

# COMPANIES HOUSE

**SLOUGH MOTOR COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**30<sup>th</sup> November 2005**



# **Slough Motor Company Limited**

## **Directors' report and financial statements**

<b>Contents</b>	<b>Page</b>
Directors' report	1
Statement of directors' responsibilities	2
Independent auditor's report to the shareholders	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes	7 - 12

# **Slough Motor Company Limited**

## **Directors' report**

The directors present their report and the audited financial statements of the company for the year ended 30<sup>th</sup> November 2005

### ***Activities***

The main activities of the company are the sale, export, hire and maintenance of motor vehicles and ancillary services.

### ***Results***

These are detailed in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

### ***Business review and future developments***

On 8 April 2005, MG Rover Group Limited [ 'Rover' ] went into administration and the Administrators announced that it was unlikely that Rover would be able to honour it's obligations to dealers. The Administrators also announced that the Rover manufacturers warranty would no longer be supported. This has been a major contributory factor in the loss suffered by the company for the year. The Directors have addressed these issues, made provision in these financial statements, continue to explore business opportunities in the motor trade and have re-franchised two of it's three Rover sites to Ford. The Directors are confident that their current operational plans will enable the company to return to profitability in the foreseeable future.

### ***Significant changes in fixed assets***

Movements in fixed assets are set out in note 8.

### ***Directors***

The directors who held office during the year were:

M J Warnes  
L B Friedman  
C Redfern  
T F Bradbury

M J Warnes and L B Friedman are directors of the ultimate parent company, Bestodeck Limited, and their interests in the shares of the group companies are shown in that company's financial statements.

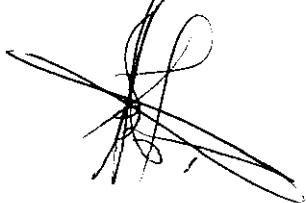
C Redfern and T F Bradbury hold no shares in group companies.

C Redfern and T F Bradbury retire from the board and, being eligible, offer themselves for re-election.

### ***Auditors***

A resolution to re-appoint The Leaman Partnership LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

On behalf of the board



L B FRIEDMAN

22 June 2006

Registered Office: 51 Queen Anne Street, London, W1G 9HS

## **Slough Motor Company Limited**

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 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.

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

**Slough Motor Company Limited**

**Independent auditors' report to the shareholders of Slough Motor Company Limited**

**For the year ended 30 November 2005**

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

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 the Directors and the Auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

**Qualified opinion arising from disagreement about accounting treatment**

As shown in note 15 to the accounts, deferred taxation has been provided on the revaluation of freehold properties. This is not in accordance with Financial Reporting Standard 19 'Deferred Tax' as the company has not entered into a binding agreement to sell the re-valued properties.

Except for the failure to comply with Financial Reporting Standard 19, in our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2005, and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*The Leaman Partnership LLP*

The Leaman Partnership LLP  
Chartered Accountants &  
Registered Auditors  
51 Queen Anne Street  
London W1G 9HS

22 June 2006

# **Slough Motor Company Limited**

## **Profit And Loss Account**

*for the year ended 30<sup>th</sup> November 2005*

	<i>Note</i>	2005 £	2004 £
Turnover	<i>1</i>	53,314,977	55,632,248
Cost of sales		43,911,946	45,450,479
Gross profit		9,403,031	10,181,769
Distribution and administrative expenses	<i>2</i>	9,641,049	9,842,209
		(238,018)	339,560
Other income	<i>3</i>	1,531	138
Operating (loss)/profit		(236,487)	339,698
Interest payable	<i>4</i>	352,918	326,770
(Loss)/profit on ordinary activities before taxation	<i>5</i>	(589,405)	12,928
Taxation	<i>6</i>	(8,632)	(17,256)
Loss for the financial year	<i>18</i>	(598,037)	(4,328)

All the activities of the company are classed as continuing.

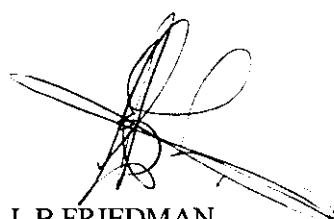
# Slough Motor Company Limited

## Balance Sheet

at 30<sup>th</sup> November 2005

	Note	£	2005 £	2004 £
<b>Fixed assets</b>				
Tangible assets	8		3,992,669	2,050,195
<b>Current assets</b>				
Stock	1	4,880,622		6,225,314
Debtors	9	2,494,210		2,063,445
Cash at bank and in hand		4,105		4,105
		<u>7,378,937</u>		<u>8,292,864</u>
<b>Creditors</b>				
Amounts falling due within one year	10	8,199,694		8,437,402
<b>Net current liabilities</b>			(820,757)	(144,538)
Total assets less current liabilities			<u>3,171,912</u>	<u>1,905,657</u>
<b>Creditors</b>				
Amounts falling due after more than one year	11	255,290		464,461
Loan from parent company	12	150,000		150,000
		<u>(405,290)</u>		<u>(614,461)</u>
			2,766,622	1,291,196
<b>Provision for liabilities and charges</b>				
Deferred taxation	15		(686,996)	-
<b>Net assets</b>			<u>2,079,626</u>	<u>1,291,196</u>
<b>Capital and reserves</b>				
Called up share capital	14		50,100	50,100
Revaluation reserve	15		1,602,991	216,524
Profit and loss account			426,535	1,024,572
<b>Total shareholders' funds</b>	18		<u>2,079,626</u>	<u>1,291,196</u>
<b>Shareholders' funds are attributable to:</b>				
Non-equity shareholders' funds			100	100
Equity shareholders' funds			2,079,526	1,291,096
			<u>2,079,626</u>	<u>1,291,196</u>

