M Piercy Limited

Directors' report and consolidated financial statements

Registered number 06169267

9 months and 13 days period ended 31 December 2007

31 3.08.

Contents

Directors' report

The director presents his annual report and the audited consolidated financial statements for the 9 months and 13 days period from incorporation on 18 March 2007 to 31 December 2007 The group began to trade on 28 August 2007

Principal activities

The Group's principal activity is the wholesaling of motor vehicle components and accessories

Trading results

The profit after tax for the period ended 31 December 2007 was £44,289 The director does not propose payment of a dividend

Business Review

The Group began trading from the end of August 2007 following the acquisition of the issued share capital of S T Piercy Limited The financial statements therefore show the 4 months trading to 31st December 2007

The Director is satisfied with the performance and results for the period

In a challenging market place, the Group's performance reflects its ability to adapt and to embrace new technology both in its product offering and in house systems and administration Our dedicated Technical Sales Department is now well established and is providing the expertise needed to deal with the complex vehicles of today

We continue to invest in computer technology and are at the forefront of our industry sector with VRM look up, bespoke electronic cataloguing and a complete electronic order to pay cycle with both suppliers and customers

We have continued to emphasise our commitment to training not only to our staff but also by offering a comprehensive range of courses to meet our customer's needs Our focus on staff training will be an ongoing theme into next year to ensure the quality of the service we provide remains an utmost priority

Rises in raw material prices throughout the year have been closely monitored and offset by strategic planning and analysis of the Group's use of energy and other resources The Group has invested in machinery to increase its ability to recycle waste materials and reduce its environmental impact

In conclusion, the Group continues to perform consistently, building from a solid platform year on year with further growth and expansion potential Our commitment to quality in all areas of the business, staff, product and service remains key

Directors

The director who held office during the period was

M Piercy (appointed 18 March 2007)

Political and charitable donations

Charitable donations in the period amounted to £923 The Group made no political donations during the period

Employee involvement

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group s performance

Directors' report *(continued)*

Disabled persons

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill All necessary assistance with initial training courses is given Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person

Arrangements are made, wherever possible, for retraining employees who become disabled, to allow them to perform work which is appropriate to their aptitudes and abilities

Disclosure of information to auditors

The director who held office at the date of approval of this directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information

Auditors

KPMG LLP were appointed as first auditors of the company

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

M Piercy
Director

Stewarts Road
Wellingborough
Northants
NN8 4RJ

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 group and the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accountancy Practice)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 group and the parent company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
United Kingdom

Independent auditors' report to the members of M Piercy Limited

We have audited the group and parent company financial statements (the "financial statements") of M Piercy Limited for the 9 months and 13 days period ended 31 December 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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 auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatement within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report to the members of M Piercy Limited *(continued)*

Opinion

In our opinion

- The financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's profit for the 9 months and 13 days period then ended, and
- The financial statements have been properly prepared in accordance with the Companies Act 1985
- The information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 August 2008

Consolidated profit and loss account
for the 9 months and 13 days period ended 31 December 2007

	Note	**2007*** **£**
Turnover	*2*	**5,966,634**
Cost of sales		**(3,267,428)**
Gross profit		**2,699,206**
Distribution costs		**(366,110)**
Administrative expenses		**(2,219,375)**
Operating profit		**113,721**
Interest receivable and similar income	*6*	**2,952**
Interest payable and similar charges	*7*	**(52,028)**
Profit on ordinary activities before taxation	*3*	**64,645**
Taxation on profit on ordinary activities	*8*	**(20,356)**
Profit on ordinary activities after taxation for the period	*18*	**44,289**

* This result for the period represents the four months of trading since 28 August 2007 and all results relate to continuing activities

There are no recognised gains and losses for the financial period except for those shown above Accordingly, no statement of total recognised gains and losses has been prepared

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period and their historical cost equivalent

