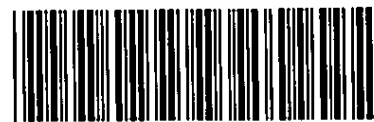


# Free Spirit Automotive Limited

Directors' Report and Unaudited Financial Statements  
for the Year Ended 31 March 2007

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

TUESDAY



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## **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 2007**

The directors present their report and the financial statements for the year ended 31 March 2007

**Principal activity**

The principal activity of the company is used car sales

**Directors**

The directors who held office during the year were as follows

- Mr J Derbyshire
- Mr P S Derbyshire
- Mr R W Garofall

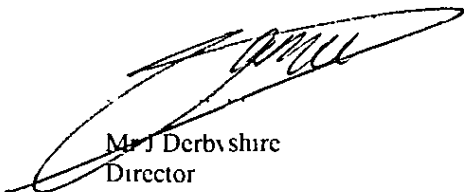
**Election to dispense laying accounts**

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.

**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 29 June 2007 and signed on its behalf by



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 Profit and Loss Account, 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 2007 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 Bell, FCA  
AIMS - Accountants for Business

27 Redwood Glade  
Leighton Buzzard  
Bedfordshire  
LU7 3JT

29 June 2007

**Free Spirit Automotive Limited**  
**Profit and Loss Account for the Year Ended 31 March 2007**

	Note	2007 £	2006 £
Turnover		1 734 255	1 270 775
Cost of sales		(1 479 220)	(1 054 824)
<b>Gross profit</b>		<u>255,035</u>	<u>215 951</u>
Administrative expenses		(181 070)	(154 790)
<b>Operating profit</b>	2	<u>73 965</u>	<u>61 161</u>
Other interest receivable and similar income		485	242
Interest payable and similar charges		(8 530)	(6 768)
<b>Profit on ordinary activities before taxation</b>		<u>65 920</u>	<u>54 635</u>
Tax on profit on ordinary activities	5	(12 300)	(11 000)
<b>Profit for the financial year</b>	12	<u>53 620</u>	<u>43 635</u>
<b>Profit and loss reserve brought forward</b>		71 229	27 594
Dividends	6	(30 000)	-
<b>Profit and loss reserve carried forward</b>		<u><u>94 849</u></u>	<u><u>71 229</u></u>

The notes on pages 7 to 12 form an integral part of these financial statements

**Free Spirit Automotive Limited**  
**Balance Sheet as at 31 March 2007**

		2007		2006	
	Note	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	7		29 334		62 667
Tangible assets	8		<u>12 778</u>		<u>7 074</u>
			42 112		69 741
<b>Current assets</b>					
Stocks		163 245		124 891	
Debtors	9	11 261		18 725	
Cash at bank and in hand		<u>21 543</u>		<u>24 304</u>	
		196 049		167 920	
<b>Creditors: Amounts falling due within one year</b>	10	<u>(83 312)</u>		<u>(106 432)</u>	
<b>Net current assets</b>			<u>112 737</u>		<u>61 488</u>
<b>Net assets</b>			<u>154,849</u>		<u>131 229</u>
<b>Capital and reserves</b>					
Called up share capital	11		60 000		60 000
Profit and loss reserve	12		<u>94 849</u>		<u>71 229</u>
<b>Shareholders' funds</b>			<u>154 849</u>		<u>131 229</u>
Equity shareholders' funds			124 849		101 229
Non-equity shareholders' funds			<u>30,000</u>		<u>30 000</u>
<b>Shareholders' funds</b>			<u>154 849</u>		<u>131 229</u>

The notes on pages 7 to 12 form an integral part of these financial statements

**Free Spirit Automotive Limited**  
**Balance Sheet as at 31 March 2007 (continued)**

For the financial year ended 31 March 2007 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).

Approved by the Board on 29 June 2007 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R W Garofall', followed by a small horizontal line.

