

# Financial Statements

## 06 Ormskirk Limited

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**For the Year Ended 31 December 2011**

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COMPANIES HOUSE

**Company No. 05540164**

## Company information

<b>Company registration number</b>	05540164
<b>Registered office</b>	10 Chiswell Street London EC1Y 4UQ
<b>Directors</b>	J Dickson Motors Directors Limited
<b>Secretary</b>	Motors Secretaries Limited
<b>Bankers</b>	National Westminster Bank 8 Park Row Leeds LS1 1QS
<b>Solicitors</b>	Duane Morris 10 Chiswell Street London EC1Y 4UQ
<b>Auditor</b>	Grant Thornton UK LLP Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

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## Report of the Directors

The directors present their report and the financial statements of the company for the year ended 31 December 2011

### Principal activities

The principal activities of the company during the year were the purchasing, selling and repairing of motor vehicles and other ancillary services

### Business review and dividends

Turnover for the year ended 31 December 2011 was £15.1 million (2010 £15.3 million), a decrease of 1% (2010 increase of 5.2%) from the previous year. Profit before tax was £89,024 (2010 £137,768)

During the year, the directors paid a preference share dividend of £nil (2010 £nil)

The directors are pleased with the performance during the year and believe that, despite the difficult economic conditions in recent months, the company is in a good position to continue its current performance levels

The company's trading results for the year and the financial position at the end of the year are shown in the attached financial statements. The financial statements include the impact of Financial Reporting Standard 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'. In managing the business the directors review the results and position excluding the impact of FRS 25. The Business Review, below, provides details on the position and performance of the company prior to the impact of FRS 25.

	<b>Financial statements</b>	<b>Excluding impact of FRS 25</b>
	<b>£</b>	<b>£</b>
Profit after tax	<b><u>61,251</u></b>	<b><u>67,880</u></b>
Total assets	<b>4,645,865</b>	4,645,865
Total liabilities	<b><u>3,685,680</u></b>	<b><u>3,509,630</u></b>
Net assets	<b><u>960,185</u></b>	<b><u>1,136,235</u></b>

### Strategy

The strategy adopted during the year has been to continually build on the market position established by the company, together with a strong manufacturer brand nationally. This strategy is based largely on well established models under the manufacturer brand (including Insignia, Astra and Corsa) and the development of new models to be launched in the coming year.

### Environmental policy

Management continue to work towards the development of the company's environmental policy. It is the management's objective to continually improve performance in this area. When assessing the environmental performance of the company, management consider various measures, including waste recycling and CO<sub>2</sub> emissions from the company's vehicles.

## Report of the Directors (continued)

### **Summary of key performance indicators**

The directors have monitored the progress of the overall company strategy and the individual strategic elements by reference to gross margin and operating profit which are set out in the attached accounts. A key non-financial key performance indicator is new vehicle units sold which were 646 (2010 658).

### **Principal risks and uncertainties**

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

#### ***Manufacturer supply of new and improved products***

The company is reliant on new vehicle products from Vauxhall. This exposes the company to risks in a number of areas as the company is dependent on its manufacturer/supplier in respect of

- availability of new vehicle product
- quality of new vehicle product
- pricing of new vehicle product

The directors are confident that future new products from its manufacturer/supplier will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by other the other core business areas of the company, including used vehicle sales, parts sales and service work.

#### ***Economic downturn***

The success of the business is reliant on consumer spending. An economic downturn, resulting in reduction of consumer spending power will have a direct impact on the income achieved by the company.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

### **Financial risk management objectives and policies**

The company uses various financial instruments which include bank, financial institution and stocking loans, cash and various items, such as consignment stock, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. Their existence exposes the company to a number of financial risks.

The main risks arising from the financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks which are summarised below. These policies have remained unchanged from previous years.

#### **Interest rate risk**

The company finances its operations through a mixture of bank, other external borrowings and preference shares. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk.

