

Financial Statements

Automotive Newco Limited t/a Watford Jaguar

For the Year Ended 30 September 2012

Registered number: 06220264



Company Information

Directors	M T Dodds N P Smith
Company secretary	H M Gibson
Company number	06220264
Registered office	3 Astwood Mews London SW7 4DE
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW

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Directors' Report

For the Year Ended 30 September 2012

The directors present their report and the financial statements for the year ended 30 September 2012

Directors' responsibilities statement

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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.

Principal activities

The principal activity of the company during the year was that of purchasing, selling and repairing of motor vehicles and other ancillary services.

Business review

The directors are satisfied with the results for the financial year.

For the full calendar year to December 2012 new car registrations in the UK rose 5.3% to 2,044,609 units. The model cycles within the Jaguar brand we represent did not allow the company to benefit from this upturn in vehicle sales, however the launch of two new models bodes well for the second half of 2012/2013 trading period.

The company balance sheet has been strengthened since the end of the financial year with the issuing of shares in order to allow us to put in place stocking lines to benefit from an anticipated increase in sales trading volume.

The Directors are anticipating a strong return to profitability in 2012/13 and have consequently prepared the accounts on a going concern basis.

Results and dividends

The profit for the year, after taxation, amounted to £3,547 (2011 - £55,150).

The directors have paid dividends of £10,000 (2011 - £23,267) and proposed dividends of £nil (2011 - £10,000). There are no proposed dividends payments going forward during the financial year 2012/2013 in order that we are able to build the net worth of the business.

Directors' Report

For the Year Ended 30 September 2012

Directors

The directors who served during the year were

M T Dodds

N P Smith

Principal risks and uncertainties

Manufacturer

The business is dependant upon the manufacturer that we represent and the quality and pricing of their product relative to the level of demand. We are confident that the quality and value of product we represent will continue to be attractive in the medium term and that significant product development strategies mean regular replacement and updating of models and continued expansion of their model range. We maintain strong relationships with our franchise partner at all levels of management.

Economic and political

At the present time, there continues to be economic and political uncertainty. These factors are monitored daily and management recognises the need to be circumspect whilst recognising the equal but opposite risk of underestimating the potential that could be realised through financial investment.

Competition

Competition within the retail motor sector is very strong. The customer is armed with much more information and visibility today than ever before through the internet and other media. Management recognise this and engage fully with the digital channels to communicate and transact.

Management also ensure a focus on customer service and retention as this business continues to build goodwill with both the customers and the manufacturer partner.

Directors' Report

For the Year Ended 30 September 2012

Future developments

The company represents a strong and successful manufacturer and are confident in their approach to the market and the support they provide. We continue to focus on improving all aspects of our business while continuing to strongly manage our costs.

Daily cash management procedures will continue to be a key element of control within the business in what continues to be an uncertain trading climate.

Financial Instruments

The company uses various financial instruments which include bank overdrafts, cash and various items, such as 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.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

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

Interest rate risk

The Company finances its operations through a mixture of retained profits, bank overdrafts and stock financing. The company is exposed to interest rate fluctuations on these borrowings with some being against bank base rate and some tied to finance house base rate. Interest costs are routinely reviewed and available options assessed in order to manage the risk.

The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set 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 this risk by ensuring sufficient liquidity is available to meet foreseeable needs and for future investment. The company's funding is provided through a bank overdraft facility and vehicle stocking facilities.

Directors' Report

For the Year Ended 30 September 2012

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

A handwritten signature in black ink, appearing to read 'M T Dodds', followed by a long horizontal line extending to the right.

.....
M T Dodds
Director

Date 11 February 2013



Independent Auditor's Report to the Members of Automotive Newco Limited t/a Watford Jaguar

We have audited the financial statements of Automotive Newco Limited t/a Watford Jaguar for the year ended 30 September 2012, which comprise the Profit and Loss Account, the Balance Sheet, the 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, 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 Auditing Practices Board's website at 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 30 September 2012 and of its profit for the year then ended,
- 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.



Independent Auditor's Report to the Members of Automotive Newco Limited t/a Watford Jaguar

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

John Corbishley (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Central Milton Keynes
Date

11 February 2013

Profit and Loss Account

For the Year Ended 30 September 2012

	Note	2012 £	2011 £
Turnover	1,2	11,039,865	11,735,239
Cost of sales		(9,417,749)	(10,038,073)
Gross profit		1,622,116	1,697,166
Administrative expenses		(1,565,127)	(1,541,850)
Operating profit	3	56,989	155,316
Interest payable and similar charges	6	(51,704)	(47,950)
Profit on ordinary activities before taxation		5,285	107,366
Tax on profit on ordinary activities	7	(1,738)	(52,216)
Profit for the financial year	15	3,547	55,150

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 10 to 19 form part of these financial statements