Mr R W Garofall  
Director

The notes on pages 7 to 12 form an integral part of these financial statements



## **Free Spirit Automotive Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2007**

#### **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
----------	---------

##### **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 2007

*continued*

#### 2 Operating profit

Operating profit is stated after charging

	2007 £	2006 £
Depreciation of tangible fixed assets	3 014	2 469
Amortisation of goodwill	33 333	33 333
	<u>36 347</u>	<u>35 802</u>

#### 3 Directors' emoluments

The directors' emoluments for the year are as follows

	2007 £	2006 £
Directors' emoluments (including benefits in kind)	60 000	50 000
	<u>60 000</u>	<u>50 000</u>

#### 4 Particulars of employees

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	72 592	64 315
Social security	7 551	5 142
	<u>80 143</u>	<u>69 457</u>

#### 5 Taxation

Analysis of current period tax charge

	2007 £	2006 £
<b>Current tax</b>		
Corporation tax charge	12 300	11 000
	<u>12 300</u>	<u>11 000</u>

**Free Spirit Automotive Limited**  
**Notes to the Financial Statements for the Year Ended 31 March 2007**

*continued*

**6 Dividends**

	2007 £	2006 £
<b>Equity dividends</b>		
Paid	<u>30 000</u>	<u>-</u>

# Free Spirit Automotive Limited

## Notes to the Financial Statements for the Year Ended 31 March 2007

*continued*

### 7 Intangible fixed assets

	<b>Goodwill £</b>
<b>Cost</b>	
As at 1 April 2006 and 31 March 2007	<u>100 000</u>
<b>Amortisation</b>	
As at 1 April 2006	37 333
Charge for the year	<u>33 333</u>
As at 31 March 2007	<u>70,666</u>
<b>Net book value</b>	
As at 31 March 2007	<u>29 334</u>
As at 31 March 2006	<u>62 667</u>

### 8 Tangible fixed assets

	<b>Motor vehicles £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 April 2006	8 545	1 331	9 876
Additions	<u>8 718</u>	<u>-</u>	<u>8 718</u>
As at 31 March 2007	<u>17 263</u>	<u>1 331</u>	<u>18,594</u>
<b>Depreciation</b>			
As at 1 April 2006	2 136	666	2 802
Charge for the year	<u>2,681</u>	<u>333</u>	<u>3 014</u>
As at 31 March 2007	<u>4 817</u>	<u>999</u>	<u>5 816</u>
<b>Net book value</b>			
As at 31 March 2007	<u>12 446</u>	<u>332</u>	<u>12 778</u>
As at 31 March 2006	<u>6 409</u>	<u>665</u>	<u>7 074</u>

# Free Spirit Automotive Limited

## Notes to the Financial Statements for the Year Ended 31 March 2007

*continued*

### 9 Debtors

	2007 £	2006 £
Trade debtors	7 515	15 449
Other debtors	3 746	3 061
Director current accounts	-	215
	<u>11 261</u>	<u>18 725</u>

### 10 Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	11 283	36 564
Corporation tax	13 250	9 750
Social security and other taxes	5 889	1 631
Other creditors	12 890	6 337
Director current accounts	30 000	50 000
Accruals and deferred income	10 000	2 150
	<u>83 312</u>	<u>106 432</u>

### 11 Share capital

	2007 £	2006 £
<b>Authorised</b>		
<b>Equity</b>		
70 000 Ordinary shares of £1 each	<u>70 000</u>	<u>70 000</u>
<b>Non-equity</b>		
30 000 Redeemable Preference Shares shares of £1 each	<u>30 000</u>	<u>30 000</u>
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
30 000 Ordinary shares of £1 each	<u>30 000</u>	<u>30 000</u>
<b>Non-equity</b>		
30 000 Redeemable Preference Shares shares of £1 each	<u>30 000</u>	<u>30 000</u>

## Free Spirit Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 March 2007

*continued*

#### 12 Reserves

	Profit and loss reserve £
Balance at 1 April 2006	71 229
Transfer from profit and loss account for the year	53 620
Dividends	(30 000)
Balance at 31 March 2007	<u>94 849</u>

#### 13 Related parties

##### Controlling entity

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

##### Directors' loan accounts

The following balances owed to the directors were outstanding at the year end

	Maximum Balance £	2007 £	2006 £
Mr J Derbyshire	15,000	15 000	-
Mr R Garofall	15 000	15 000	-
Mr P Derbyshire	50 000	-	50 000
	<u>80 000</u>	<u>30 000</u>	<u>50 000</u>