The company policy throughout the year has been to achieve its objective of managing interest rate risk through the day to day involvement of management in business decisions rather than through setting maximum or minimum levels for the level of fixed interest rate borrowings.

## Report of the Directors (continued)

### **Financial risk management objectives and policies (continued)**

#### **Credit risk**

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade debtors.

In order to manage credit risk the directors set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

#### **Liquidity risk**

The company seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through the day to day involvement of management in business decisions rather than through setting maximum or minimum liquidity ratios.

### **The directors of the company**

The directors who served the company during the year were as follows:

J Dickson  
Motors Directors Limited

Motors Directors Limited is a company related to General Motors UK Limited who own all the remaining preference shares at 31 December 2011 and 1 January 2011.

### **Directors' responsibilities**

The directors are responsible for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## Report of the Directors (continued)

### **Directors' responsibilities (continued)**

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have 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.

### **Disabled employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

ON BEHALF OF THE BOARD



J Dickson  
Director

29/05/12



## Report of the independent auditor to the members of 06 Ormskirk Limited

We have audited the financial statements of 06 Ormskirk Limited for the year ended 31 December 2011 which comprise the principal accounting policies, profit and loss account, balance sheet, 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, 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 (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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2011 and of its profit for the year ended 31 December 2011,
- 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.





## Report of the independent auditor to the members of 06 Ormskirk 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

*Grant Thornton UK LLP*

Malcolm Gomersall  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Central Milton Keynes

*29/05/2012*

## Principal accounting policies

### Basis of accounting

During the year the company reported a profit before tax and FRS 25 adjustments of £95,653 and a net cash inflow from operating activities of £256,498. Therefore, despite net current liabilities of £192,113 (2010 £200,369), the directors have prepared these financial statements on a going concern basis given that, on balance, their expectation is that the company will continue as a going concern for the foreseeable future.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the company are set out below and remain unchanged from the previous year.

The profit and loss account and balance sheet include a memorandum illustrating the financial performance and position prior to the application of Financial Reporting Standard 25 under United Kingdom Generally Accepted Accounting Practice.

### Turnover

Turnover represents amounts receivable for goods supplied and services provided, including finance commission earned net of trade discounts, VAT and other sales related taxes.

Sales of motor vehicles, parts and accessories are recognised on the earlier of full payment by, or delivery date to, the customer together with the associated manufacturer vehicle bonus income. Any other manufacturer income in relation to achieving targets is recognised on an accruals basis. After sales revenue is recognised on the completion of the agreed work.

### Goodwill

Negative goodwill representing the excess of the fair values of the identifiable net assets acquired over the fair value of the consideration given, is capitalised and is amortised over the period of use or depreciation of the non-monetary assets acquired.

### Fixed assets

All fixed assets are initially recorded at cost.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	50 years
Plant & Equipment	-	3 - 10 years
Computer Equipment	-	3 - 10 years

## Principal accounting policies (continued)

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Under supply agreements with General Motors, the company has access to 'consignment stock' during a consignment period. Where the nature of these supply agreements transfers the risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the balance sheet together with an equivalent liability.

Where supply agreements do not provide risks and rewards to the company until such time as legal title actually passes at the end of the consignment period, these stocks are not included in the balance sheet. Both the terms under which stocks are held and the financial commitment in respect of these stocks are disclosed in the notes to the financial statements.

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

In accordance with FRS 25, the company's preference shares are shown as compound instruments. The equity element of the compound instrument, representing the extent to which the present value of the preference investor's return, at market rates, is less than the par value of the original investment, has been shown in the accounts as an 'Other equity reserve'.

The annual calculation of the debt element of the compound instrument, being the present value of the preference investor's return, and the associated finance charge has been carried out in accordance with paragraph AG 8 of FRS 26.

