

Financial Statements

Automotive Newco Limited t/a Watford Jaguar

For the Year Ended 30 September 2013



Registered number: 06220264

Company Information

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

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Strategic Report

For the Year Ended 30 September 2013

Introduction

The directors present the Strategic Report for the year ended 30 September 2013.

Business review

On 20 February 2014 the entity sold the trade and assets of the business for consideration of £1,626,876. The entity will no longer be operating as a retailer for the Jaguar brand however the directors are seeking future opportunities.

Principal risks and uncertainties

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 stocking finance. 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.

This report was approved by the board on 9 June 2014 and signed on its behalf.

Strategic Report (continued)


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M T Dodds
Director

Directors' Report

For the Year Ended 30 September 2013

The directors present their report and the financial statements for the year ended 30 September 2013.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 accounting 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.

Results and dividends

The loss for the year, after taxation, amounted to £19,273 (2012 - profit £3,547).

The directors have paid dividends of £nil (2012 - £10,000) and proposed dividends of £nil (2012 - £nil).

Directors

The directors who served during the year were:

M T Dodds

N P Smith

Future developments

The directors are seeking future opportunities for the business following the sale of the trade and assets to Spire Automotive Limited after the year end.

Directors' Report

For the Year Ended 30 September 2013

Disclosure 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 relevant audit information 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.



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M T Dodds

Director

Date: 9 Jun 2014

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 2013, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and reconciliation of net cash flow to movement in net funds/debt 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 Financial Reporting Council'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 2013 and of its loss 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 Strategic Report and 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.

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

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

17 June 2014

Profit and Loss Account

For the Year Ended 30 September 2013

	Note	2013 £	2012 £
Turnover	1,2	12,864,135	11,039,865
Cost of sales		(11,216,481)	(9,417,749)
Gross profit		1,647,654	1,622,116
Administrative expenses		(1,607,322)	(1,565,127)
Operating profit	3	40,332	56,989
Interest payable and similar charges	6	(51,134)	(51,704)
(Loss)/profit on ordinary activities before taxation		(10,802)	5,285
Tax on (loss)/profit on ordinary activities	7	(8,471)	(1,738)
(Loss)/profit for the financial year	15	(19,273)	3,547

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 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 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Intangible assets	8		36,423		46,136
Tangible assets	9		81,528		102,015
			<u>117,951</u>		<u>148,151</u>
Current assets					
Stocks	10	2,272,577		1,763,176	
Debtors	11	1,343,089		1,425,176	
Cash at bank and in hand		124,275		25,787	
		<u>3,739,941</u>		<u>3,214,139</u>	
Creditors: amounts falling due within one year	12	(3,417,240)		(2,902,365)	
Net current assets			<u>322,701</u>		<u>311,774</u>
Net assets			<u>440,652</u>		<u>459,925</u>
Capital and reserves					
Called up share capital	14		400,000		400,000
Profit and loss account	15		40,652		59,925
Shareholders' funds	16		<u>440,652</u>		<u>459,925</u>

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



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M T Dodds
Director

Date: 9 June 2014

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

Cash Flow Statement

For the Year Ended 30 September 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	17	(20,838)	(140,778)
Returns on investments and servicing of finance	18	(51,133)	(51,704)
Taxation		(26,830)	(40,348)
Capital expenditure and financial investment	18	(7,198)	(16,230)
Equity dividends paid		-	(10,000)
Decrease in cash in the year		(105,999)	(259,060)

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

For the Year Ended 30 September 2013

	2013 £	2012 £
Decrease in cash in the year	(105,999)	(259,060)
Movement in net debt in the year	(105,999)	(259,060)
Net funds at 1 October	25,787	284,847
Net (debt)/funds at 30 September	(80,212)	25,787

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

Notes to the Financial Statements

For the Year Ended 30 September 2013

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 2013

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:

