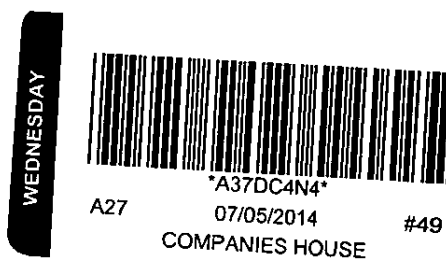


CHA (2005) Limited

Annual Report

for the year ended 31 December 2013

Registered number 05471124



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## **CHA (2005) Limited**

### **Directors' report and financial statements for the year ended 31 December 2013**

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## **CHA (2005) Limited**

### **Directors and advisers for the year ended 31 December 2013**

#### **Directors**

P J Dunkley  
D W Hammond

#### **Company secretary and registered office**

D W Hammond  
Tachbrook Park Drive  
Leamington Spa  
Warwickshire  
CV34 6SY

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Exchange House  
Central Business Exchange  
Midsummer Boulevard  
Central Milton Keynes  
MK9 2DF

#### **Solicitors**

Travers Smith Braithwaite  
10 Snow Hill  
London  
EC1A 2AL

#### **Bankers**

The Royal Bank of Scotland Group  
2<sup>nd</sup> Floor  
152 Silbury Boulevard  
Milton Keynes  
MK9 1LT

# **CHA (2005) Limited**

## **Strategic Report for the year ended 31 December 2013**

### **Introduction**

The directors present their strategic report on the Group and Company for the year ended 31 December 2013

### **Business Review**

The principal activities of the Group during the year were the sale, distribution, repair and servicing of new and used motor vehicles and the sale of accessories and replacement parts. Other operating income relates principally to finance and insurance commissions earned. The parent company's activity is that of a holding company for the trading company Allen Ford (UK) Limited.

The profit and loss account is set out on page 8 and shows an operating profit before exceptional items and discontinued operations in the year of £5,242,000. The operating profit before exceptional items but after discontinued operations was £4,584,000 (2012 profit of £3,220,000) and the profit on ordinary activities before taxation was £2,619,000 (2012 profit £2,705,000).

To complete the restructuring started in 2012, the group closed the Nissan franchised businesses in Dunstable and Northampton, relocated its Northampton Ford business to more modern premises in the territory and closed the used vehicle business in Wolverton, Milton Keynes.

Due to the strategic withdrawal from high volume, low margin major daily rental supply, the turnover reduced by £100million in 2013.

### **Principal risks and uncertainties**

The directors believe that the main risk to the business and uncertainty is surrounding the impact on the economy. However the directors have implemented reorganizational changes in the year, and are maintaining strong cost control measures to help mitigate this uncertainty.

Other key business risks affecting the Group are considered to relate to the buoyancy of the new and used vehicle markets and the factors that influence these markets.

### **Key performance indicators**

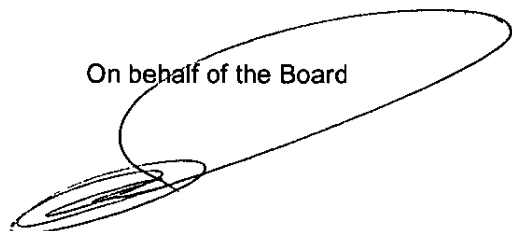
Given that the owners of the business are also the directors of the business, the directors do not feel that an analysis of key performance indicators is necessary for an understanding of the development, performance or position of the business. The financial performance is however monitored by reference to manufactures' composite data that compares the Group performance with that of its peer group.

### **Principal risks and uncertainties**

The management of the business and execution of the company's strategy are subject to a number of risks.

The key business risks affecting the Group are considered to relate to the buoyancy of the new and used vehicle markets and the factors that influence these markets.

On behalf of the Board



David Hammond

Director

16 April 2014

# **CHA (2005) Limited**

## **Directors' report for the year ended 31 December 2013**

The directors present the report and the audited consolidated financial statements of CHA (2005) Limited for the year ended 31 December 2013. CHA (2005) Limited with its subsidiary companies is referred throughout as the "Group" and without its subsidiary companies as the "Company".