## Principal accounting policies (continued)

### **Financial instruments (continued)**

This states that if an entity revises its estimates of future payments to the investor, the entity shall adjust the carrying amount of the financial liability to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised as an interest income or expense amount in the profit and loss account.

## Profit and loss account

Memo 2011 £		Note	2011 £	2010 £
15,050,858	Turnover	1	15,050,858	15,267,501
13,191,947	Cost of sales		13,191,947	13,390,377
1,858,911	Gross profit		1,858,911	1,877,124
1,638,528	Administrative charges		1,638,528	1,679,028
220,383	<b>Operating profit</b>	2	220,383	198,096
2,565	Interest receivable		2,565	—
127,295	Interest payable excluding FRS 25 interest		127,295	142,478
—	Finance (credit)/charge on shares classed as liabilities (FRS 25)		6,629	(82,150)
127,295	Interest payable and similar charges	4	133,924	60,328
95,653	<b>Profit on ordinary activities before taxation</b>		89,024	137,768
27,773	Tax on profit on ordinary activities	5	27,773	25,635
67,880	<b>Profit for the financial year</b>	16	61,251	112,133

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

**The accompanying accounting policies and notes form part of these financial statements.**


## Balance sheet

Company No 05540164

Memo 2011 £		Note	2011 £	2010 £
	<b>Fixed assets</b>			
—	Intangible assets	6	—	—
2,069,895	Tangible assets	7	2,069,895	2,095,392
<u>2,069,895</u>			<u>2,069,895</u>	<u>2,095,392</u>
	<b>Current assets</b>			
2,335,248	Stocks	8	2,335,248	2,084,786
240,413	Debtors	9	240,413	393,879
309	Cash in hand		309	309
<u>2,575,970</u>			<u>2,575,970</u>	<u>2,478,974</u>
2,728,083	Creditors amounts falling due within one year		2,728,083	2,639,343
—	Shares classed as financial liabilities (FRS 25)		40,000	40,000
<u>2,728,083</u>	<b>Creditors amounts falling due within one year</b>	10	<u>2,768,083</u>	<u>2,679,343</u>
(152,113)	<b>Net current liabilities</b>		(192,113)	(200,369)
<u>1,917,782</u>	<b>Total assets less current liabilities</b>		<u>1,877,782</u>	<u>1,895,023</u>
781,547	Creditors amounts falling due after more than one year		781,547	866,668
—	Shares classed as financial liabilities (FRS 25)		136,050	129,421
<u>781,547</u>	<b>Creditors. amounts falling due after more than one year</b>	11	<u>917,597</u>	<u>996,089</u>
<u>1,136,235</u>			<u>960,185</u>	<u>898,934</u>
	<b>Capital and reserves</b>			
520,287	Called-up equity share capital	14	200,000	200,000
279,713	Capital redemption reserve	16	279,713	279,713
—	Other equity reserve	16	154,224	154,224
336,235	Profit and loss account	16	326,248	264,997
<u>1,136,235</u>		16	<u>960,185</u>	<u>898,934</u>

These financial statements were approved by the directors and authorised for issue on 29 May 2012, and are signed on their behalf by

  
J. Dickson  
Director

  
M. Abbott, For and on behalf of Motors Directors Limited  
Director

The accompanying accounting policies and notes form part of these financial statements.

## Cash flow statement

	Note	2011 £	2010 £
<b>Net cash inflow from operating activities</b>	17	<b>256,498</b>	<b>289,527</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		2,565	–
Interest paid		(127,295)	(142,478)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(124,730)</b>	<b>(142,478)</b>
<b>Taxation</b>		<b>(33,372)</b>	<b>(15,645)</b>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(18,721)	(17,289)
<b>Net cash outflow from capital expenditure</b>		<b>(18,721)</b>	<b>(17,289)</b>
<b>Cash inflow before financing</b>		<b>79,675</b>	<b>114,115</b>
<b>Financing</b>			
Repayment of bank loans		(91,119)	(92,857)
Repayment of other loans		–	(24,000)
<b>Net cash outflow from financing</b>		<b>(91,119)</b>	<b>(116,857)</b>
<b>Decrease in cash</b>	18	<b>(11,444)</b>	<b>(2,742)</b>

