

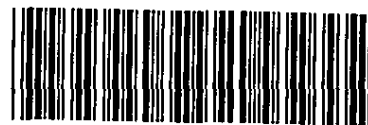
Company Registration No. 04569800

FGA WHOLESALE UK LIMITED

Report and Financial Statements

For the year ending 31 December 2011

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FGA WHOLESALE UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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FGA WHOLESALE UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Borgiallo
A Humberstone
A Hughes
M Thomas

SECRETARY

P Farley

REGISTERED OFFICE

Fiat House
240 Bath Road
Slough
SL1 4DX

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

SOLICITORS

Payne Hicks Beach Solicitors
10 New Square
Lincoln's Inn
London
WC2A 3QG

AUDITORS

Ernst & Young LLP
London

DIRECTORS' REPORT

The directors present their annual report on the affairs of FGA Wholesale UK Limited ('the company') for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is the facilitation and management of consignment stocking facilities and other dealer financing services to Fiat Group Automobiles (UK) Limited (FGA), and Jaguar and Land Rover (JLR) in the UK

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company provides stock financing and dealer financing services to the Fiat, Alfa Romeo, Chrysler, Jeep and Fiat Professional brands (FGA) and for, Jaguar and Land Rover brands (JLR) in the UK. The average amounts financed during the year rose to over £430m (£320m in 2010). The services include consignment stock facilities to the Fiat and Chrysler brands, floor plan funding by invoice acquisition from the manufacturer and funding of spare parts, demo, used and trade in vehicles to the dealer network.

The company's business exposes it primarily to credit risk resulting from failure of car dealership franchises financed by it. The company has strong controls and ensures adherence to group credit and risk policies to minimise such potential risks.

The directors anticipate a stable level of receivables and profitability in 2012.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's major exposure to risk is on account of credit facilities to dealers and impact of dealer failures. This risk is mitigated by way of charge on the vehicles financed, other securities such as bank guarantees, charge on properties and other collateral. The level of securities depends on the financial strength of the dealerships as assessed in line with long established group policies.

The company's debtors are short term in nature and interest is charged on a floating rate basis (with monthly resets). The company's borrowing profile matches its receivables. Both the receivables and loans payable are not exposed to any foreign exchange risks. The company, in addition to its annual forecasts, updates its holding company's central treasury with its cash flow requirements on a weekly basis. Liquidity for the business is ensured by way of cash management facilities and short term loans from the holding company.

GOING CONCERN

The UK is an important strategic market for both the FGA and JLR car business. The company's operations in turn are important in enabling these groups to manage their operations and relationship with its dealers. 2011 saw the overall car market registrations in the UK at over 1.94m (2010 – 2.03m), a 4.4% decrease over 2010. Fiat Group Automobiles UK Limited (FGA) car registrations (including the Chrysler and Jeep brands) in 2011 were lower at 57,794 units (2010 – 66,821). Jaguar and Land Rover registrations in 2011 were at 51,424 units (2010 – 53,689). While the business environment continues to remain challenging, both the brands are well positioned to meet their registration and market share objectives in 2012.

The company finances a diverse range of vehicle models, dealer networks and manufacturers. As a result of this, the company has had a strong growth in business volumes with a good dispersion of the risk. The directors anticipate the company to maintain its receivable and profitability levels in 2012.

DIRECTORS' REPORT

Continued

The unique nature of the joint venture between one of Europe's leading automotive group and a leading banking group offer the company unique combination of commercial effectiveness of an industrial partner with a risk discipline and financial strength of a banking partner. The directors believe that the parent company is committed to continued future success of the business.

The company and the group policies on credit exposures have ensured management of the credit risk inherent in the business. The company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the company should be able to operate within the level of its current facilities. The company meets its funding requirements through a cash management facility and loans provided by the holding company. The directors' expectation is that these facilities will be available for the foreseeable future. There are no other banking facilities that the company is reliant on.

In light of all the above, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

RESULTS AND DIVIDENDS

The company recorded a profit after taxation of £2,291k (2010 £1,464k) and this has been transferred to reserves. The directors do not recommend payment of a dividend (2010 £nil).

DIRECTORS AND THEIR INTERESTS

The names of the directors who served during the year were as follows:

Name	Date of Appointment	Nationality
M Borgiallo	15 March 2007	Italian
A Humberstone	1 November 2007	British
M Thomas	8 January 2009	French
A Hughes	6 October 2010	British

The directors do not hold any beneficial interests in the shares of the company.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of the members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEES

The company places value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. The policy is carried out through formal and informal meetings.

FGA WHOLESALE UK LIMITED

DIRECTORS' REPORT

Continued

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each person who is a director at the date of approval of this report confirms that

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all the steps that 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

This information is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006

AUDITORS


The directors will place a resolution before the annual general meeting to reappoint Ernst and Young LLP as the auditors for the ensuing year in accordance with section 485 of the Companies Act 2006

REGISTERED ADDRESS

The registered address of the company is

240 Bath Road,
Slough,
SL1 4DX

On behalf of the Board



P Farley

Secretary

14 February 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations

Company Law requires the directors to prepare the 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). 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 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, 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 proper 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 they comply with the requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FGA WHOLESALE UK LIMITED

We have audited the financial statements of FGA Wholesale UK Ltd for the year ended 31 December 2011 which comprise the Profit and Loss Account the Balance Sheet and the related notes 1 to 14. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its profit 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 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.