### **Future outlook**

The directors are confident that the structural changes reported within the strategic report will have a positive impact on profitability moving forward.

### **Dividends and transfers to reserves**

No interim dividend has been paid (2012: £nil) and no final dividend is proposed (2012: £nil).

The profit for the financial year of £1,923,000 (2012 Profit: £2,053,000) has been transferred from reserves.

### **Financial risk management**

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of such risk.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department. The department has policies and procedures that set out specific guidelines to manage credit risk, maintain liquidity and monitor interest rate movements.

### **Credit risk**

The Company and Group have implemented policies that require appropriate credit checks on potential customers before sales are made. Hierarchical authority levels ensure appropriate levels of risk appraisal. Additionally, sales of vehicles are largely fully settled with cleared funds prior to the vehicle being released from stock.

### **Liquidity risk**

The Company and Group actively maintain short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

### **Interest rate risk**

The Company and Group have a policy of maintaining debt at a mixture of variable rates with its current bankers to ensure that the Group enjoys the current low interest rate regime but does not expose itself to significant risk should rates increase. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

## **CHA (2005) Limited**

### **Directors' report for the year ended 31 December 2013 (continued)**

#### **Directors**

The directors of the Company during the year and up to the date of signing the financial statements are set out on page 1

#### **Political and charitable contributions**

During the financial year the Group made £400 contributions for charitable purposes (2012: £650) The Group has not made any contributions to political parties (2012: £nil) during the year

#### **Employment policy**

The Company and Group maintains policies aimed at informing employees of, and involving them in matters relating to the Company's activities and performance, as appropriate to their employment

#### **Employment of disabled persons**

The Group and Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

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

The directors are responsible for preparing the Annual 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 prepared the group and parent company 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 group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 and the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **CHA (2005) Limited**

### **Directors' report for the year ended 31 December 2013 (continued)**

#### **Directors' indemnity insurance**

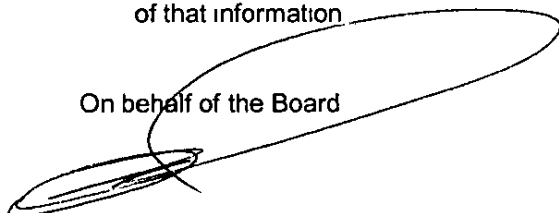
The Company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of signing the financial statements

#### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms in accordance with Section 418 of the Companies Act 2006 that

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Board

A handwritten signature in black ink, appearing to read 'D W Hammond', is written over the text 'On behalf of the Board'. The signature is enclosed within a large, hand-drawn oval.

D W Hammond  
Director

16 April 2014

## **CHA (2005) Limited**

### **Independent auditors' report to the members of CHA (2005) Limited**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion the financial statements, defined below

give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit and cash flows 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

This opinion is to be read in the context of what we say in the remainder of this report

##### **What we have audited**

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by CHA (2005) Limited, comprise

the balance sheets as at 31 December 2013,  
the consolidated profit and loss account for the year then ended,  
the consolidated cash flow statement for the year then ended,  
the reconciliation of movements in group shareholders' funds for the year then ended, and  
the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed,  
the reasonableness of significant accounting estimates made by the directors; and  
the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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



## **CHA (2005) Limited**

### **Independent auditors' report to the members of CHA (2005) Limited (continued)**

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion

we have not received all the information and explanations we require for our audit, or  
adequate accounting records have not been kept by the parent company, or returns  
adequate for our audit have not been received from branches not visited by us, or  
the parent company financial statements are not in agreement with the accounting records  
and returns

We have no exceptions to report arising from this responsibility

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures  
of directors' remuneration specified by law are not made. We have no exceptions to report arising  
from this responsibility

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing  
Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a  
body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose.  
We do not, in giving these opinions, 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.