Balance Sheet

As at 30 September 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	8		46,135		55,847
Tangible assets	9		102,015		134,520
			148,150		190,367
Current assets					
Stocks	10	1,763,176		2,348,801	
Debtors	11	1,425,176		1,265,085	
Cash at bank and in hand		25,787		284,847	
		3,214,139		3,898,733	
Creditors amounts falling due within one year	12	(2,902,364)		(3,632,722)	
Net current assets			311,775		266,011
Net assets			459,925		456,378
Capital and reserves					
Called up share capital	14		400,000		400,000
Profit and loss account	15		59,925		56,378
Shareholders' funds	16		459,925		456,378

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


 ...
M T Dodds
 Director

Date 11/2/13

The notes on pages 10 to 19 form part of these financial statements

Cash Flow Statement

For the Year Ended 30 September 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	17	(140,778)	161,147
Returns on investments and servicing of finance	18	(51,704)	(47,950)
Taxation		(40,348)	(15,731)
Capital expenditure and financial investment	18	(16,230)	(17,922)
Equity dividends paid		(10,000)	5,133
(Decrease)/Increase in cash in the year		(259,060)	84,677

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the Year Ended 30 September 2012

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(259,060)	84,677
Movement in net debt in the year	(259,060)	84,677
Net funds/(debt) at 1 October	284,847	200,170
Net funds at 30 September	25,787	284,847

The notes on pages 10 to 19 form part of these financial statements

Notes to the Financial Statements

For the Year Ended 30 September 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Sale of motor vehicles 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. Service revenue is recognised on the completion of the agreed work.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Amortisation is provided at the following rates

Goodwill	-	10% straight line
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1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	10% straight line
Plant & Machinery	-	20% straight line
Fixtures & Fittings	-	20% straight line
Computer Equipment	-	20% straight line

1.5 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Stocks

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

Notes to the Financial Statements

For the Year Ended 30 September 2012

1. Accounting Policies (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

2. Turnover

All turnover arose within the United Kingdom

3. Operating profit

The operating profit is stated after charging

	2012	2011
	£	£
Amortisation - intangible fixed assets	9,712	9,712
Depreciation of tangible fixed assets		
- owned by the company	48,735	52,208
Auditor's remuneration	13,500	13,500
Auditor's remuneration - non-audit	2,500	2,500
Operating lease rentals		
- other operating leases	144,367	135,548

Notes to the Financial Statements

For the Year Ended 30 September 2012

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	684,905	697,359
Social security costs	68,939	73,787
	<u>753,844</u>	<u>771,146</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012	2011
	No	No
Sales	7	7
Aftersales	13	13
Administration	5	4
	<u>25</u>	<u>24</u>

5. Directors' remuneration

	2012	2011
	£	£
Emoluments	<u>41,196</u>	<u>41,026</u>

6. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	7,278	7,021
On other loans	-	5,133
On stocking loans	44,426	35,796
	<u>51,704</u>	<u>47,950</u>

Notes to the Financial Statements

For the Year Ended 30 September 2012

7. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	6,730	46,382
Adjustments in respect of prior periods	(2,533)	12,798
Total current tax	<u>4,197</u>	<u>59,180</u>
Deferred tax		
Origination and reversal of timing differences	(5,249)	(6,964)
Effect of increased tax rate on opening liability	363	-
Adjustment in respect of prior periods	2,427	-
Total deferred tax (see note 13)	<u>(2,459)</u>	<u>(6,964)</u>
Tax on profit on ordinary activities	<u><u>1,738</u></u>	<u><u>52,216</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 27.5% (2011 - 27.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>5,285</u>	<u>107,366</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 - 27.5%)	1,321	37,336
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	404	1,477
Depreciation for year in excess of capital allowances	5,624	8,433
Adjustments to tax charge in respect of prior periods	(2,533)	12,798
Tax credits	-	(864)
Marginal relief	(619)	-
Current tax charge for the year (see note above)	<u><u>4,197</u></u>	<u><u>59,180</u></u>

Notes to the Financial Statements

For the Year Ended 30 September 2012

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2011 and 30 September 2012	97,126
Amortisation	
At 1 October 2011	41,279
Charge for the year	9,712
At 30 September 2012	50,991
Net book value	
At 30 September 2012	46,135
At 30 September 2011	55,847

9. Tangible fixed assets

	Long Term Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £
Cost				
At 1 October 2011	120,839	94,781	67,357	51,651
Additions	2,112	5,736	-	8,382
At 30 September 2012	122,951	100,517	67,357	60,033
Depreciation				
At 1 October 2011	49,998	69,993	47,125	32,992
Charge for the year	12,189	15,772	10,921	9,853
At 30 September 2012	62,187	85,765	58,046	42,845
Net book value				
At 30 September 2012	60,764	14,752	9,311	17,188
At 30 September 2011	70,841	24,788	20,232	18,659

Notes to the Financial Statements

For the Year Ended 30 September 2012

9. Tangible fixed assets (continued)

	Total £
Cost	
At 1 October 2011	334,628
Additions	16,230
At 30 September 2012	<u>350,858</u>
Depreciation	
At 1 October 2011	200,108
Charge for the year	48,735
At 30 September 2012	<u>248,843</u>
Net book value	
At 30 September 2012	<u>102,015</u>
At 30 September 2011	<u>134,520</u>