Ernst & Young LLP

*K Eglinton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor
More London Place
London*

8 March 2012

FGA WHOLESALE UK LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
TURNOVER		18,000	12,637
Cost of sales		-	(24)
Gross profit		18,000	12,613
Administrative expenses		(5,994)	(5,811)
Other operating income		185	310
Operating profit		12,191	7,112
Interest payable and similar charges	2	(9,020)	(5,078)
Profit on ordinary activities before taxation	3	3,171	2,034
Tax on profit on ordinary activities	6	(880)	(570)
Profit on ordinary activities after taxation and retained profit for the financial year	11,12	2,291	1,464

The profit and loss account has been prepared on the basis that all operations are continuing operations and there are no gains and losses other than those on the profit and loss account for the period

The accompanying notes on pages 9 to 14 form an integral part of this profit and loss account

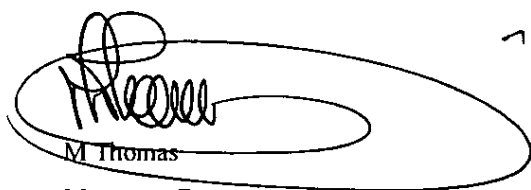
FGA WHOLESALE UK LIMITED

BALANCE SHEET 31 December 2011

	Notes	2011 £'000	2010 £'000
CURRENT ASSETS			
Cash at bank		44,504	56,952
Debtors	7	455,355	320,657
		<u>499,859</u>	<u>377,609</u>
CREDITORS: amounts falling due within one year	8	(471,360)	(351,401)
NET CURRENT ASSETS		<u>28,499</u>	<u>26,208</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,499</u>	<u>26,208</u>
NET ASSETS		<u>28,499</u>	<u>26,208</u>
CAPITAL AND RESERVES			
Called up share capital	10	20,500	20,500
Profit and loss account	11	7,999	5,708
EQUITY SHAREHOLDER'S FUNDS	12	<u>28,499</u>	<u>26,208</u>

The accompanying notes on pages 9-14 form an integral part of this balance sheet

The financial statements were approved by the board and authorised for issue on 14 February 2012. They were signed on its behalf by


M Thomas

Managing Director

14 February 2012

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and previous year.

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. For the reasons enumerated within the directors' report on page 2 of the financial statements the company continues to adopt the going concern basis in the preparation of its annual reports and accounts.

Turnover

Turnover mainly represents income earned under stocking loans and associated services and dealer financing activities including acquisition of invoices from the manufacturer, offered to the Fiat, Alfa Romeo, Chrysler, Jeep, Jaguar and Land Rover dealer networks in the United Kingdom. Turnover includes all income earned from operations in UK. Interest is accounted on a time proportion basis taking into account the effective rate on the transaction.

Bank Loans and overdrafts

Interest bearing bank loans and overdrafts are recorded at proceeds received. Interest charges and direct costs are accounted for on an accrual basis.

Pension funding

The company provides pension arrangements to a number of full-time employees through a defined benefit scheme, which is operated by another group company FGA UK Ltd. It is not possible to identify the share of the underlying assets and liabilities in the scheme, which is attributable to the company on a consistent and reasonable basis. Therefore, the company has applied the transitional provisions of FRS 17 'Retirement Benefits' to account for the scheme as if it was a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Any deficit has been provided in the Fiat Group consolidated financial statements.

Taxation

UK corporation 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.

Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (Revised) not to prepare a cash flow statement as its ultimate parent company Fiat Auto Financial Services SpA, prepares consolidated accounts which are publicly available and which include a consolidated cash flow statement.

FGA WHOLESALE UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Provisions for bad and doubtful debts

Credit risk on exposure to dealers is mitigated by way of charge on the vehicles financed, other securities such as bank guarantees, charge on properties and other collateral. The level of securities depends on the financial strength of the dealerships as assessed in line with long established group policies.

The company follows the group guidelines on the recommended level of provisions for its dealer financing business. Provisions are also made on account of specifically identified dealer finance receivables and as per recommendations of the credit committee.

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Interest payable comprises		
Amounts payable to group companies	9,020	5,078
	<u>9,020</u>	<u>5,078</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- statutory audit services	27	27
	<u>27</u>	<u>27</u>

4 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year for their services to the company nor received any benefits from the company (2010: £nil). The directors are employed and remunerated by other companies in the FGA Group in respect of their services to the Group as a whole, and it is considered that there is no appropriate basis on which they can apportion part of their remuneration to the services to the company.