Mark Foster (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes

16 April 2014

## CHA (2005) Limited

### Consolidated profit and loss account for the year ended 31 December 2013

|  | Note | Continuing<br>Operations<br>2013<br>£'000 | Discontinued<br>Operations<br>2013<br>£'000 | 2013 Total<br>£'000 | 2012<br>£'000 |
|--|------|---|---|---------------------|---------------|
| <b>Turnover</b>                                      | 2    | 260,977                                   | 9,894                                       | 270,871             | 370,065       |
| Cost of sales  |      | (230,644)                                 | (8,980)                                     | (239,624)           | (338,518)     |
| <b>Gross profit</b>                                  |      | 30,333                                    | 914   | 31,247              | 31,547        |
| Distribution costs                                   |      | (20,272)                                  | (943)                                       | (21,215)            | (21,287)      |
| Administrative expenses                              |      | (12,400)                                  | (930)                                       | (13,330)            | (13,346)      |
| Other operating income                               |      | 7,581                                     | 301   | 7,882               | 6,306         |
| <b>Operating profit/(loss)</b>                       |      | 5,242                                     | (658)                                       | 4,584               | 3,220         |
| Exceptional items                                    | 5    |   |   | (1,529)             |               |
| Interest payable and similar charges                 | 6    |   |   | (436)               | (515)         |
| <b>Profit on ordinary activities before taxation</b> |      |   |   | 2,619               | 2,705         |
| Tax on profit on ordinary activities                 | 8    |   |   | (696)               | (652)         |
| <b>Profit for the financial year</b>                 |      |   |   | 1,923               | 2,053         |

The Group has no recognised gains and losses other than the profit above and, therefore, no separate statement of total recognised gains and losses has been presented

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

## **CHA (2005) Limited**

### **Reconciliation of movements in group shareholders' funds**

|                                    | Note | 2013<br>£000 | 2012<br>£000 |
|------------------------------------|------|--------------|--------------|
| Profit for the financial year      |      | 1,923        | 2,053        |
| Opening Shareholders' funds        |      | 5,121        | 3,068        |
| <b>Closing Shareholders' funds</b> |      | <b>7,044</b> | <b>5,121</b> |

# CHA (2005) Limited

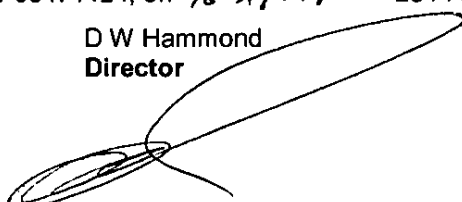
## Balance sheets as at 31 December 2013

|  |      | Group        |              | Company      |              |
|--|------|--------------|--------------|--------------|--------------|
|  | Note | 2013<br>£000 | 2012<br>£000 | 2013<br>£000 | 2012<br>£000 |
| <b>Fixed assets</b>                            |      |              |              |              |              |
| Intangible assets                              | 11   | 68           | 74           | -            | -            |
| Tangible assets                                | 10   | 2,217        | 2,555        | -            | -            |
| Investments                                    | 12   | -            | -            | -            | -            |
|  |      | 2,285        | 2,629        | -            | -            |
| <b>Current assets</b>                          |      |              |              |              |              |
| Stocks   | 13   | 46,049       | 44,709       | -            | -            |
| Debtors  | 14   | 13,350       | 14,081       | -            | -            |
| Cash at bank and in hand                       |      | 549          | 9            | -            | -            |
|  |      | 59,948       | 58,799       | -            | -            |
| Creditors: amounts falling due within one year | 15   | (54,501)     | (56,259)     | -            | -            |
| Net current assets                             |      | 5,447        | 2,540        | -            | -            |
| Total assets less current liabilities          |      | 7,732        | 5,169        | -            | -            |
| Provisions for liabilities                     | 16   | (688)        | (48)         | -            | -            |
| Net assets                                     |      | 7,044        | 5,121        | -            | -            |
| <b>Capital and reserves</b>                    |      |              |              |              |              |
| Called up share capital                        | 18   | -            | -            | -            | -            |
| Other reserves                                 | 19   | 2,472        | 2,472        | -            | -            |
| Profit and loss account                        | 19   | 4,572        | 2,649        | -            | -            |
| Total shareholders' funds                      | 19   | 7,044        | 5,121        | -            | -            |

