000
	<hr/>	<hr/>

8. INTEREST PAYABLE

	2014	2013
	£	£
Bank interest	9,777	9,098
Other interest	3,850	3,925
	<hr/>	<hr/>
	13,627	13,023
	<hr/>	<hr/>

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 December 2014****9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2014	2013
	£	£
Taxation charge for the year		
Corporation tax	(29,782)	29,782
	<hr/>	<hr/>
Current tax charge	(29,782)	29,782
Deferred tax	8,907	11,996
	<hr/>	<hr/>
	(20,875)	41,778
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities	(104,374)	117,130
	<hr/>	<hr/>
Current tax at 20%	(20,875)	23,426
Effect of:		
Non deductible expenses	-	44
Capital allowances in excess of depreciation	(8,907)	7,977
Losses utilised	-	(1,665)
	<hr/>	<hr/>
Current tax charge	(29,782)	29,782
	<hr/>	<hr/>

10. DIVIDENDS

The following dividends have been paid during the year:

	2014	2013
	£	£
Equity dividends	-	72,500
	<hr/>	<hr/>

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014**11. TANGIBLE ASSETS**

	Property alterations	Plant and vehicles	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2014	603,777	222,575	39,194	40,852	906,398
Additions	102,424	-	-	7,212	109,636
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	706,201	222,575	39,194	48,064	1,016,034
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2014	474,179	145,197	31,888	19,111	670,375
Charge for the year	50,963	243	1,538	5,923	58,667
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	525,142	145,440	33,426	25,034	729,042
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2014	181,059	77,135	5,768	23,030	286,992
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	129,598	77,378	7,306	21,741	236,023
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

12. STOCKS

	2014	2013
	£	£
Motor vehicles	2,566,181	2,689,736
Consignment stock	1,602,961	1,393,930
	<hr/>	<hr/>
	4,169,142	4,083,666
	<hr/>	<hr/>

Consignment stock is subject to minimum vehicle holding levels as stipulated by the manufacturer. Consignment periods are 180 days.

The replacement cost of the above stocks would not be significantly different from the values stated.

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 December 2014****13. DEBTORS**

	2014	2013
	£	£
Trade debtors	122,217	91,404
Corporation tax recoverable	29,782	-
Prepayments and accrued income	59,341	50,525
Other debtors	5,000	29,367
Directors current accounts	37,500	-
	<hr/>	<hr/>
	253,840	171,296
	<hr/>	<hr/>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Bank overdraft (secured)	402,478	92,243
Trade creditors	1,936,785	2,288,852
Corporation tax	-	29,782
Other taxation and social security	16,510	58,785
Other creditors	126,901	200,710
Accruals and deferred income	24,508	32,410
Consignment stock	1,602,961	1,393,930
	<hr/>	<hr/>
	4,110,143	4,096,712
	<hr/>	<hr/>

The bank overdraft is secured by debentures over the assets of the company and Vulcan Investments Limited.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£	£
Amount owed to related company	465,000	185,000
	<hr/>	<hr/>

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014**16. PROVISION FOR LIABILITIES AND CHARGES**

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Excess of taxation allowances over depreciation on tangible assets	32,417	11,996
Losses carried forward	(11,514)	-
	<u>20,903</u>	<u>11,996</u>

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

This company has a loan from Vulcan Investments Limited repayable as follows:

	2014	2013
	£	£
Due after more than one year	465,000	185,000
	<u>465,000</u>	<u>185,000</u>

Interest is charged at 2% per annum.

18. SHARE CAPITAL

	2014	2013
	£	£
Allotted and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

19. RESERVES

	Profit and loss account
	£
At 1 January 2014	98,709
Loss for the financial year	(83,499)
	<u>15,210</u>
At 31 December 2014	<u>15,210</u>

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014**20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2014	2013
	£	£
(Loss)/profit for the financial year	(83,499)	75,352
Equity dividends	-	(72,500)
	<hr/>	<hr/>
Net movement in shareholders' funds	(83,499)	2,852
Opening shareholders' funds	198,709	195,857
	<hr/>	<hr/>
Closing shareholders' funds	115,210	198,709
	<hr/>	<hr/>

21. RELATED PARTY TRANSACTIONS

The company trades from a property owned by Vulcan Investments Limited, a company under common control. £140,000 was paid for rent during the year, charged on a normal commercial basis.

The balance due to this company at 31 December 2014 amounted to £465,000 (2013 - £185,000).

22. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating loss	(90,747)	(4,847)
Depreciation	58,667	65,234
Profit on disposal	-	(171)
Increase in stocks	(85,476)	(196,610)
Increase in debtors	(52,762)	(91,148)
Increase in creditors	12,978	276,940
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(157,340)	49,398
	<hr/>	<hr/>

AUTOSALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2014

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Cash at bank and in hand £
At 31 December 2012	(179,421)
Net cash inflow	88,610
	<hr/>
At 31 December 2013	(90,811)
Net cash outflow	(310,385)
	<hr/>
At 31 December 2014	(401,196)
	<hr/> <hr/>

24. FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable leases as set out below:

	Land and buildings	
	2014	2013
	£	£
Operating leases which expire After 5 years	153,100	164,766
	<hr/> <hr/>	<hr/> <hr/>

25. TRANSACTIONS WITH DIRECTORS

Directors loan accounts

The following balances owed by the directors were outstanding at the year end:

	Maximum balance £	2014 £	2013 £
SC Kibble	18,750	18,750	-
DA Varnish	18,750	18,750	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>