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

5. EMPLOYEE INFORMATION

The number of persons employed by the company during December 2011 was 12 (2010: 13). All employees were involved in administrative functions. Their aggregate remuneration comprised:

	2011 £'000	2010 £'000
Their aggregate remuneration comprised:		
Wages and salaries	638	562
Social security costs	80	187
Other pension costs (note 9)	158	116
	<u>876</u>	<u>865</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Current tax		
- Current year 26.5% (2010: 28%)	879	570
- In respect of prior years	1	-
Total tax on profit on ordinary activities	<u>880</u>	<u>570</u>

The differences between the total current tax shown above and amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	3,171	2,034
Profit on ordinary activities multiplied by standard rate of corporation tax 26.5% (2010: 28%)	840	570
Effects of:		
Expenses not deductible for tax purposes	39	-
Prior year adjustment	1	-
	<u>880</u>	<u>570</u>

In accordance with Group policy, payment for group relief is made at the prevailing tax rate being enacted at the balance sheet date, or the value at which the surrendering group company can achieve if losses were carried back to prior years.

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

7. DEBTORS

	2011	2010
	£'000	£'000
Gross trade debtors	461,676	322,775
Less provision for bad and doubtful debts	(6,819)	(3,813)
Net trade debtors	454,857	318,962
Other debtors	498	1,695
	<u>455,355</u>	<u>320,657</u>

Movement on provision for bad and doubtful debts

	£'000	£'000
At 1 January 2011	3,813	1,320
Increase	3,006	2,808
Utilisation	-	(315)
At 31 December 2011	<u>6,819</u>	<u>3,813</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade creditors	3,418	3,178
Amounts owed to other group undertakings	461,092	339,473
Corporation Tax Payable	1,620	1,163
Accruals and deferred income	5,230	7,587
	<u>471,360</u>	<u>351,401</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

9 PENSION OBLIGATIONS

The Company provides pension arrangements for a number of its full time employees through the Fiat Group Pension Scheme, a defined benefit pension scheme

The defined benefit scheme is a multi-employer scheme and the directors have concluded that they are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and therefore have accounted for the scheme as a defined contribution scheme in accordance with FRS 17 "Retirement benefits"

The latest valuation of the group scheme was done at 31 March 2009 and was performed under the principles of Financial Reporting Standard 17 - Retirement Benefits. This has been updated for the purposes of FRS 17 requirements to 31 December 2011 as follows

	31 December 2011	31 December 2010	31 December 2009
	£'000	£'000	£'000
Total market value of assets	96,000	87,454	81,173
Present value of scheme liabilities	(107,147)	(122,589)	(108,494)
Group net pension deficit	(11,147)	(35,135)	(27,321)
Key assumptions were	%	%	%
Rate of increase of salaries	2.7	3.5	4.25
Rate of return of assets	7.0	7.00	7.00
Discount rate	5.1	5.2	5.75

The Fiat Group Pension Scheme was closed for new entrants with effect from 31st December 2005. From 1st January 2006, new employees can participate in the Fiat Group Money Purchase Scheme, a defined contribution pension scheme.

The figures included in the accounts in respect of the company pension scheme are the normal contributions to the group scheme in accordance with the group contribution rate. The Company's regular pension cost charge in the year was £158,271 (2010: £115,670). Any deficit has been provided in the Fiat Group consolidated financial statements.

10 CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
20,500,000 ordinary shares of £1 each (2010: 20,500,000 ordinary shares of £1 each)	20,500	20,500
Called up, allotted and fully paid		
20,500,000 ordinary shares of £1 each (2010: 20,500,000 ordinary share of £1)	20,500	20,500

FGA WHOLESALE UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2011

11. PROFIT AND LOSS ACCOUNT

	2011 £'000	2010 £'000
At 1 January	5,708	4,244
Profit for the financial year	2,291	1,464
At 31 December	<u>7,999</u>	<u>5,708</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £'000	2010 £'000
Opening shareholder's funds	26,208	7,744
Increase in Share Capital	-	17,000
Profit for the financial year	2,291	1,464
Closing shareholder's funds	<u>28,499</u>	<u>26,208</u>

13. RELATED PARTIES

The information concerning transactions with related parties is given below

None of the directors had transactions with the company, which are required to be disclosed under FRS 8

The short name of related parties are described as follows

Short name	Description
Fiat	All Fiat group companies except those detailed below
FGAFS	All FGA Capital SpA group companies

	Turnover		Purchases		Debtor balance at 31 December		Creditor balance at 31 December	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Fiat	2 874	2 046	880 061	623 608	1,380	1 634	1,092	1 002
FGAFS	155	98	9 241	5 291	0	90	2 796	1,190

14 ULTIMATE CONTROLLING PARTY

FGA Capital SpA (formerly Fiat Group Automobiles Financial Services SpA), a company registered in Italy, is the immediate holding company. FGA Capital SpA is the parent undertaking of the smallest and largest group of which the company is a member and for which consolidated accounts are drawn up. FGA Capital SpA is owned 50% by Fiat Group Automobiles SpA and is owned 50% by CA Consumer Finance SA (formally Sofinco), the wholly owned consumer credit subsidiary of Credit Agricole SA. Consolidated accounts of FGA Capital SpA may be obtained from the company secretary, FGA Capital SpA, Corso Giovanni Agnelli 200, Turin, Italy.