The financial statements on pages 9 to 25 were approved by the board of directors of CHA (2005) Limited, registered number 05471124, on *16 April* 2014 and were signed on its behalf by

P J Dunkley  
Director

D W Hammond  
Director

## CHA (2005) Limited

### Consolidated cash flow statement for the year ended 31 December 2013

|  | Notes     | 2013<br>£000 | 2012<br>£000 |
|--|-----------|--------------|--------------|
| <b>Net cash inflow from operating activities</b>                                       |           | <b>6,963</b> | <b>2,582</b> |
| <b>Returns on investments and servicing of finance</b>                                 |           |              |              |
| Interest paid  |           | (436)        | (515)        |
| <b>Net cash (outflow) from returns on investments and servicing of finance</b>         |           | <b>(436)</b> | <b>(515)</b> |
| <b>Taxation</b>  |           | <b>(391)</b> | <b>(90)</b>  |
| <b>Capital expenditure and financial investment</b>                                    |           |              |              |
| Purchase of tangible fixed assets  |           | (773)        | (505)        |
| <b>Net cash outflow for capital expenditure and financial investment</b>               |           | <b>(773)</b> | <b>(505)</b> |
| <b>Financing</b>   |           |              |              |
| (Repayment)/increase in borrowings   |           | (22)         | 1,848        |
| <b>Increase in net cash</b>  | <b>21</b> | <b>5,341</b> | <b>3,320</b> |
| <b>Reconciliation of operating profit to net cash inflow from operating activities</b> |           |              |              |
| Operating profit after exceptional items   |           | 3,055        | 3,220        |
| Depreciation of tangible fixed assets  |           | 848          | 957          |
| Loss on sales of fixed assets  |           | 263          | -            |
| Amortisation of goodwill   |           | 6            | 6            |
| Decrease / (Increase) in stocks  |           | (1,340)      | 31,623       |
| Decrease in debtors  |           | 791          | 4,978        |
| (Decrease) / Increase in creditors   |           | 3,340        | (38,202)     |
| <b>Net cash inflow from operating activities</b>                                       |           | <b>6,963</b> | <b>2,582</b> |

# **CHA (2005) Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **1 Principal accounting policies**

#### **Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. Uniform accounting policies have been applied across the group and that any profits or losses on intra group transactions have been eliminated and that investor's share of profit or losses on transactions have been eliminated.

#### **Intangible fixed assets**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on acquisitions has been capitalised and is being amortised over a period not exceeding 20 years, being the period expected to benefit.

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

#### **Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is the purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

|                     |                      |
|---------------------|----------------------|
| Leasehold property  | Over period of lease |
| Plant and equipment | 10% - 33% per annum  |

#### **Leased assets**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

#### **Stocks**

Stocks are stated at the lower of invoiced cost and net realisable value. 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 when the risks and rewards of ownership pass to the Company.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

Demonstration vehicles are depreciated at between 30 – 40% per annum on a straight line basis.

# **CHA (2005) Limited**

## **Notes to the financial statements for the year ended 31 December 2013 (continued)**

### **1 Principal accounting policies (continued)**

#### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Turnover consists entirely of sales made in the United Kingdom, in respect of the Company's principal activity. Turnover is recognised on new vehicles at the point of registration, all other turnover is recognised by reference to the date the benefits are transferred.

#### **Other operating income**

This represents amounts received in respect of support not directly relating to manufacturer incentives and is recognised at the point the terms of the support are met, usually on delivery of a vehicle to a customer.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### **Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that it will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

#### **Pension costs**

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Pension arrangements for staff are operated through the Camden Ventures Limited defined contribution scheme. All retirement benefits are accounted for in accordance with FRS 17 'Retirement benefits'. Pension costs are charged to the profit and loss account in the financial year they occur.

# CHA (2005) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 1 Principal accounting policies (continued)

#### Related party transactions

The Company has a number of related parties on the basis of the entities being under common ownership and control. Refer to note 25 for summary of the transactions during the financial year and balances outstanding.