Balance sheet
at 31 December 2007

	Note	Group 2007 £	Company 2007 £
Fixed assets			
Intangible assets	*9*	802,746	-
Tangible assets	*10*	2,938,839	-
Investments	*11*	100	5,125,520
		3,741,685	5,125,520
Current assets			
Stock	*12*	4,319,066	-
Debtors	*13*	3,298,566	568
Cash at bank and in hand		115,585	-
		7,733,217	568
Creditors amounts falling due within one year	*14*	(6,347,975)	(12,714)
Net current assets/(liabilities)		1,385,242	(12,146)
Total assets less current liabilities		5,126,927	5,113,374
Creditors: amounts falling due after more than one year	*15*	(1,677,137)	(1,579,575)
Provisions for liabilities	*16*	(83,575)	-
Net assets		3,366,215	3,533,799
Capital and reserves			
Called up share capital	*17*	3,321,926	3,321,926
Profit and loss account	*18*	44,289	211,873
Shareholders' funds	*19*	3,366,215	3,533,799

These financial statements were approved by the director on 15|8|2008

M Piercy
Director

Cash flow statement

for the9 months and 13 days period ended 31 December 2007

	Note	2007 £
Cashflow from operating activities	20	**1,181,746**
Returns on investment and servicing of finance	21	**(49,076)**
Taxation		**(111,679)**
Capital expenditure and financial investment	21	**(62,122)**
Acquisitions and disposals	21	**(2,217,196)**
Cash outflow before financing		**(1,258,326)**
Financing	21	**(296,027)**
Decrease in cash in the period		**(1,554,353)**

Reconciliation of net cash flow to movement in net debt

for the 9 months and13 days period ended 31 December 2007

	Note	2007 £
Decrease in cash in the period		**(1,554,353)**
Cash outflow from increase in debt financing		2,487,702
Change in net debt resulting from cash flows		933,349
Loans and finance leases acquired with subsidiary		(4,532,073)
Net debt at the start of the period		-
Net debt at the end of the period	22	**(3,598,724)**

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements

Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 31 December 2007 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under section 230(4) of the Companies Act 1985, the Company is exempt from the requirement to present its own profit and loss account The Company's profit and loss account for the period is shown in note 19

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers

Goodwill

Goodwill arising on acquisitions is capitalised and amortised on a straight-line basis over its expected useful life of 20 years, which the directors believe to be its useful economic life

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful economic life, as follows

Freehold land	Nil
Freehold buildings	2% per annum straight line
Plant and machinery	15% per annum reducing balance or 25% per annum straight line
Motor vehicles	30% per annum reducing balance

Leases

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability

All other leases are considered to be "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Stock

Stock is valued at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Post retirement benefits

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged against profits represents contributions payable to the scheme in respect of the accounting period

Cash and liquid resources

Cash, for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period

Notes *(continued)*

3 Profit on ordinary activities before taxation

	9 months and 13 days period ended 31 December 2007
Profit on ordinary activities before taxation is stated after charging/(crediting)	**£**
Auditors' remuneration	
- audit of these financial statements	**2,000**
Amounts receivable by the auditors and their associates in respect of	
- other services relating to taxation	**300**
Depreciation of tangible fixed assets	
Owned	**70,429**
Leased	**76,993**
Amortisation of goodwill	**13,606**
Hire of other assets – operating leases	**-**
Profit on disposal of fixed assets	**(4,676)**

Amounts paid to the company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

4 Remuneration of directors

	9 months and 13 days period ended 31 December 2007
	£
Directors emoluments	**113,208**
Pension contributions	**21,034**
	134,242

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows

	Number of employees 2007
Sales staff	216
Administrative staff	41
	257

The aggregate payroll costs of these persons were as follows

	9 months and 13 days period ended31 December 2007 £
Wages and salaries	1,519,467
Social security costs	115,144
Other pension costs	37,154
	1,671,765

6 Interest receivable and similar income

	9 months and 13 days period ended 31 December 2007 £
Bank interest	2,952

7 Interest payable and similar charges

	9 months and 13 days period ended 31 December 2007 £
On bank loans and overdrafts	47,304
On finance leases	4,724
	52,028

Notes *(continued)*

8 Taxation

		9 months and 13 days period ended 31 December 2007 £
a)	*Analysis of charge in the period*	
	UK corporation tax	
	Corporation tax on income for the period	**11,572**
	Total current tax	**11,572**
	Deferred tax	
	Origination and reversal of timing differences current period	**8,784**
	Total deferred tax	**8,784**
	Tax on profit on ordinary activities	**20,356**

b) *Factors affecting current tax charge in the period*

The tax for the period is higher than the standard rate of corporation tax (30%) The differences are explained below

