

Inchcape (Reading) Limited

Report and Accounts

For the year ended 31 December 2008

Registered in England and Wales Number 4560820

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Inchcape (Reading) Limited

Report of the Directors

The Directors submit their report together with the audited accounts for the year ended 31 December 2008.

Business review and principal activities

The principal activities of the Company during the year under review were distribution and retailing of cars and commercial vehicles, sales of oils, spare parts together with service repair facilities and vehicle rental.

The results for the Company show a profit after tax of £247,000 (2007: £349,000) for the year.

The Company ceased trading on 9 January 2008 following the sale of the trade and assets of the Vauxhall dealership in Reading for a consideration of £2,471,000, resulting in a profit of £116,000. This excludes consideration for and profit on disposal of the property associated with this site which is shown within the financial statements of Inchcape Estates Limited.

The Directors do not recommend the payment of a dividend (2007: £nil).

Future outlook

The Company ceased trading on 9 January 2008.

Key performance indicators (KPIs)

The Company is part of the Inchcape Group. The development, performance and position of the UK retail division, which includes this Company, is discussed on page 23 of the Group's 2008 Annual Report which does not form part of this report.

Directors

The Directors who held office throughout the year, except as noted, were:

Mr M P Wheatley	
Mr C McCormack	
Motors Secretaries Limited	(resigned 7 January 2008)
Motors Directors Limited	(resigned 7 January 2008)
Mr A C Jeary	(appointed 23 December 2008)

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2008, or occurred during the year for any Director or connected person (2007: none).

Directors' indemnity

A Qualifying Third Party Indemnity (QTPI), as permitted by the Company's Articles of Association and sections 309A to 309C of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgement is given against the Director.

Inchcape (Reading) Limited

Report of the Directors (Continued)

Going concern

The Company has ceased trading since the balance sheet date. The financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet date.

Supplier payment policy

The Company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the Company's suppliers are conducted. Whilst the Company does not follow any single external code or standard, in line with Inchcape Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

The number of days' purchases outstanding as at 31 December 2008, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year, was 10 days (2007: 20 days).

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable United Kingdom Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue its business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Inchcape (Reading) Limited

Report of the Directors (Continued)

Statement of disclosure of information to auditors

As at the date of this report, as far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken such steps as they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Auditors

Pursuant to Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, PricewaterhouseCoopers LLP have indicated their willingness to remain in office.

Elective resolutions

In addition to the aforementioned election to dispense with the obligation to appoint auditors annually, further elective resolutions passed by the members, remain in force. These resolutions remove the requirement for the Company to:

- (i) Hold Annual General Meetings; and
- (ii) Lay Report and Accounts before a General Meeting

By Order of the Board



For and on behalf of
Inchcape UK Corporate Management Limited
Company Secretary

30 November 2009

Independent auditors' report to the members of Inchcape (Reading) Limited

We have audited the financial statements of Inchcape (Reading) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Report of the Directors 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 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 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 Inchcape (Reading) Limited (Continued)

Opinion

In our opinion:

- i) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- ii) the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- iii) the information given in the Report of the Directors is consistent with the financial statements.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in note 1 to the financial statements which explained that the Company has ceased trading. Accordingly, the going concern basis of accounting is no longer appropriate.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Date: *30/11/09*

Inchcape (Reading) Limited

Profit and loss account For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Discontinued operations:			
Turnover	1	256	22,584
Cost of sales		(210)	(18,563)
GROSS PROFIT		46	4,021
Distribution costs		(40)	(1,976)
Administrative expenses		(27)	(1,464)
Net operating expenses		(67)	(3,440)
Operating (loss)/profit	2	(21)	581
Non-operating exceptional items	7	116	-
Interest payable	6	(10)	(103)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		85	478
Tax credit /(charge) on profit on ordinary activities	8	162	(129)
PROFIT FOR THE FINANCIAL YEAR		247	349

There are no recognised gains or losses for the current and preceding financial year other than the profit of £247,000 (2007: £349,000) shown above.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Inchcape (Reading) Limited

Balance sheet As at 31 December 2008

	Note	2008 £'000	2007 £'000
Current assets			
Tangible assets	9	-	133
Stocks	10	-	2,903
Debtors	11	1,913	2,092
Cash at bank and in hand		38	-
		1,951	5,128
Creditors - amounts falling due within one year	12	(483)	(3,907)
Net current assets		1,468	1,221
Total assets less current liabilities		1,468	1,221
Net assets		1,468	1,221
CAPITAL AND RESERVES			
Called up share capital	14	1,018	1,018
Profit and loss reserve	15	450	203
EQUITY SHAREHOLDER'S FUNDS	16	1,468	1,221

The financial statements on pages 7 to 19 were approved by the Board of Directors on 30 November 2009

Signed on behalf of the Board of Directors



C McCormack
Director

Inchcape (Reading) Limited

Notes to the accounts For the year ended 31 December 2008

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The particular accounting policies adopted are as described below. They have all been applied consistently throughout the year and the preceding year.