#### Investments

Investments are held at cost less any provision, where necessary, for permanent diminutions in value.

### 2 Turnover

Turnover and profits arise entirely from sales made in the United Kingdom in respect of the Group's principal activity.

### 3 Directors' emoluments

No director (2012: no director) of the Company exercised share options during the year and none (2011: none) became entitled to receive shares under any long term incentive scheme.

The directors did not receive any emoluments in respect of their services to the company in 2013 (2012: £nil). P Dunkley and D Hammond are remunerated by Camden Ventures Limited, a related entity. Accordingly, their emoluments are included in the statutory financial statements of that entity.

### 4 Employee information

The average monthly number of persons (including executive directors) employed by the Group during the year was:

|                   | 2013<br>Number | 2012<br>Number |
|-------------------|----------------|----------------|
| Sales and service | 581            | 591            |
| Administration    | 78             | 88             |
|                   | 659            | 679            |

|                               | 2013<br>£'000 | 2012<br>£'000 |
|-------------------------------|---------------|---------------|
| Wages and salaries            | 18,152        | 18,227        |
| Social security costs         | 1,765         | 1,848         |
| Other pension costs (note 17) | 226           | 280           |
|                               | 20,143        | 20,355        |



## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 5 Exceptional items

|   | 2013         | 2012     |
|---|--------------|----------|
|   | £'000        | £'000    |
| Closure of Renault/Nissan, Hopping Hill & Milton Keynes dealerships | 860          | -        |
| Provision for the Dunstable property costs                          | 341          | -        |
| Loss on disposal of Fixed assets                                    | 328          | -        |
|   | <b>1,529</b> | <b>-</b> |

The terminations of the Renault/Nissan franchise and the Hopping Hill dealership were completed during 2013 and closure of the Milton Keynes dealership was finalised in February 2014, but the decision to close the dealership was taken in December 2013. Accordingly the costs have been recognised in 2013.

The Dunstable property costs relate to an onerous lease provision for the future vacant property cost and related business rates.

The loss on disposal of fixed assets represents the difference between the book value of assets and the disposal proceeds at the date of disposal.

#### 6 Interest payable and similar charges

|                         | 2013       | 2012       |
|-------------------------|------------|------------|
|                         | £000       | £000       |
| Bank overdraft interest | 436        | 515        |
|                         | <b>436</b> | <b>515</b> |

#### 7 Operating profit

Operating profit is stated after charging

|   | 2013         | 2012         |
|---|--------------|--------------|
|   | £000         | £000         |
| Depreciation of owned tangible fixed assets           | 848          | 957          |
| Amortisation of goodwill                              | 6            | 6            |
| Loss of disposal of fixed assets                      | 263          | 2            |
| Auditors remuneration – audit services                | 43           | 35           |
| Operating leases – all relating to land and buildings | <b>3,928</b> | <b>3,928</b> |

## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 8 Tax on profit on ordinary activities

| Current Tax  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| UK corporation tax   | 774           | 663           |
| Adjustment in respect of prior periods                               | 98            | (34)          |
| Total current tax  | 872           | 629           |
| <b>Deferred tax</b> – origination and reversal of timing differences | (84)          | -             |
| Adjustments in respect of prior years                                | (92)          | 23            |
| Total deferred tax   | (176)         | 23            |
| Total tax on profit on ordinary activities                           | 696           | 652           |

The tax for the year is higher (2012 lower) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5% per prior year). The differences are explained below:

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| <b>Profit on ordinary activities before taxation</b>   | <b>2,619</b> | <b>2,705</b> |
| Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 23.25% (2012 24.5% per prior year) | 609          | 663          |
| Effects of:  |              |              |
| Expenses not deductible for tax purposes   | 152          | 16           |
| Other timing differences   | -            | (16)         |
| Other timing differences – Fixed Assets  | 13           | -            |
| Adjustments in respect of prior periods  | 98           | (34)         |
| Total current tax  | 872          | 629          |

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured.

## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 9 Profit for the financial year

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's profit for the financial year was £Nil (2012: £Nil).