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### **1 Turnover**

The turnover and profit before tax are attributable to the principal activities of the company which arise wholly in the UK

### **2 Operating profit**

Operating profit is stated after charging

	2011 £	2010 £
Depreciation of owned fixed assets	44,218	59,487
Loss on disposal of fixed assets	–	946
Auditor's remuneration		
Audit fees	7,900	7,900
Non-audit fees, taxation	<u>1,100</u>	<u>1,100</u>

### **3 Particulars of employees and directors**

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of production staff	26	26
Number of administrative staff	<u>41</u>	<u>29</u>
	<u>57</u>	<u>55</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,248,495	1,004,172
Social security costs	<u>120,257</u>	<u>121,247</u>
	<u>1,368,752</u>	<u>1,125,419</u>

Remuneration in respect of directors was as follows

	2011 £	2010 £
Emoluments receivable	<u>90,972</u>	<u>89,830</u>



## Notes to the financial statements (continued)

### **4 Interest payable and similar charges**

	2011 £	2010 £
Interest payable on bank borrowing	9,144	13,916
Other similar charges payable	118,151	128,562
Interest payable excluding FRS25 interest	127,295	142,478
Finance charge/(credit) on shares classed as liabilities (see note 15)	6,629	(82,150)
Total interest payable and similar charges	<u>133,924</u>	<u>60,328</u>

Other similar charges payable represent amounts payable to group undertakings, being related parties

### **5 Taxation on ordinary activities**

#### (a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 26.5% (2010: 28%)	31,000	25,000
Adjustment in respect of prior periods	(3,227)	635
	<u>27,773</u>	<u>25,635</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26.5% (2010: 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	89,024	137,768
Profit on ordinary activities multiplied by the standard rate of tax	23,585	38,575
Expenses not deductible for tax purposes	5,328	4,535
Income not taxable	–	(23,002)
Depreciation in excess of capital allowances for period	1,387	4,892
Other adjustments and timing differences	700	–
Adjustment to tax charge in respect of prior periods	(3,227)	635
Total current tax (note 5(a))	<u>27,773</u>	<u>25,635</u>

## Notes to the financial statements (continued)

### **6 Intangible fixed assets**

	Negative goodwill £
Cost	
At 1 January 2011 and 31 December 2011	(498,211)
Amortisation	
At 1 January 2011 and 31 December 2011	(498,211)
Net book value	
At 31 December 2011	—
At 31 December 2010	—

### **7 Tangible fixed assets**

	Freehold Property £	Plant & Equipment £	Computer Equipment £	Total £
Cost				
At 1 January 2011	2,067,780	193,127	76,306	2,337,213
Additions	—	16,273	2,448	18,721
At 31 December 2011	<u>2,067,780</u>	<u>209,400</u>	<u>78,754</u>	<u>2,355,934</u>
Depreciation				
At 1 January 2011	58,887	123,952	58,982	241,821
Charge for the year	12,294	20,591	11,333	44,218
At 31 December 2011	<u>71,181</u>	<u>144,543</u>	<u>70,315</u>	<u>286,039</u>
Net book value				
At 31 December 2011	<u>1,996,599</u>	<u>64,857</u>	<u>8,439</u>	<u>2,069,895</u>
At 31 December 2010	<u>2,008,893</u>	<u>69,175</u>	<u>17,324</u>	<u>2,095,392</u>

The value of land on which depreciation is not provided is £1,405,000 (2010 £1,405,000)

## Notes to the financial statements (continued)

**8 Stocks**

	2011 £	2010 £
Vehicle stocks	2,221,757	1,940,896
Parts stock	113,491	143,890
	<u>2,335,248</u>	<u>2,084,786</u>