These financial statements were approved by the board of directors on 22 June 2006 and were signed on its behalf by:

  
L B FRIEDMAN  
Director

# **Slough Motor Company Limited**

## **Cash Flow Statement**

for the year ended 30<sup>th</sup> November 2005

	Note	£	2005 £	£	2004 £
<b>Net cash(outflow)/ inflow from operating activities</b>	16		(214,754)		53,866
<b>Returns on investment and servicing of finance</b>					
Interest received	3	1,531		138	
Interest paid	4	(352,918)		(326,770)	
<b>Net cash outflow from returns on investment and servicing of finance</b>			(351,387)		(326,632)
<b>Taxation</b>					
Corporation tax paid			(33,903)		(193)
<b>Capital expenditure</b>					
Payments to acquire fixed assets			(194,495)		(317,025)
<b>Net cash outflow before financing</b>	17		(794,539)		(589,984)
<b>Financing</b>					
(Decrease)/increase in loans	17		(157,171)		604,461
<b>(Decrease)/increase in cash</b>	17		(951,710)		14,477

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

(Decrease)/increase in cash in the year		(951,710)	14,477
Cash outflow/(inflow) from increase in debt		157,171	(604,461)
Movement in net debt in the year		(794,539)	(589,984)
Net debt at start of year		(1,305,318)	(715,334)
Net debt at end of year	17	(2,099,857)	(1,305,318)



# Slough Motor Company Limited

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

#### *Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified by the revaluation of properties.

#### *Turnover*

This represents the value of goods sold, services provided and commissions receivable by the company, excluding value added tax.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings, plant and equipment	-	10% to 33 $\frac{1}{3}$ % per annum
Freehold property	-	2% to 10% per annum

#### *Stock*

Stock is valued at the lower of cost and net realisable value. Stock held on consignment is accounted for in the balance sheet only when title has passed to the company or when the commercial risk of obsolescence rests with the company.

#### *Leased assets*

Rental payments are written off in the period in which they are incurred.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on revaluation of properties

	2005 £	2004 £
<b>2. Distribution and administrative expenses</b>		
Distribution costs	6,813,642	7,041,330
Administrative expenses	2,827,407	2,800,879
	<u>9,641,049</u>	<u>9,842,209</u>
<b>3. Other income</b>		
Interest	<u>1,531</u>	<u>138</u>

# Slough Motor Company Limited

## Notes (continued)

	2005 £	2004 £
<b>4. Interest payable</b>		
Bank overdraft	63,160	76,623
Loans repayable within five years	289,758	250,147
	<u>352,918</u>	<u>326,770</u>
<b>5. (Loss)/profit on ordinary activities</b>		
This is stated after charging:		
Auditors' remuneration	22,000	20,000
Operating lease charges:		
Other	462,650	551,655
Depreciation and amounts written off tangible fixed assets	<u>325,484</u>	<u>321,613</u>
<b>6. Tax on (loss)/profit on ordinary activities</b>		
UK corporation tax based on the results for the year at -% (2004 – 20.6%)	-	19,500
Under/(over) provision in prior years	<u>8,632</u>	<u>(2,244)</u>
Total current tax	<u>8,632</u>	<u>17,256</u>
<b>7. Staff numbers and costs</b>	No.	No.
The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:		
Production	33	40
Distribution	148	162
Administrative	44	40
	<u>225</u>	<u>242</u>
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	5,200,080	5,092,896
Social security costs	580,150	575,712
Other pension costs	143,615	132,316
	<u>5,923,845</u>	<u>5,800,924</u>

# Slough Motor Company Limited

## Notes (continued)

### 8. Tangible assets

	Freehold properties £	Fixtures, fittings, plant and equipment £	Total £
<b>Cost or valuation</b>			
At beginning of year	1,323,962	2,662,883	3,986,845
Additions	-	194,495	194,495
Re-valuation	1,914,044	-	1,914,044
Disposals	-	(116,789)	(116,789)
	<u>3,238,006</u>	<u>2,740,589</u>	<u>5,978,595</u>
At end of year			
<b>Depreciation</b>			
At beginning of year	151,931	1,784,719	1,936,650
Provided this year	14,976	310,508	325,484
Re-valuation	(159,419)	-	(159,419)
Disposals	-	(116,789)	(116,789)
	<u>7,488</u>	<u>1,978,438</u>	<u>1,985,926</u>
At end of year			
<b>Net book values</b>			
30 <sup>th</sup> November 2005	<u>3,230,518</u>	<u>762,151</u>	<u>3,992,669</u>
30 <sup>th</sup> November 2004	<u>1,172,031</u>	<u>878,164</u>	<u>2,050,195</u>

The properties were valued by Caxtons, Chartered Surveyors, on 27 June 2005 at a value of £3,238,006.