#### 10 Tangible fixed assets

| Group                                     | Leasehold<br>property<br>£000 | Plant and<br>equipment<br>£000 | Totals<br>£000 |
|---|-------------------------------|--------------------------------|----------------|
| <b>Cost</b>                               |                               |                                |                |
| As at 1 January 2013                      | 151                           | 5,378                          | 5,529          |
| Additions                                 | -                             | 773                            | 773            |
| Disposals                                 | (30)                          | (1,418)                        | (1,448)        |
| <b>At 31 December 2013</b>                | <b>121</b>                    | <b>4,733</b>                   | <b>4,854</b>   |
| <b>Accumulated depreciation</b>           |                               |                                |                |
| At 1 January 2013                         | 49                            | 2,925                          | 2,974          |
| Charge for the year                       | 13                            | 835                            | 848            |
| Disposals                                 | (10)                          | (1,175)                        | (1,185)        |
| <b>At 31 December 2013</b>                | <b>52</b>                     | <b>2,585</b>                   | <b>2,637</b>   |
| <b>Net book value at 31 December 2013</b> | <b>69</b>                     | <b>2,148</b>                   | <b>2,217</b>   |
| Net book value at 31 December 2012        | 102                           | 2,453                          | 2,555          |

The company had no tangible fixed assets. The Allen Ford (UK) Ltd business undertook a review of assets which had a nil net book value and had been written off with no future use and cleared down from the fixed asset register, the assets are included within the disposal above.

## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 11 Intangible fixed assets

|   | Goodwill<br>£000 |
|---|------------------|
| <b>Cost</b>                               |                  |
| At 1 January 2013 and 31 December 2013    | <b>114</b>       |
| <b>Accumulated Amortisation</b>           |                  |
| At 1 January 2013                         | 40               |
| Charge for the year                       | 6                |
| At 31 December 2013                       | <b>46</b>        |
| <b>Net book value at 31 December 2013</b> | <b>68</b>        |
| Net book value at 31 December 2012        | 74               |

#### 12 Fixed asset investments

The following are the wholly owned subsidiary undertakings of CHA (2005) Limited, all of which have been included within the consolidated financial statements

| Name of undertaking     | Country of incorporation | Description of shares held | Proportion of nominal value of issued shares held by: |         |
|-------------------------|--------------------------|----------------------------|---|---------|
|                         |                          |                            | Group   | Company |
| Camden Motors Limited   | Great Britain            | 'A' Ordinary 1p shares     | 100%  | Nil     |
|                         |                          | 'B' Ordinary 1p shares     | -   | -       |
| Charles H Allen Limited | Great Britain            | Ordinary £1 shares         | 100%  | 100%    |
|                         |                          | Preference £1 shares       | 100%  | 100%    |
|                         |                          | Non cumulative preference  | 100%  | 100%    |
|                         |                          | 3 75% £1 shares            |   |         |
| Allen Ford (UK) Limited | Great Britain            | 'A' Ordinary 1p shares     | 100%  | Nil     |
|                         |                          | 'B' Ordinary 1p shares     | -   | -       |
|                         |                          | 'C' Ordinary 1p shares     | -   | -       |

Camden Motors Limited is a dormant company. Charles H Allen Limited is an intermediate holding company. The principal activities of Allen Ford (UK) Limited are the distribution, sale, repair and service of new and used vehicles and the sale of accessories and replacement parts.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 13 Stocks

|                                     | <b>Group</b>  | <b>Group</b> | <b>Company</b> | <b>Company</b> |
|-------------------------------------|---------------|--------------|----------------|----------------|
|                                     | <b>2013</b>   | <b>2012</b>  | <b>2013</b>    | <b>2012</b>    |
|                                     | <b>£000</b>   | <b>£000</b>  | <b>£000</b>    | <b>£000</b>    |
| Motor vehicles                      | <b>43,727</b> | 42,530       | -              | -              |
| Parts, accessories and other stocks | <b>2,322</b>  | 2,179        | -              | -              |
|                                     | <b>46,049</b> | 44,709       | -              | -              |