Turnover

Turnover represents the invoiced value of goods and services provided excluding Value Added Tax. The turnover is attributable to the principal activities of the Company, and is wholly derived in the United Kingdom.

Revenue recognition

Revenue from the sale of goods and services sold is measured at the fair value of consideration receivable, net of rebates and any discounts, and includes lease rentals and finance and insurance commission.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically dispatched or when the service has been undertaken. Revenue from commission is recognised when receipt of payment can be assured.

Tangible fixed assets

Depreciation is provided at the following annual rates, in order to write off each asset over its estimated useful life.

Plant, machinery, fixtures and fittings	10% - 33% on cost
Motor vehicles	25% on cost

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

1 Accounting policies (Continued)

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stocks on consignment and their related obligations are recognised in current assets and creditors respectively on adoption of the consignment stock when the risks and rewards of ownership pass to the Company.

Vehicles held on consignment which are deemed in substance to be assets of the Company are included within stock with the corresponding liability included within trade creditors.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in future except as otherwise required by FRS 19, Deferred Tax. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset.

Leased assets

Rentals under operating leases are charged on a straight line basis to the profit and loss account on an accruals basis.

Pension and other post retirement benefits

The Company participates in various Group pension schemes, which are defined benefit in nature with assets held in separately administered funds. The cost of providing such benefits is determined separately for each plan using the projected unit credit actuarial valuation method, in accordance with the advice of an independent qualified actuary.

The funds are valued every three years on an IAS 19 basis by a professionally qualified independent actuary. No separate valuation is performed on an FRS 17 basis.

FRS 17, Retirement Benefits has been adopted in full with effect from 1 January 2005 however since it is not possible for the Company to separately identify its share of the underlying assets and liabilities of the pension scheme on a reasonable and consistent basis, the Company, as a subsidiary to Inchcape plc, has taken advantage of the multi-employer exemption provided by FRS 17 and accounted for the scheme as if it was a defined contributions scheme whereby contributions are charged to the profit and loss account on an accruals basis as they fall due.

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

1 Accounting policies (Continued)

Cash flow statement

The Company's ultimate parent undertaking is Inchcape plc, a company registered in England and Wales. Accordingly, the Company has taken advantage of the exemption in paragraph 5(a) of FRS 1 (Revised), Cash Flow Statements and not published its own cash flow statement.

Related party transactions

The Directors regard Inchcape plc, a company registered in England and Wales, as the ultimate controlling party. Therefore the Company has applied the exemption in paragraph 3 of FRS 8, Related Party Disclosures. This exemption permits the non-disclosure of transactions and balances with related parties that are included in the consolidated financial statements of Inchcape plc. The Directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS 8.

Going concern

The Company has ceased trading since the balance sheet date. The financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet date.

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

2 Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2008	2007
	£'000	£'000
Employee costs (note 3)	46	2,182
Depreciation of tangible fixed assets	-	44
Fees payable to Company's auditors for audit of financial statements	-	4
Operating lease rentals - land and buildings	-	230
- plant and machinery	-	35

Auditors' fees have been borne by a fellow Inchcape Group undertaking.

3 Employees

Staff costs during the year amounted to:

	2008	2007
	£'000	£'000
Salaries and wages	37	1,835
Social security costs	8	184
Pension costs	1	163
	46	2,182

The average number of persons employed by the Company throughout the year was as follows:

	2008	2007
	Number	Number
Retail	1	21
After sales	1	39
Administration and management	1	11
	3	71

4 Directors' emoluments

None of the Directors received any remuneration for services rendered to the Company (2007: £nil).

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

5 Pensions and other post retirement benefits

Pension benefits

The Company participates in the Inchcape Group (UK) Pension Scheme (including the UK cash plan) and Inchcape Motors Pension Scheme which are Group schemes with assets held in separately administered funds. Employees are admitted to a scheme dependent on their seniority and date they joined the Group. The following weighted average assumptions have been used to determine the total Inchcape plc Group balance sheet liability and the Group profit and loss account charge in the reporting period:

	2008	2007
Rate of increase in salaries	4.7%	5.1%
Rate of increase in pensions	2.8%	3.3%
Discount rate	6.2%	5.8%
Expected return on plan assets	6.1%	6.2%
Inflation	2.8%	3.3%

Inchcape Group (UK) Pension Scheme (including UK cash plan)

The latest triennial actuarial valuation for this scheme was carried out at 31 March 2006 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

No valuation has been performed for this scheme under FRS 17. Under IAS 19 at 31 December 2008, the total surplus for this Group scheme amounted to £20.0m (2007: £22.8m).

Further details relating to this scheme can be found in the Group financial statements of Inchcape plc.

Inchcape Motors Pension Scheme

The latest triennial actuarial valuation for this scheme was carried out at 5 April 2006 on a market related basis and determined in accordance with the advice of independent professionally qualified actuaries based on the projected unit method.

No valuation has been performed for this scheme under FRS 17. Under IAS 19 at 31 December 2008, the total surplus for this Group scheme amounted to £22.7m (2007: £22.2m).