	2013	2012
	£	£
Amortisation - intangible fixed assets	9,713	9,712
Depreciation of tangible fixed assets:		
- owned by the company	27,685	48,735
Auditor's remuneration	15,750	15,730
Operating lease rentals:		
- other operating leases	143,917	144,367
	<u>143,917</u>	<u>144,367</u>

Notes to the Financial Statements

For the Year Ended 30 September 2013

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013	2012
	£	£
Wages and salaries	769,941	684,905
Social security costs	105,540	68,939
	<u>875,481</u>	<u>753,844</u>

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

	2013	2012
	No.	No.
Sales	7	7
Aftersales	15	13
Administration	7	5
	<u>29</u>	<u>25</u>

5. Directors' remuneration

	2013	2012
	£	£
Remuneration	<u>46,250</u>	<u>41,196</u>

6. Interest payable

	2013	2012
	£	£
On bank loans and overdrafts	8,609	7,278
On finance leases and hire purchase contracts	10,422	-
On stocking loans	32,103	44,426
	<u>51,134</u>	<u>51,704</u>

Notes to the Financial Statements

For the Year Ended 30 September 2013

7. Taxation

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	2,609	6,730
Adjustments in respect of prior periods	(88)	(2,533)
Total current tax	<u>2,521</u>	<u>4,197</u>
Deferred tax		
Origination and reversal of timing differences	4,721	(5,249)
Effect of increased tax rate on opening liability	1,229	363
Adjustment in respect of prior periods	-	2,427
Total deferred tax (see note 13)	<u>5,950</u>	<u>(2,459)</u>
Tax on (loss)/profit on ordinary activities	<u><u>8,471</u></u>	<u><u>1,738</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 20% (2012 - 25%). The differences are explained below:

	2013 £	2012 £
(Loss)/profit on ordinary activities before tax	<u>(10,802)</u>	<u>5,285</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 25%)	(2,160)	1,321
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,254	404
Depreciation for year in excess of capital allowances	(4,721)	5,624
Fixed asset differences	8,236	-
Adjustments to tax charge in respect of prior periods	(88)	(2,533)
Marginal relief	-	(619)
Current tax charge for the year (see note above)	<u><u>2,521</u></u>	<u><u>4,197</u></u>

Notes to the Financial Statements

For the Year Ended 30 September 2013

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2012 and 30 September 2013	97,126
Amortisation	
At 1 October 2012	50,990
Charge for the year	9,713
At 30 September 2013	60,703
Net book value	
At 30 September 2013	36,423
At 30 September 2012	46,136

9. Tangible fixed assets

	Long Term Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £
Cost				
At 1 October 2012	122,951	100,517	67,357	60,033
Additions	4,848	-	2,350	-
At 30 September 2013	127,799	100,517	69,707	60,033
Depreciation				
At 1 October 2012	62,187	85,765	58,046	42,845
Charge for the year	12,618	4,834	3,783	6,450
At 30 September 2013	74,805	90,599	61,829	49,295
Net book value				
At 30 September 2013	52,994	9,918	7,878	10,738
At 30 September 2012	60,764	14,752	9,311	17,188

Notes to the Financial Statements

For the Year Ended 30 September 2013

9. Tangible fixed assets (continued)

	Total £
Cost	
At 1 October 2012	350,858
Additions	7,198
	<hr/>
At 30 September 2013	358,056
	<hr/>
Depreciation	
At 1 October 2012	248,843
Charge for the year	27,685
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At 30 September 2013	276,528
	<hr/>
Net book value	
At 30 September 2013	81,528
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At 30 September 2012	102,015
	<hr/> <hr/>

10. Stocks

	2013 £	2012 £
Finished goods and goods for resale	2,272,577	1,763,176
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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 2013 there are no consigned vehicles (2012 - £nil).