Vehicle consignment stocks are recognised on the balance sheet where, in substance, they are deemed to be assets of the company. The principal criterion applied is whether the vehicles are interest bearing. The corresponding liabilities have been included in creditors, the amounting to £25,399,300 (2012 £25,065,259)

#### 14 Debtors

|                                     | <b>Group</b>  | <b>Group</b> | <b>Company</b> | <b>Company</b> |
|-------------------------------------|---------------|--------------|----------------|----------------|
|                                     | <b>2013</b>   | <b>2012</b>  | <b>2013</b>    | <b>2012</b>    |
|                                     | <b>£000</b>   | <b>£000</b>  | <b>£000</b>    | <b>£000</b>    |
| Trade debtors                       | <b>4,869</b>  | 6,258        | -              | -              |
| Amounts owned by group undertakings | <b>2,472</b>  | 2,472        | -              | -              |
| Prepayments and accrued income      | <b>5,881</b>  | 4,649        | -              | -              |
| Corporation Tax                     | -             | 68           | -              | -              |
| Value added tax                     | -             | 634          | -              | -              |
| Deferred tax asset                  | <b>128</b>    | -            | -              | -              |
|                                     | <b>13,350</b> | 14,081       | -              | -              |

Amounts due to related parties are unsecured, interest free and have no fixed date of repayment

# CHA (2005) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 14 Debtors (continued)

#### Deferred tax

|                         | 2013<br>£'000 |
|-------------------------|---------------|
| At 1 January            | (48)          |
| Profit and loss account | 176           |
| At 31 December          | 128           |

The deferred tax asset provided in the financial statements is as follows

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| <b>Tax effect of timing differences</b> |              |              |
| Accelerated capital allowances          | 54           | (48)         |
| Other timing difference                 | 74           | -            |
|   | 128          | (48)         |

There were no unprovided amounts of deferred tax (2012 £nil)

### 15 Creditors: amounts falling due within one year

|                                    | Group<br>2013<br>£000 | Group<br>2012<br>£000 | Company<br>2013<br>£000 | Company<br>2012<br>£000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank overdraft                     | -                     | 4,801                 | -                       | -                       |
| Trade creditors                    | 38,680                | 36,542                | -                       | -                       |
| Amounts owed to group undertakings | 5                     | 44                    | -                       | -                       |
| Other taxation and social security | 1,270                 | 1,077                 | -                       | -                       |
| Stocking loan facility             | 12,870                | 12,892                | -                       | -                       |
| Accruals and deferred income       | 1,263                 | 903                   | -                       | -                       |
| Corporation Tax                    | 413                   | -                     | -                       | -                       |
|                                    | 54,501                | 56,259                | -                       | -                       |

## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 15 Creditors: amounts falling due within one year (continued)

The bank overdraft is secured by way of a fixed and floating charge over the assets of the Group

Amounts owed to Group related parties are unsecured, interest free and have no fixed date of repayment

The stocking loan with Lombard North Central PLC is a short term revolving loan agreement with a facility up to £16,000,000 bearing an interest rate of 7 day LIBOR plus 2.3%. It is secured against the vehicles purchased

#### 16 Provisions for liabilities

|                         | Restructuring<br>Provision<br>£'000 | Deferred tax<br>Provision<br>£'000 | 2013<br>Total<br>£'000 |
|-------------------------|-------------------------------------|------------------------------------|------------------------|
| At 1 January 2013       | -                                   | 48                                 | 48                     |
| Profit and loss account | 688                                 | (48)                               | 640                    |
| At 31 December 2013     | 688                                 | -                                  | 688                    |

##### Restructuring Provision

Included within the restructuring provision is £324,000 relating to onerous lease commitments and £364,000 of other costs related to the restructuring. The provision is expected to be fully utilised during 2014.

##### Deferred tax provision

The deferred tax balance at the year-end date was an asset, see note 14 for the analysis of the balance.

