

Registration number: 05044429

# Free Spirit Automotive Limited

Directors' Report and Financial Statements  
for the Year Ended 31 March 2006

A D Betley, FCA  
AIMS - Accountants for Business  
27 Redwood Glade  
Leighton Buzzard  
Bedfordshire  
LU7 3JT



**Free Spirit Automotive Limited**  
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**Free Spirit Automotive Limited**  
**Officers and Advisers**

<b>Directors</b>	Mr J Derbyshire
	Mr P S Derbyshire
	Mr R W Garofall
<b>Secretary</b>	Mr J Derbyshire
<b>Registered office</b>	Unit 7, Collec Depot Billington Road Leighton Buzzard Bedfordshire LU7 9HH
<b>Accountants</b>	A D Betley, FCA AIMS - Accountants for Business 27 Redwood Glade Leighton Buzzard Bedfordshire LU7 3JT

# Free Spirit Automotive Limited

## Directors' Report for the Year Ended 31 March 2006

The directors present their report and the financial statements for the year ended 31 March 2006.

### Directors' responsibilities

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### Principal activity

The principal activity of the company is used car sales.

### Directors and their interests

The directors who held office during the year and their beneficial interest in the shares of the company were as follows:

	Ordinary shares of £1 each		Redeemable Preference Shares of £1 each	
	End of year No.	Start of year No.	End of year No.	Start of year No.
Mr J Derbyshire	11,250	11,250	11,250	11,250
Mr P S Derbyshire	7,500	7,500	7,500	7,500
Mr R W Garofall	11,250	11,250	11,250	11,250

### Election to dispense laying accounts

In accordance with s.252, Companies Act 1985, the company has elected to dispense with laying accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that accounts are laid before the members in general meeting.

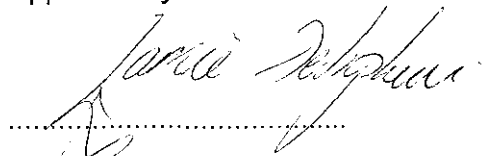
**Free Spirit Automotive Limited**  
**Directors' Report for the Year Ended 31 March 2006**

*..... continued*

**Small company provisions**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 5 October 2006 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'James Derbyshire', is written over a horizontal dotted line.

Mr J Derbyshire  
Director

## **Accountants' Report to the Directors on the Unaudited Financial Statements of Free Spirit Automotive Limited**

In order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Balance Sheet, and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 March 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

  
A D Betley, FCA  
AIMS Accountants for Business

5 October 2006

27 Redwood Glade  
Leighton Buzzard  
Bedfordshire  
LU7 3JT

**Free Spirit Automotive Limited**  
**Profit and Loss Account for the Year Ended 31 March 2006**

	Note	Year ended 31 March 2006 £	16 February 2004 to 31 March 2005 £
Turnover	2	1,270,775	977,063
Cost of sales		(1,054,824)	(849,196)
<b>Gross profit</b>		<u>215,951</u>	<u>127,867</u>
Administrative expenses		(154,790)	(90,301)
<b>Operating profit</b>	3	<u>61,161</u>	<u>37,566</u>
Other interest receivable and similar income		242	-
Interest payable and similar charges		(6,768)	(3,722)
<b>Profit on ordinary activities before taxation</b>		<u>54,635</u>	<u>33,844</u>
Tax on profit on ordinary activities	6	(11,000)	(6,250)
<b>Profit on ordinary activities after taxation</b>		<u>43,635</u>	<u>27,594</u>
Retained profit brought forward		27,594	-
<b>Retained profit carried forward</b>		<u><u>71,229</u></u>	<u><u>27,594</u></u>

The notes on pages 8 to 13 form an integral part of these financial statements.

**Free Spirit Automotive Limited**  
**Balance Sheet as at 31 March 2006**

		31 March 2006		31 March 2005	
	Note	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	7		62,667		96,000
Tangible assets	8		<u>7,074</u>		<u>998</u>
			69,741		96,998
<b>Current assets</b>					
Stocks	9	124,891		143,869	
Debtors	10	18,725		2,629	
Cash at bank and in hand		<u>24,304</u>		<u>255</u>	
		167,920		146,753	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(106,432)</u>		<u>(106,157)</u>	
<b>Net current assets</b>			<u>61,488</u>		<u>40,596</u>
<b>Total assets less current liabilities</b>			131,229		137,594
<b>Creditors: Amounts falling due after more than one year</b>	12		<u>-</u>		<u>(50,000)</u>
<b>Net assets</b>			<u>131,229</u>		<u>87,594</u>
<b>Capital and reserves</b>					
Called up share capital	13		60,000		60,000
Profit and loss reserve			<u>71,229</u>		<u>27,594</u>
<b>Shareholders' funds</b>			<u>131,229</u>		<u>87,594</u>
Equity shareholders' funds			101,229		57,594
Non-equity shareholders' funds			<u>30,000</u>		<u>30,000</u>
<b>Shareholders' funds</b>			<u>131,229</u>		<u>87,594</u>

The notes on pages 8 to 13 form an integral part of these financial statements.

**Free Spirit Automotive Limited**  
**Balance Sheet as at 31 March 2006 (continued)**

For the financial year ended 31 March 2006, the company was entitled to exemption from audit under section 249A(1) of the Companies Act 1985; and no notice has been deposited under section 249B(2) requesting an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit or loss for the financial year in accordance with the requirements of section 226 and which otherwise comply with the Companies Act 1985, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These accounts were approved by the Director on 5 October 2006



.....  
Mr R W Garofall  
Director

The notes on pages 8 to 13 form an integral part of these financial statements.