**9 Debtors**

	2011 £	2010 £
Trade debtors	62,996	224,013
Amounts owed by group undertakings	44,032	64,766
Prepayments and accrued income	133,385	105,100
	<u>240,413</u>	<u>393,879</u>

An analysis of amounts owed by group undertakings, being related parties, is as follows

	2011 £	2010 £
Vehicle related transactions due from General Motors UK Limited	<u>44,032</u>	<u>64,766</u>

**10 Creditors: amounts falling due within one year**

	2011 £	2010 £
Bank loans and overdrafts	327,969	316,524
Other loans	–	6,000
Trade creditors	2,237,299	2,003,495
Amounts owed to group undertakings	18,278	13,943
Corporation tax	13,251	18,991
Other taxation and social security	42,357	151,287
Shares classed as financial liabilities	40,000	40,000
Accruals and deferred income	88,929	129,103
	<u>2,768,083</u>	<u>2,679,343</u>

The bank loans and overdrafts are secured by fixed and floating charges over all of the assets of the company

The General Motors Acceptance Company loan is secured by way of a first legal charge over the properties together with a second floating charge over the company assets present and future. The loan is repayable in equal monthly capital instalments of £2,000, with interest charged at a fixed rate of 5.24% per annum.

## Notes to the financial statements (continued)

### 11 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loans	781,547	866,668
Shares classed as financial liabilities	136,050	129,421
	<u>917,597</u>	<u>996,089</u>

The bank loans are secured by fixed and floating charges over all of the assets of the company

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2011 £	2010 £
Bank loans	<u>410,110</u>	<u>536,205</u>

### 12 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows

	2011 £	2010 £
Amounts repayable		
In one year or less or on demand	367,969	362,524
In more than one year but not more than two years	119,843	124,857
In more than two years but not more than five years	332,443	343,572
In more than five years	465,312	527,660
	<u>1,285,567</u>	<u>1,358,613</u>

### 13 Related party transaction

	2011 £	2010 £
<b>Name of related party</b>		
General Motors UK Limited Subsidiary of General Motors Company		
- vehicle related purchase transactions	1,875,097	1,527,361

## Notes to the financial statements (continued)

### 14 Share capital

Authorised share capital

	2011 £	2010 £
110,000 Ordinary shares of £1 each	110,000	110,000
90,000 'B' Ordinary shares of £1 each	90,000	90,000
600,000 Preference shares of £1 each	600,000	600,000
	<u>800,000</u>	<u>800,000</u>

Allotted and called up

	2011		2010	
	No	£	No	£
Ordinary shares of £1 each	110,000	110,000	110,000	110,000
'B' Ordinary shares of £1 each	90,000	90,000	90,000	90,000
Preference shares of £1 each (see note 15)	320,287	320,287	320,287	320,287
	<u>520,827</u>	<u>520,827</u>	<u>520,827</u>	<u>520,827</u>

	2011 £	2010 £
Amounts presented in equity		
Ordinary shares of £1 each	110,000	110,000
'B' Ordinary shares of £1 each	90,000	90,000
	<u>200,000</u>	<u>200,000</u>

### Rights

#### Ordinary shares

The ordinary shares confer the right to be paid a dividend out of the distributable profits of the company, after all dividend and redemption rights relating to the redeemable participating preference shares have been satisfied. The ordinary shares do not carry the right to attend and vote at all general meetings of the company.

#### Preference shares

The redeemable participating preference shares confer the right to be paid a dividend out of the profits of the company, in priority to any other class of share, equal to the percentage of the distributable profits of the company represented by the proportion of preference shares issued in relation to the equity share capital issued.

## Notes to the financial statements (continued)

### 14 Share capital (continued)

The balance of distributable profits remaining after any such preference dividend is declared shall then be applied to the redemption of preference shares at par, except when the preference shares have been reduced to 1% or less of the issued share capital of the company or converted into 'A' ordinary shares. The preference shares also carry the right to attend and vote at all general meetings of the company.