Further details relating to this scheme can be found in the Group financial statements of Inchcape plc.

Contributions

A pension cost of £1,000 has been charged in 2008 (2007: £163,000) in respect of the aforementioned UK pension schemes and outstanding contributions at 31 December 2008 amounted to £nil (2007: £nil). Participating employers are only required to fund the scheme to the extent of the charge put through their profit and loss account (i.e. their ongoing service costs).

Further details relating to this scheme can be found in the financial statements of Inchcape plc.

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

6 Interest payable

	2008 £'000	2007 £'000
Interest on bank loans and overdrafts	10	103

7 Non-operating exceptional items

	2008 £'000	2007 £'000
Profit on sale of trade and assets of Reading Vauxhall dealership	116	-

On 9 January 2008 the Company sold the trade and assets of the Vauxhall dealership in Reading for a consideration of £2,471,000 resulting in a profit of £116,000.

8 Taxation

a) Taxation (credit)/charge for the year

	2008 £'000	2007 £'000
UK Corporation Tax at 28.5% (2007: 30%)	-	115
Corporation tax prior year adjustments	47	23
	47	138
Deferred tax: origination and reversal of timing differences	(209)	(9)
Tax (credit)/charge for the year	(162)	129

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

8 Taxation (continued)

b) Factors affecting tax (credit)/charge for the year:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	85	478
Tax at 28.5% (2007: 30%)	24	143
Factors affecting (credit)/charge for the year:		
Non-taxable income	(125)	(41)
Accelerated capital allowances	-	13
Corporation tax – prior year adjustments	47	23
Tax losses carried forward	101	-
Current tax charge for the year (as above)	47	138

c) Factors that may affect future tax charges

The anticipated future effective rate of tax for the Company will be slightly above or below the UK nominal rate of 28.5% (2007: 30%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

9 Tangible fixed assets

	Plant, machinery, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2008	749	19	768
Disposals	(749)	(19)	(768)
At 31 December 2008	-	-	-
Depreciation			
At 1 January 2008	616	19	635
Disposals	(616)	(19)	(635)
At 31 December 2008	-	-	-
Net book value			
At 31 December 2008	-	-	-
At 31 December 2007	133	-	133

10 Stocks

	2008 £'000	2007 £'000
Work in progress	-	2
Finished goods - purchased stock	-	2,323
Finished goods - consignment stock	-	578
	-	2,903

Finished goods consist partly of consignment stock that is held on a sale or return basis from the manufacturer. The liability for these vehicles, which bears a financing charge at variable rates, is included in trade creditors (see note 12). Payment becomes due when title passes to the Company which is generally the earlier of six months from delivery to the Company or when they are sold by the Company.

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

11

Debtors

	2008 £'000	2007 £'000
Trade debtors	-	482
Amounts owed by group undertakings	1,632	1,044
Deferred taxation (note 13)	232	23
Prepayments and accrued income	49	543
	1,913	2,092

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank loans and overdrafts	-	2,129
Deposits received	4	54
Trade creditors	6	945
Amounts due to group undertakings	473	549
Other taxation and social security costs	-	74
Other creditors	-	3
Accruals and deferred income	-	153
	483	3,907

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

13 Deferred taxation

	2008 £'000
As at 1 January 2008	23
Deferred tax credit (note 8)	209
As at 31 December 2008 (note 11)	232

	2008 £'000	2007 £'000
Depreciation in excess of capital allowances	35	23
Short term timing differences	197	-
Deferred taxation asset	232	23

14 Called up share capital

	2008 £'000	2007 £'000
Authorised, allotted, called up and fully paid		
1,008,026 Ordinary shares of £1 each	1,008	1,008
10,182 Ordinary A shares of £1 each	10	10
	1,018	1,018

In all respects, the 'A' Ordinary shares rank pari passu with the Ordinary shares in issue.

15 Reserves

	Profit and loss reserve £'000
As at 1 January 2008	203
Retained profit for the year	247
As at 31 December 2008	450

Inchcape (Reading) Limited

Notes to the accounts (continued) For the year ended 31 December 2008

16 Reconciliation of movements in shareholder's funds

	2008 £'000	2007 £'000
Retained profit for the year	247	349
Opening shareholder's funds	1,221	872
Closing shareholder's funds	1,468	1,221

17 Contingent liabilities

The Company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £42,000 (2007: £nil).

18 Commitments under operating leases

Annual commitments under operating leases, analysed over the period when the lease expires are as follows:

	Plant and machinery		Land and buildings	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Within one year	-	13	-	230
Between two and five years	-	22	-	-
	-	35	-	230

19 Parent undertaking and controlling party

The Company's immediate parent is Inchcape Retail Limited, a company registered in England and Wales.

The Directors regard the ultimate parent undertaking to be Inchcape plc, a company registered in England and Wales.

Both the smallest and the largest group of which the Company is a member and for which Group Accounts are drawn up is that of Inchcape plc. Copies of the Report and Accounts for that company are available from:

The Company Secretary
Inchcape plc
22A St James's Square
London
SW1Y 5LP