Profit on ordinary activities before tax	**64,645**
Tax on profit on ordinary activities in the period at the standard rate of corporation tax (30%)	**19,394**
Expenses non deductible for tax purposes	**11,144**
Depreciation in excess of capital allowances	**(10,625)**
Marginal relief	**(8,341)**
Total current tax	**11,572**

9 Intangible fixed assets

	Goodwill £
Cost	
Additions (see note 24)	816,352
At end of period	816 352
Amortisation	
Charge for period	13,606
At end of period	13 606
Net book value	
At 31 December 2007	**802,746**

Goodwill is amortised on a straight-line basis over 20 years, which the director believes to be its useful economic life

Notes *(continued)*

10 Tangible fixed assets

Group	Motor vehicles	Plant and machinery	Land and Buildings	Total
	£	£	£	£
Cost				
Acquired in business combination	1 186,970	1,973,649	1,914,653	5 075,272
Additions	88,841	5,302	-	94,143
Disposals	(98,973)	-	-	(98,973)
At end of period	1,176.838	1,978,951	1,914 653	5 070,442
Depreciation				
Acquired in business combination	449,003	1,393 876	212,930	2,055,809
Charge for period	99 149	37,745	10,528	147,422
Disposals	(71,628)	-	-	(71,628)
At end of period	476 524	1,431,621	223,458	2,131,603
Net book value				
At 31 December 2007	**700,314**	**547,330**	**1,691,195**	**2,938,839**

Included in the above are fixed assets financed by leases with a net book value of £725,388 The depreciation charge in the period in respect of these assets was £76,993

11 Investments in group undertakings

Company

	Shares in group undertakings
	£
Cost and net book value	
Additions (note 24)	**5,125,520**
At end of period	**5,125 520**

Details of the principal subsidiary undertakings of the Company are provided below

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage shareholding
ST Piercy Limited	England and Wales	Sale of motor vehicle components and accessories	100% ordinary shares

The above company is included in this consolidation

Notes *(continued)*

11 Investments in group undertakings (continued)

Group

	Shares £
Cost at start and end of the year	100

The company in which the Company has an interest at the year end is as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
Other investments			
UK Parts Alliance Limited	UK	Motor vehicle accessories	14% ordinary share capital

12 Stocks

	Group 2007 £
Finished goods and goods for resale	4,319,066

13 Debtors

	Group 2007 £	Company 2007 £
Trade debtors	2,816,543	-
Other debtors	241,534	568
Prepayments	240,489	-
	3,298,566	568

14 Creditors amounts falling due within one year

	Group 2007 £	Company 2007 £
Bank loans and overdrafts	1,669,938	-
Net obligations under finance leases and hire purchase contracts	367,234	-
Trade creditors	3,376,137	-
Other taxation including social security	373,462	-
Accruals and deferred income	346,150	12,714
Corporation tax	102,657	-
Other creditors	112,397	-
	6,347,975	12,714

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group 2007 £	Company 2007 £
Obligations under finance leases and hire purchase contracts	97,562	-
Loan notes	1,579,575	1,579,575
	1,677,137	1,579,575

	Group 2007 £	Company 2007 £
The maturity of obligations under finance leases and hire purchase contracts is as follows		
Within one year	367,234	-
In the second to fifth year	97,562	-
	464,796	-

Analysis of loan note debt:

	Group 2007 £	Company 2007 £
Repayable within one year	-	-
Repayable in two to five years	1,146,345	1,146,345
Repayable in more than five years	433,230	433,230
	1,579,575	1,579,575

The loan notes incur interest at the Bank of England base rate and are repayable by instalments

16 Provisions for liabilities

Company	Onerous lease provision £	Deferred tax £	Total £
Acquired in business combination	12 500	68 541	81,041
Additional amounts provided	-	8,784	8 784
Utilised during the period	(6 250)	-	(6,250)
At the end of the period	6,250	77,325	83,575

The elements of deferred taxation are as follows

	2007 £
Difference between accumulated depreciation and amortisation and capital allowances	77,325

Notes *(continued)*

17 Called up share capital

	2007 £
Authorised	
10,000,000 ordinary shares of £1 each	**10,000,000**
Allotted, called up and fully paid	
3,321,926 ordinary shares of £1 each	**3,321,926**

On 28 August 2007, 3,321,926 ordinary shares were issued for consideration of £1 per share which was satisfied through the acquisition of ST Piercy Limited (note 24)