If preference shares have not been redeemed, the holders are entitled to request they be converted to 'A' Ordinary shares on a 1 for 1 basis.

#### Dividends

During the year, the company paid preference share dividends of £nil (2010 £nil).

#### Redemptions

During the year, the company redeemed £nil (2010 £nil) redeemable participating preference £1 shares at par.

### 15 FRS 25 - presentation and disclosure of preference shares

In accordance with FRS 25, the company's preference shares are termed compound instruments and consist of both debt and equity components. The debt component of the share is classed as a financial liability and disclosed within creditors. The equity component is treated as "Other equity reserves" and forms part of shareholders' funds.

	2011 £	2010 £
Creditors - amounts falling due within one year (see note 10)	40,000	40,000
Creditors - amounts falling due after more than one year (see note 11)	136,050	129,421
Financial liabilities relating to preference shares	176,050	169,421
less: Finance charge unpaid		
Finance (charge) - unpaid from previous years	(3,358)	(85,508)
Finance (charge)/credit - current year (see note 4)	(6,629)	82,150
Net repayments current year	-	-
	166,063	166,063
Other equity reserves	154,224	154,224
Preference shares in issue (see note 14)	320,287	320,287

## Notes to the financial statements (continued)

### 16 Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Capital redemption reserve £	Other equity reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2011	200,000	279,713	154,224	264,997	898,934
Profit for the year	—	—	—	61,251	61,251
At 31 December 2011	<u>200,000</u>	<u>279,713</u>	<u>154,224</u>	<u>326,248</u>	<u>960,185</u>

### 17 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	220,383	198,096
Depreciation	44,218	59,487
Loss on sale of assets	—	946
(Increase)/decrease in stocks	(250,462)	27,155
Decrease in debtors	153,466	69,549
Increase/(decrease) in creditors	88,895	(65,706)
Net cash inflow from operating activities	<u>256,498</u>	<u>289,527</u>

### 18 Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
(Decrease)/increase in cash in the period	(11,444)	(2,742)
Net cash outflow from bank loans	91,119	92,857
Net cash outflow from other loans	—	24,000
Change in net debt resulting from cash flows	79,675	114,115
Non cash movement in shares classed as financial liabilities	(6,629)	82,150
Movement in net debt in the period	73,046	196,265
Net debt at 1 January 2011	(1,358,304)	(1,554,569)
Net debt at 31 December 2011	<u>(1,285,258)</u>	<u>(1,358,304)</u>

## Notes to the financial statements (continued)

### 19 Analysis of changes in net debt

	At 1 Jan 2011 £	Cash flows £	Other changes £	At 31 Dec 2011 £
Net cash				
Cash in hand and at bank	309	—	—	309
Overdrafts	(223,668)	(11,444)	—	(235,112)
	<u>(223,359)</u>	<u>(11,444)</u>	<u>—</u>	<u>(234,803)</u>
Debt				
Debt due within 1 year	(138,856)	5,999	—	(132,857)
Debt due after 1 year	(996,089)	85,120	(6,629)	(917,598)
	<u>(1,134,945)</u>	<u>91,119</u>	<u>(6,629)</u>	<u>(1,050,455)</u>
Net debt	<u>(1,358,304)</u>	<u>79,675</u>	<u>(6,629)</u>	<u>(1,285,258)</u>

### 20 Controlling related party

The directors consider that the ultimate parent undertaking of this company is General Motors Company, incorporated in the United States of America

General Motors UK Limited is this company's controlling related party by virtue of its holding of redeemable preference shares. The ultimate controlling related party of the company is General Motors Company, as a result of General Motors UK Limited being one of its subsidiary companies.

On the grounds of materiality, no group accounts have been drawn up which include this company's results.