#### 17 Pension and similar obligations

The Group contributes to the Camden Ventures Limited defined contribution scheme where the retirement benefits of certain employees are funded by contributions from the Company. These contributions are based on pension costs across the group as a whole and paid by Camden Ventures Limited to insurance companies and charged to the profit and loss account for the financial year in which they become payable. There were no amounts outstanding at 31 December 2013. The total pension cost for the financial year was £226,000 (2012: £280,000).

## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 18 Called up share capital

| Group and Company                                 | 2013<br>£ | 2012<br>£ |
|---|-----------|-----------|
| Allotted and fully paid                           |           |           |
| 10,579 (2012 10,579) A ordinary shares of 1p each | 106       | 106       |

#### 19 Reserves

| Group                         | Other<br>reserves<br>£000 | Profit<br>and loss<br>account<br>£000 | Total<br>£000                         |
|-------------------------------|---------------------------|---------------------------------------|---------------------------------------|
| At 1 January 2013             | 2,472                     | 2,649                                 | 5,121                                 |
| Profit for the financial year | -                         | 1,923                                 | 1,923                                 |
| <b>At 31 December 2013</b>    | <b>2,472</b>              | <b>4,572</b>                          | <b>7,044</b>                          |
| Company                       |                           |                                       | Profit<br>and loss<br>account<br>£000 |
| At 1 January 2013             |                           |                                       | -                                     |
| <b>At 31 December 2013</b>    |                           |                                       | -                                     |

#### 20 Dividends

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| No Dividends were paid or are proposed (2012 £Nil) | -             | -             |



## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

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

|                              | 2013<br>£000 | 2012<br>£000 |
|------------------------------|--------------|--------------|
| Increase in cash in the year | 5,341        | 3,320        |
| Movement in borrowings       | 22           | (1,848)      |
| Net debt at 1 January        | (17,684)     | (19,156)     |
| Net debt at 31 December      | (12,321)     | (17,684)     |

#### 22 Movement in net debt

|   | At 1<br>January<br>2013<br>£000 | Cash<br>flow<br>£000 | At 31<br>December<br>2013<br>£000 |
|---|---------------------------------|----------------------|-----------------------------------|
| Cash in hand and at bank                  | 9                               | 540                  | 549                               |
| Overdrafts and other on demand facilities | (4,801)                         | 4,801                | -                                 |
| Stocking loan                             | (12,892)                        | 22                   | (12,870)                          |
|   | (17,684)                        | 5,363                | (12,321)                          |

#### 23 Financial commitments

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| Annual commitments in respect of non-cancellable operating leases relating wholly to land and buildings expiring |              |              |
| Expiring within one year   | 394          | 87           |
| Expiring between two and five years  | 2,214        | 307          |
| Expiring after five years  | 1,320        | 3,534        |
|  | 3,928        | 3,928        |

## CHA (2005) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 23 Financial commitments (continued)

Included in commitments expiring between two and five years is the sum of £2,031,000 (2012 £2,031,000 expiring after 5 years) payable to Camden Ventures Limited by way of rent on properties owned by this related party

#### 24 Contingent liabilities

The Group has provided a guarantee of £1,500,000 in favour of Ford Credit and The Royal Bank of Scotland Group in respect of certain funding facilities provided to Allen Ford (UK) Limited

#### 25 Related party transactions

The group has a number of related parties on the basis of the entities being under common ownership and control. The transactions during the year and balances outstanding are described below

|                                | Sales to<br>related<br>party | Purchases<br>from<br>related<br>party | Amounts<br>owed by<br>related<br>party | Amounts<br>owed to<br>related<br>party |
|--------------------------------|------------------------------|---------------------------------------|--|--|
|                                | £000                         | £000                                  | £000                                   | £000                                   |
| Related party                  |                              |                                       |  |  |
| Car Shops Limited              | -                            | 142                                   | -                                      | 9                                      |
| Spirit Fleet Solutions Limited | 8                            | 35                                    | -                                      | -                                      |
| Camden Ventures Limited        | 19                           | 2,876                                 | -                                      | 5                                      |
|                                | 27                           | 3,053                                 | -                                      | 14                                     |

#### 26 Ultimate controlling party

The directors regard Paul Dunkley to be the ultimate owner of the Company