## **Free Spirit Automotive Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2006**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

##### **Cash flow statement**

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement.

##### **Going concern**

These financial statements have been prepared on a going concern basis.

##### **Turnover**

Turnover represents the invoiced value of sales of goods, net of value added tax.

##### **Amortisation**

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Goodwill	3 years
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##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Office Equipment	25% straight line basis
Motor Vehicles	25% straight line basis

##### **Goodwill**

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Stock**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

## Free Spirit Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 March 2006

..... continued

#### 2 Turnover

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

#### 3 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 March 2006	16 February 2004 to 31 March 2005
	£	£
Depreciation of tangible fixed assets	2,469	333
Amortisation of intangible fixed assets	<u>33,333</u>	<u>4,000</u>

#### 4 Directors' emoluments

The directors' emoluments for the year are as follows:

	Year ended 31 March 2006	16 February 2004 to 31 March 2005
	£	£
Directors' emoluments (including benefits in kind)	<u>50,000</u>	<u>41,667</u>

#### 5 Particulars of employees

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2006	16 February 2004 to 31 March 2005
	£	£
Wages and salaries	64,315	58,239
Social security	<u>5,142</u>	<u>4,326</u>
	<u>69,457</u>	<u>62,565</u>

**Free Spirit Automotive Limited**  
**Notes to the Financial Statements for the Year Ended 31 March 2006**

..... continued

**6 Taxation**

**Analysis of current period tax charge**

	Year ended 31 March 2006 £	16 February 2004 to 31 March 2005 £
<b>Current tax</b>		
UK Corporation tax	<u>11,000</u>	<u>6,250</u>

**Factors affecting current period tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19.00% (16 February 2004 to 31 March 2005 - 19.00%).

The differences are reconciled below:

	Year ended 31 March 2006 £	16 February 2004 to 31 March 2005 £
Profit on ordinary activities before taxation	<u>54,635</u>	<u>33,844</u>
Standard rate corporation tax charge	10,381	6,430
Expenses not deductible for tax purposes (including goods)	52	-
Accelerated capital allowances	14	(6)
Marginal Relief	-	(174)
Contingency	553	-
Total current tax for the year	<u>11,000</u>	<u>6,250</u>

# Free Spirit Automotive Limited

## Notes to the Financial Statements for the Year Ended 31 March 2006

..... continued

### 7 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
As at 1 April 2005 and 31 March 2006	<u>100,000</u>
<b>Amortisation</b>	
As at 1 April 2005	4,000
Charge for the year	<u>33,333</u>
As at 31 March 2006	<u>37,333</u>
<b>Net book value</b>	
As at 31 March 2006	<u>62,667</u>
As at 31 March 2005	<u>96,000</u>

### 8 Tangible fixed assets

	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>			
As at 1 April 2005	-	1,331	1,331
Additions	<u>8,545</u>	<u>-</u>	<u>8,545</u>
As at 31 March 2006	<u>8,545</u>	<u>1,331</u>	<u>9,876</u>
<b>Depreciation</b>			
As at 1 April 2005	-	333	333
Charge for the year	<u>2,136</u>	<u>333</u>	<u>2,469</u>
As at 31 March 2006	<u>2,136</u>	<u>666</u>	<u>2,802</u>
<b>Net book value</b>			
As at 31 March 2006	<u>6,409</u>	<u>665</u>	<u>7,074</u>
As at 31 March 2005	<u>-</u>	<u>998</u>	<u>998</u>

**Free Spirit Automotive Limited**  
**Notes to the Financial Statements for the Year Ended 31 March 2006**

..... continued

**9 Stock and work in progress**

	31 March 2006	31 March 2005
	£	£
Stocks	<u>124,891</u>	<u>143,869</u>

**10 Debtors**

	31 March 2006	31 March 2005
	£	£
Trade debtors	15,449	2
Other debtors	3,061	1,424
Director current accounts	<u>215</u>	<u>1,203</u>
	<u>18,725</u>	<u>2,629</u>

**11 Creditors: Amounts falling due within one year**

	31 March 2006	31 March 2005
	£	£
Bank loans and overdrafts	-	29,826
Trade creditors	36,564	6,208
Corporation tax	9,750	6,250
Social security and other taxes	1,631	3,899
Other creditors	6,337	59,974
Director current accounts	50,000	-
Accruals and deferred income	<u>2,150</u>	<u>-</u>
	<u>106,432</u>	<u>106,157</u>

**12 Creditors: Amounts falling due after more than one year**

	31 March 2006	31 March 2005
	£	£
Director current accounts	<u>-</u>	<u>50,000</u>

**Free Spirit Automotive Limited**  
**Notes to the Financial Statements for the Year Ended 31 March 2006**

..... continued

**13 Share capital**

	31 March 2006 £	31 March 2005 £
<b>Authorised</b>		
70,000 Ordinary shares of £1 each	70,000	70,000
30,000 Redeemable Preference Shares shares of £1 each	30,000	30,000
	<u>100,000</u>	<u>100,000</u>
 <b>Allotted, called up and fully paid</b>		
30,000 Ordinary shares of £1 each	30,000	30,000
30,000 Redeemable Preference Shares shares of £1 each	30,000	30,000
	<u>60,000</u>	<u>60,000</u>

**14 Related parties**

**Controlling entity**

The company is controlled by the directors who own 100 % of the called up share capital