11. Debtors

	2013 £	2012 £
Trade debtors	1,040,524	843,980
Amounts owed by undertakings in which the company has a participating interest	123,733	395,000
VAT recoverable	6,329	35,353
Prepayments and accrued income	169,030	141,420
Deferred tax asset (see note 13)	3,473	9,423
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	1,343,089	1,425,176
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Notes to the Financial Statements

For the Year Ended 30 September 2013

12. Creditors:

Amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts	204,487	-
Trade creditors	2,575,687	2,249,250
Corporation tax	2,521	24,298
Other taxation and social security	78,658	19,378
Stocking loans	485,122	463,020
Accruals and deferred income	70,765	146,419
	<u>3,417,240</u>	<u>2,902,365</u>

At 30 September 2013 the bank overdraft was secured by a debenture over all the company's liabilities to the bank of any kind in any currency. The debenture was satisfied in full on 20 February 2014.

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

	2013	2012
	£	£
At beginning of year	9,423	6,964
(Charge for)/released during year (P&L)	(5,950)	2,459
	<u>3,473</u>	<u>9,423</u>
At end of year	<u>3,473</u>	<u>9,423</u>

The deferred tax asset is made up as follows:

	2013	2012
	£	£
Accelerated capital allowances	<u>3,473</u>	<u>9,423</u>

14. Share capital

	2013	2012
	£	£
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 2013

14. Share capital (continued)

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

At 30 September 2013 the directors have not proposed any dividends.

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 2012	59,925
Loss for the financial year	(19,273)
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At 30 September 2013	40,652
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16. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	459,925	456,378
(Loss)/profit for the financial year	(19,273)	3,547
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Closing shareholders' funds	440,652	459,925
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17. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	40,332	56,989
Amortisation of intangible fixed assets	9,713	9,712
Depreciation of tangible fixed assets	27,685	48,735
(Increase)/decrease in stocks	(509,401)	585,625
Decrease/(increase) in debtors	78,668	(138,254)
Increase/(decrease) in creditors	332,165	(703,585)
	<hr/>	<hr/>
Net cash outflow from operating activities	(20,838)	(140,778)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the Year Ended 30 September 2013

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	(40,711)	(44,879)
Hire purchase interest	(10,422)	(6,825)
Net cash outflow from returns on investments and servicing of finance	(51,133)	(51,704)
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(7,198)	(16,230)

19. Analysis of changes in net funds

	1 October 2012 £	Cash flow £	Other non-cash changes £	30 September 2013 £
Cash at bank and in hand	25,787	98,488	-	124,275
Bank overdraft	-	(204,487)	-	(204,487)
Net funds	25,787	(105,999)	-	(80,212)

20. Operating lease commitments

At 30 September 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2013 £	2012 £
Expiry date:		
After more than 5 years	135,548	135,548

Notes to the Financial Statements

For the Year Ended 30 September 2013

21. Related party transactions

During the year Automotive Newco Limited paid Gilbran Watford Limited rent of £143,916 (2012 - £144,367). Gilbran Holdings Limited owns 300,000 C Ordinary Shares. Gilbran Watford Limited is a subsidiary of Gilbran Holdings Limited.

During the year Automotive Newco Limited recharged expenses of £52,768 to Kensington Motor Company Limited. At year end a debtor of £30,733 was outstanding. A £73,000 interest free loan was also provided to Kensington Motor Company Limited during the year. £30,000 was repaid during the year leaving an amount outstanding at year end of £43,000. Kensington Motor Company Limited is related to Automotive Newco Limited by virtue of their common shareholders.

22. Post balance sheet events

On 29 November 2013 295,000 £1 Ordinary D shares were issued for consideration of £1 each. D shareholders are entitled to cumulative interest payments. On winding up or other return of capital the assets shall be applied first to the C and D shares. D shares do not have a right to vote at general meetings.

On 18 February 2014 the trade and assets of the company were sold to Spire Automotive Limited for consideration of £1,626,876.

23. Controlling party

Throughout the year the entity was controlled by N Smith and M Dodds by virtue of their 100% holding of the A and B Ordinary shares.