18 Reserves

Group	**Profit and loss account £**
At beginning of period	-
Retained profit for the period	44,289
At end of period	**44,289**

Company	**Profit and loss Account £**
At beginning of period	-
Retained profit for the period	211,873
At end of period	**211,873**

19 Reconciliation of movement in shareholders' funds

	Group 2007 £	**Company 2007 £**
Shareholders funds at beginning of period	-	-
Share capital issued	3,321,926	3,321,926
Profit for the period	44,289	211,873
Shareholders funds at end of period	**3,366,215**	**3,533,799**

Notes *(continued)*

20 Reconciliation of operating profit to net cash outflow from operating activities

	2007 £
Operating profit for the period	113,721
Profit on sale of fixed assets	(4,676)
Depreciation	147,422
Amortisation	13,606
Working capital movements	
Decrease in stock	305,013
Decrease in debtors	272,791
Increase in creditors	340,119
Decrease in provisions	(6,250)
Cash inflow from operating activities	1,181,746

21 Analysis of cash flows for heading netted in the cash flow statement

	2007 £
Returns on investment and servicing of finance	
Interest received	2,952
Interest paid	(47,304)
Interest element of finance lease rental payments	(4,724)
	(49,076)
Capital expenditure	
Purchase of tangible fixed assets	(94,143)
Sale of tangible fixed assets	32,021
	(62,122)
Acquisitions	
Purchase of subsidiary undertaking net of cash acquired	(2,217,196)
Financing:	
Repayment of debt	(198,500)
Capital element of finance lease rental payments	(97,527)
	(296,027)

Notes *(continued)*

22 Analysis of debt

	On acquisition (excluding cash and overdrafts)	Cash flow	**31 December 2007**
	£	£	**£**
Cash at bank and in hand	157,650	(42,065)	**115,585**
Bank overdraft	(2,349,325)	679,387	**(1,669,938)**
	(2,191,675)	637,322	**(1,554,353)**
Debt due after more than one year	(1,778,075)	198,500	**(1,579,575)**
Finance leases	(562,323)	97,527	**(464,796)**
	(4,532,073)	933,349	**(3,598,724)**

23 Pensions

The group operates a defined contribution scheme The assets of the scheme are held separately from those of the group in an independently administered fund The pension cost charge represents contributions payable by the Group to the fund and amounted to £37,154

Notes *(continued)*

24 Purchase of subsidiary undertaking

On 28 August 2007, the group acquired 100% of the issued ordinary shares of ST Piercy Limited The resulting goodwill of £816,352 was capitalised and will be written off over 20 years The reason for selecting that period is that it is the best estimate of useful life made by the directors

	Book value of assets Acquired	Fair value adjustments	Fair value of assets acquired
	£	£	£
Tangible fixed assets	2,833,463	186,000	3,019,463
Investments	100	-	100
Stock	4,624,079	-	4,624,079
Debtors	3,571,357	-	3,571,357
Cash at bank and in hand	157,650	-	157,650
Creditors	(6,982,439)	-	(6,982,439)
Provisions	(81,042)	-	(81,042)
Net assets acquired	4,123,168	186,000	4,309,168
Goodwill			816,352
Consideration			5,125,520
Satisfied by			
Loan notes issued			1,778,074
Share capital issued			3,321,926
Cash			25,520
			5,125,520

The subsidiary undertaking acquired during the period contributed £1,181,746 to the group's net operating cash flows, received £36,361 in respect of net returns on investments and servicing of finance, paid £111,679 in respect of taxation and utilised £94,143 for capital expenditure

Notes *(continued)*

25 Commitments

(i) There were no capital commitments at the end of the current financial period

(ii) Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2007 £	Other 2007 £	Total 2007 £
Within one year	**43,884**	**-**	**43,884**
Between 2 and 5 years	**169,950**	**14,977**	**184,927**
Over 5 years	**251,597**	**-**	**251,597**
	465,431	**14,977**	**480,408**

26 Related party transactions

The group rents property owned by the ST Piercy Limited 1983 Retirement Benefits Scheme Rental payments were £43,500 Included within debtors at the period end is £160,000 owed by MD Piercy Limited, a company in which Mr M D Piercy is a director and shareholder Also included in debtors is £55,000 owed by the UK Parts Alliance, a company in which Mr M D Piercy is a director