<i>Freehold properties comprise</i>	2005 £	2004 £
Cost	-	923,962
Valuation - 1988	-	400,000
Valuation - 2005	3,238,006	-
	<u>3,238,006</u>	<u>1,323,962</u>
The historical cost of these properties was	<u>1,107,438</u>	<u>1,107,438</u>

All other tangible assets are stated at historical cost.

## Slough Motor Company Limited

### Notes (continued)

	2005 £	2004 £
<b>9. Debtors</b>		
Trade debtors	503,414	530,616
Other debtors	3,459	2,776
Amounts owed by group undertakings	1,686,821	1,226,391
Prepayments and accrued income	300,516	303,662
	<u>2,494,210</u>	<u>2,063,445</u>
<b>10. Creditors falling due within one year</b>		
Trade creditors	3,760,390	5,828,342
Other creditors	393	507
Social security and other taxes	576,614	421,784
Amounts owed to group undertakings	438,062	429,724
Accruals	1,568,262	879,511
Bank overdraft (secured - see note 13)	1,656,672	704,962
Term loans (secured – see note 13)	192,000	140,000
Corporation tax	7,301	32,572
	<u>8,199,694</u>	<u>8,437,402</u>
<b>11. Creditors falling due after more than one year</b>		
Term loans (secured - see note 13)	<u>255,290</u>	<u>464,461</u>

### 12. Related party transactions

The company's ultimate parent company and controlling party is Bestodeck Limited, a company registered in England. The group has no ultimate controlling party.

The company has taken advantage of the exemptions provided by FRS 8 and has not reported transactions with other group companies.

The loan of £150,000 from Bestodeck Limited is, at present, free of interest.

# Slough Motor Company Limited

## Notes (continued)

	2005 £	2004 £
<b>13. Bank overdraft and loans</b>		
The aggregate amount of secured borrowings is as follows:		
Falling due within five years:		
Bank overdraft	1,656,672	704,962
Term loans	447,290	604,461
	<u>2,103,962</u>	<u>1,309,423</u>

The bank overdraft and loans are secured by fixed and floating charges over certain of the company's assets.

*The long term loans are repayable by instalments as follows:*

Monthly instalments Inclusive of interest	<u>11,667</u>	<u>11,667</u>
--	---------------	---------------

## 14. Share capital

### *Authorised*

'A' ordinary shares of £1 each	50,000	50,000
'B' ordinary shares of £1 each	100	100
	<u>50,100</u>	<u>50,100</u>

### *Allotted, issued and fully paid*

'A' ordinary shares of £1 each	50,000	50,000
'B' ordinary shares of £1 each	100	100
	<u>50,100</u>	<u>50,100</u>

## 15. Revaluation reserve

At 1 December 2004	216,524	216,524
Increase in year	2,073,463	-
Deferred tax	(686,996)	-
	<u>1,602,991</u>	<u>216,524</u>

There is no present intention of disposing of the re-valued properties.

## 16. Reconciliation of operating profit to net cash inflow from operating activities

Operating (loss)/profit	(236,487)	339,698
Rent and other operating income	(1,531)	(138)
Depreciation charges	325,484	321,613
Decrease in stock	1,344,692	753,810
Increase in debtors	(430,765)	(324,569)
Decrease in creditors	(1,216,147)	(1,036,548)
	<u>(214,754)</u>	<u>53,866</u>

# Slough Motor Company Limited

## Notes (continued)

### 17. Analysis of net debt

	1-December 2004	Cashflow	30-November 2005
Cash at bank	4,105	-	4,105
Overdrafts	(704,962)	(951,710)	(1,656,672)
	<u>(700,857)</u>	<u>(951,710)</u>	<u>(1,652,567)</u>
Bank loans	(604,461)	157,171	(447,290)
	<u>(1,305,318)</u>	<u>(794,539)</u>	<u>(2,099,857)</u>

### 18. Statement of total recognised gains and losses

	2005 £	2004 £
Loss for the financial year	(598,037)	(4,328)
Re-valuation of freehold properties (see note 15)	1,386,467	-
Opening shareholders' funds	<u>1,291,196</u>	<u>1,295,524</u>
Closing shareholders' funds	<u>2,079,626</u>	<u>1,291,196</u>

### 19. Contingent liability

The company is the representative member of a group registration for value added tax purposes and, accordingly, is jointly and severally liable for any such tax due by other group members.

### 20. Financial commitments

#### Pensions

The parent company operates a group personal pension plan under which contributions are paid into individual policies. Contributions paid by the company are written off to the profit and loss account in the accounting period in which they are incurred.

#### Operating leases

The company has annual commitments expiring as follows:

	2005 £	2004 £
	Land and Buildings	Land and Buildings
Within one year	47,233	-
In two to five years	5,500	77,650
After five years	<u>413,000</u>	<u>417,500</u>
	<u>465,733</u>	<u>495,150</u>