

Registration number 05044429

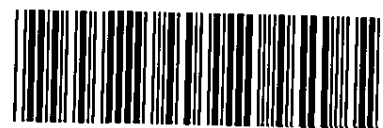
# Free Spirit Automotive Limited

Directors' Report and Unaudited Financial Statements

for the Year Ended 31 March 2008

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

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**Free Spirit Automotive Limited**  
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**Free Spirit Automotive Limited**  
**Company Information**

<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 2008**

The directors present their report and the financial statements for the year ended 31 March 2008

**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

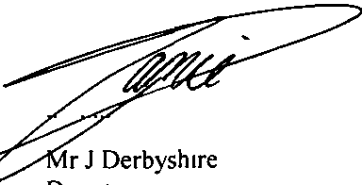
**Election to dispense laying accounts**

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 23 September 2008 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 2008 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

23 September 2008

27 Redwood Glade  
Leighton Buzzard  
Bedfordshire  
LU7 3JT

**Free Spirit Automotive Limited**  
**Profit and Loss Account for the Year Ended 31 March 2008**

	Note	2008 £	2007 £
Turnover		2,075,732	1,734,255
Cost of sales		(1,799,498)	(1,479,220)
<b>Gross profit</b>		<u>276,234</u>	<u>255,035</u>
Administrative expenses		(213,776)	(181,070)
Other operating income		392	-
<b>Operating profit</b>	2	<u>62,850</u>	<u>73,965</u>
Other interest receivable and similar income		762	485
Interest payable and similar charges		(116)	(8,530)
<b>Profit on ordinary activities before taxation</b>		<u>63,496</u>	<u>65,920</u>
Tax on profit on ordinary activities	4	(11,700)	(12,300)
<b>Profit for the financial year</b>	11	<u>51,796</u>	<u>53,620</u>
<b>Profit and loss reserve brought forward</b>		94,849	71,229
Dividends	5	(30,000)	(30,000)
<b>Profit and loss reserve carried forward</b>		<u><u>116,645</u></u>	<u><u>94,849</u></u>

The notes on pages 7 to 13 form an integral part of these financial statements

**Free Spirit Automotive Limited**  
**Balance Sheet as at 31 March 2008**

		2008		2007	
	Note	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	6		1		29,334
Tangible assets	7		<u>12,780</u>		<u>12,778</u>
			12,781		42,112
<b>Current assets</b>					
Stocks		127,712		163,245	
Debtors	8	49,011		11,261	
Cash at bank and in hand		<u>46,658</u>		<u>21,543</u>	
		223,381		196,049	
<b>Creditors' Amounts falling due within one year</b>	9	<u>(59,517)</u>		<u>(83,312)</u>	
<b>Net current assets</b>			<u>163,864</u>		<u>112,737</u>
<b>Net assets</b>			<u>176,645</u>		<u>154,849</u>
<b>Capital and reserves</b>					
Called up share capital	10		60,000		60,000
Profit and loss reserve	11		<u>116,645</u>		<u>94,849</u>
<b>Shareholders' funds</b>			<u>176,645</u>		<u>154,849</u>

The notes on pages 7 to 13 form an integral part of these financial statements

**Free Spirit Automotive Limited**  
**Balance Sheet as at 31 March 2008 (continued)**

For the financial year ended 31 March 2008, 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 2007).

Approved by the Board on 23 September 2008 and signed on its behalf by



Mr R W Garofall  
Director

The notes on pages 7 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 2008**

#### **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 2007)

##### **Going concern**

These financial statements have been prepared on a going concern basis

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

##### **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 2008

*continued*

#### Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

#### Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

## 2 Operating profit

Operating profit is stated after charging/(crediting)

	2008 £	2007 £
Foreign currency gains	(73)	-
Loss on sale of fixed assets	1	-
Depreciation of tangible fixed assets	6,197	3,014
Amortisation of intangible fixed assets	29,333	33,333
	<u>29,333</u>	<u>33,333</u>

## 3 Directors' emoluments

The directors' emoluments for the year are as follows

	2008 £	2007 £
Directors' emoluments	<u>65,000</u>	<u>60,000</u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows

	2008 No.	2007 No.
Defined benefit	<u>2</u>	<u>-</u>

**Free Spirit Automotive Limited**  
**Notes to the Financial Statements for the Year Ended 31 March 2008**

*continued*

**4 Taxation**

**Analysis of current period tax charge**

	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
<b>Current tax</b>		
Corporation tax charge	<u>11,700</u>	<u>12,300</u>

**5 Dividends**

	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
Equity dividends	<u>30,000</u>	<u>30,000</u>

**Free Spirit Automotive Limited**  
**Notes to the Financial Statements for the Year Ended 31 March 2008**

*continued*

**6 Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
As at 1 April 2007 and 31 March 2008	<u>100,000</u>
<b>Amortisation</b>	
As at 1 April 2007	70,666
Charge for the year	<u>29,333</u>
As at 31 March 2008	<u>99,999</u>
<b>Net book value</b>	
As at 31 March 2008	<u>1</u>
As at 31 March 2007	<u>29,334</u>

**7 Tangible fixed assets**

	<b>Plant &amp; machinery £</b>
<b>Cost</b>	
As at 1 April 2007	18,594
Additions	6,200
Disposals	<u>(46)</u>
As at 31 March 2008	<u>24,748</u>
<b>Depreciation</b>	
As at 1 April 2007	5,816
Eliminated on disposals	(45)
Charge for the year	<u>6,197</u>
As at 31 March 2008	<u>11,968</u>
<b>Net book value</b>	
As at 31 March 2008	<u>12,780</u>
As at 31 March 2007	<u>12,778</u>

# Free Spirit Automotive Limited

## Notes to the Financial Statements for the Year Ended 31 March 2008

*continued*

### 8 Debtors

	2008 £	2007 £
Trade debtors	42,520	7,515
Other debtors	6,491	3,746
	<u>49,011</u>	<u>11,261</u>

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

	2008 £	2007 £
Trade creditors	1,445	11,283
Social security and other taxes	7,516	5,889
Other creditors	50,556	66,140
	<u>59,517</u>	<u>83,312</u>

### 10 Share capital

	2008 £	2007 £
<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 2008**

*continued*

**11 Reserves**

	<b>Profit and loss reserve £</b>
Balance at 1 April 2007	94,849
Transfer from profit and loss account for the year	51,796
Dividends	<u>(30,000)</u>
Balance at 31 March 2008	<u><u>116,645</u></u>

**12 Related parties**

**Controlling entity**

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

**Related party transactions**

The company paid dividends during the year of £30,000 (2007 £30,000) These dividends were paid to the two executive directors as follows

Mr J Derbyshire £15,000 (2007 £15,000)

Mr R Garofall £15,000 (2007 £15,000)

Mr P Derbyshire waived all dividends declared during the course of this and the prior accounting period

**Directors' loan accounts**

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

	<b>Maximum Balance £</b>	<b>2008 £</b>	<b>2007 £</b>
Mr J Derbyshire	15,000	3,000	15,000
Mr R Garofall	15,000	3,652	15,000
Mr P Derbyshire	-	-	-
	<u>30,000</u>	<u>6,652</u>	<u>30,000</u>

No interest is charged in respect of these balances

**Free Spirit Automotive Limited**  
**Notes to the Financial Statements for the Year Ended 31 March 2008**

*continued*

**13 Pension schemes**

**Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £5,000 (2007 - none)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year