10. Stocks

	2012 £	2011 £
Finished goods and goods for resale	<u>1,763,176</u>	<u>2,348,801</u>

Consignment vehicles excluded from the balance sheet relate to categories of stock where allocation has in principal been made to a customer order. At 30 September 2012 there are no consigned vehicles (2011 - £138,997)

11. Debtors

	2012 £	2011 £
Trade debtors	843,980	871,419
Amounts owed by undertakings in which the company has a participating interest	395,000	195,380
VAT recoverable	35,353	-
Prepayments and accrued income	141,420	191,322
Deferred tax asset (see note 13)	9,423	6,964
	<u>1,425,176</u>	<u>1,265,085</u>

Notes to the Financial Statements

For the Year Ended 30 September 2012

12. Creditors:

Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	2,249,250	3,028,181
Corporation tax	24,298	60,449
Social security and other taxes	19,378	51,706
Proposed dividend	-	10,000
Stocking loans	463,020	445,122
Accruals and deferred income	146,418	37,264
	<u>2,902,364</u>	<u>3,632,722</u>

The bank overdraft is secured by way of a debenture over all the company's liabilities to the bank of any kind in any currency

Stocking loans relate to demo and used vehicle funding These are secured by way of a fixed and floating charge over assets

13. Deferred tax asset

	2012	2011
	£	£
At beginning of year	6,964	-
Released during year	2,459	6,964
	<u>9,423</u>	<u>6,964</u>
At end of year		

The deferred tax asset is made up as follows

	2012	2011
	£	£
Accelerated capital allowances	<u>9,423</u>	<u>6,964</u>

14. Share capital

	2012	2011
	£	£
Authorised, allotted, called up and fully paid		
50,000 A Ordinary shares of £1 each	50,000	50,000
50,000 B Ordinary shares of £1 each	50,000	50,000
300,000 C Ordinary shares of £1 each	300,000	300,000
	<u>400,000</u>	<u>400,000</u>

Notes to the Financial Statements

For the Year Ended 30 September 2012

14. Share capital (continued)

A and B shares are ordinary shares of £1 each in the capital of the company

At 30 September 2012 the directors have not proposed any dividends. On 28 September 2011 the directors proposed £10,000 dividends which were paid in 2012.

The holders of the C shares are entitled to cumulative interest payments of 8.5% per annum on the nominal amount which is fully paid up or credited as fully paid up on each share. Payment of interest is entirely at the discretion of the directors. Any instalment of interest not paid shall be carried forward and be payable in priority to interest payable on any later date.

15. Reserves

	Profit and loss account £
At 1 October 2011	56,378
Profit for the year	3,547
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At 30 September 2012	59,925
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16. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	456,378	406,095
Profit for the year	3,547	55,150
Dividends	-	(4,867)
	<hr/>	<hr/>
Closing shareholders' funds	459,925	456,378
	<hr/>	<hr/>

17. Net cash flow from operating activities

	2012 £	2011 £
Operating profit	56,989	155,316
Amortisation of intangible fixed assets	9,712	9,713
Depreciation of tangible fixed assets	48,735	52,209
Loss on disposal of tangible fixed assets	-	1,032
Decrease/(increase) in stocks	585,625	(634,438)
(Increase)/decrease in debtors	(138,254)	21,595
(Decrease)/increase in creditors	(703,585)	555,720
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(140,778)	161,147
	<hr/>	<hr/>

Notes to the Financial Statements

For the Year Ended 30 September 2012

18. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest paid	(44,879)	(47,950)
Hire purchase interest	(6,825)	-
	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance	<u>(51,704)</u>	<u>(47,950)</u>
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(16,230)</u>	<u>(17,922)</u>

19. Analysis of changes in net debt

	1 October 2011 £	Cash flow £	Other non-cash changes £	30 September 2012 £
Cash at bank and in hand	284,847	(259,060)	-	25,787
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net funds	<u>284,847</u>	<u>(259,060)</u>	<u>-</u>	<u>25,787</u>

20. Operating lease commitments

At 30 September 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £	2011 £
Expiry date:		
After more than 5 years	<u>135,548</u>	<u>135,548</u>

Notes to the Financial Statements

For the Year Ended 30 September 2012

21. Related party transactions

During the year Automotive Newco Limited paid Gilbran Watford Limited rent of £144,367 (2011 - £135,548) Gilbran Holdings Limited owns 300,000 C Ordinary Shares noted below Gilbran Watford Limited is a subsidiary of Gilbran Holdings Limited

During the year Automotive Newco Limited recharged expenses of £63,911 to Kensington Motor Company Limited At year end a debtor of £5,380 was outstanding A £40,000 interest free loan was also provided to Kensington Motor Company Limited during the year This was repaid in October 2011 Kensington Motor Company Limited is related to Automotive Newco Limited by virtue of their common shareholders

22. Post balance sheet events

After 30 September 2012 335,000 of £1 Ordinary D class shares were issued and fully paid The funds raised from this share issue repaid the £300,000 of Ordinary C class share capital

23. Controlling party

Controlled by N Smith and M Dodds by virtue of their 100% holding of the A and B Ordinary shares