Company Registration No. NI030373

FLEET FINANCIAL LIMITED

Annual Report and Financial Statements for the year ended 31 December 2013

ANNUALREPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2013

OFFICERS AND PROFESSIONAL ADVISERS

ANNUALREPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H K Surgenor
M J A Brown
A C Bruce
R A Gregson
N J McMinn

COMPANY SECRETARY

G MacGeekie

REGISTERED OFFICE

62 Boucher Road
Belfast
Antrim
Northern Ireland
BT12 6LR

BANKERS

Ulster Bank Ltd
Arches Retail Park
Belfast
BT5 4AF

SOLICITORS

Reid Black & Co Solicitors
The Cranse Building
491-421 Newtownards Road
Belfast
BT4 1AQ

J G O'Hare & Co
37-41 High Street
Belfast
BT1 2AB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 Hardman Street
Manchester
M60 2AT
United Kingdom

STRATEGIC REPORT
For the year ended 31 December 2013

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The main activities of the Company during the year were the lease, hire and sale of motor vehicles to the corporate and public sector markets and operates nationally within the United Kingdom. The Directors do not foresee any significant changes to the future prospects of the business or its main activities.

STRATEGIC AND OPERATIONAL REVIEW

The business had a good year in 2013 delivering a profit before taxation of £802,000. Turnover increased by 24.7% compared with 2012 due to the mix of product being sold in auction and the growth in our customer book. Gross margin decreased to 11.7% compared to 14.4% in 2012 mainly as a result of the competitive nature of our pricing to attract and retain new and existing customer. There were no significant factors which influenced the purchasing of vehicles and there was an increase in payroll related overheads as the company restructures following our acquisition by Charles Hurst Limited last year.

Working capital decreased in the year by £931,000, an increase in inventory and debtors of £0.3m was offset by an increase in payables of £1.2m. Overall, there was a net cash inflow of £360,000.

Company outlook

The company has made a good start to the current financial year and we continue to outperform both budget and prior year. We therefore expect the result for the first half year to be ahead of both budget and last year.

The new car market is expected to show further growth in 2014 with the used car market stable. This, together with the company's strong performance in 2013 and the previous four years, provide a firm foundation on which to deliver further growth.

Corporate Social Responsibility, Human Rights and Diversity

The company has a long-standing Corporate and Social Responsibility agenda and further details of this are included on page 33 of our Group's annual report. We are also very conscious of human rights issues within the company and the key area that would impact our business would be across our supply chain. All of our directly employed staff are based in the UK and are covered by UK employment law. Our supply chain in the motor division is predominantly the major international motor manufacturers who clearly take these issues very seriously as well.

The UK Corporate Governance Code includes a recommendation that boards should consider the benefits of diversity, including gender when making board appointments. The Board recognises the importance of gender balance and considers this issue amongst the wider issues of diversity where the most important requirement is to ensure that there is an appropriate range of experience, balance of skills and background on the Board. We will continue to make changes to the composition of the Board irrespective of gender or any form of discrimination so that the best candidate is appointed.

Mandatory Carbon Reporting

The company is aware of, and supports, the new carbon reporting requirements. Separately, the company reports each year to the Environment Agency under the government's Carbon Reduction Commitment (CRC) scheme. The mandatory reporting period for CRC is April to March. It is the intention of the group to align the new carbon reporting period with those of CRC and consequently, will issue its first report on carbon footprint in its 2015 Annual Report covering the period April 2013 to March 2014.

STRATEGIC REPORT (CONTINUED)
For the year ended 31 December 2013

STRATEGIC AND OPERATIONAL REVIEW (continued)

Principal Risks and Uncertainties

The company's business activities, financial condition,or results of operations could be affected by any or all of the following principal risks or uncertainties:

Global Economy

The contract hire markets are influenced by general economic conditions, including changes in interest rates, fuel prices, indirect taxation, the cost and availability of credit and other factors which affect levels of consumer confidence and hence the need to replace vehicles on a cyclical basis. Despite the general uncertainty in the economy, the company's business has proved to be resilient against this background.

Manufacturers' Financial Stability

The company relies on its manufacturer partners for vehicle supply. The failure of a manufacturer could have a significant impact on availability of vehicles and therefore a potential risk of being unable to fulfil leasing contracts with customers. The company has attempted to mitigate this risk by having trading relationships with a large number of manufacturers, so that the impact of any one manufacturer failing would be lessened. Due to global economic events, several manufacturers have come under severe financial pressure. However, it appears that there has been significant political will to support these manufacturers to prevent their demise because of the effect this would have on their local economies.

Information Systems

The company is dependent upon a number of business critical systems which, if interrupted for any length of time, could have a material effect on the efficient running of the business. The Board has implemented a series of contingency plans which would enable the company to resume operations within a short space of time, thus mitigating the likelihood of material loss.

Liquidity and financing

The group uses a number of methods to fund its day to day business. These methods are (i) bank borrowings by way of committed borrowing facilities which are linked to the Lookers plc Group's syndicated banking agreement (Banking facilities of £103.75 million, maturing 2016); (ii) from manufacturer and third party finance houses through uncommitted stocking facilities to fund the purchase of stock; and (iii) from suppliers by way of trade credit. A withdrawal of any of these financing facilities or a failure to renew them as they expire could lead to a significant reduction in the trading ability of the company.

By Order of the Board

R. A. Gregson

Finance Director

27 June 2014

DIRECTORS' REPORT

MATTERS INCLUDED IN THE STRATEGIC REPORT

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to the future development of the business which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a Director's Report

DIVIDENDS

No dividend has been paid (2012: same).

DIRECTORS

The following were Directors of the Company during the year and thereafter:

H K Surgenor
M J A Brown
A C Bruce
R A Gregson
N J McMinn (appointed 19 August 2013)
P Jones (resigned 31 December 2013)

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

EMPLOYEE INVOLVEMENT

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the company. In addition the Board takes account of employees' interests when making decisions. A significant number of employees are now participating in profit related bonus schemes. Suggestions from employees aimed at improving the group's performance are welcomed.

A group newsletter is circulated periodically to all employees. This details developments within the group and also personal interests of employees. In this way the employees are made much more aware of the activities of the company and this method of communication helps co-operation between staff at different locations.

EMPLOYMENT OF DISABLED PERSONS

The company's recruitment policy sympathetically considers applications for employment from the disabled where they have the necessary abilities and skills to perform the job. If any employee becomes disabled during employment with the group, every effort is made to retrain that employee to perform a job appropriate to his/her abilities and skills.

The company's policy to encourage career development for its employees, includes the disabled for whom further training is arranged, if necessary, to allow for special needs.

GOING CONCERN

This financial information has been prepared on a going concern basis which the directors believe to be appropriate for the reasons set out below.

The company is dependent upon funding from its ultimate parent company, Lookers plc (the Parent). The directors have received confirmation from the Parent that it will provide financial support as is necessary to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements.

In considering the position of the company as a going concern, and in the context of the uncertainties discussed in this report, the company's directors have taken into account the following information regarding the financial position of the group headed by the Parent as disclosed in the financial statements of the Parent for the year ended 31 December 2013:

DIRECTORS' REPORT

GOING CONCERN (CONTINUED)

The company and the group meet their day to day working capital requirements through short-term stocking loans, the revolving credit facility and its medium-term funding requirements through a term loan.

At the year end the medium-term banking facilities included a revolving credit facility of up to £55.0 million and a term loan totalling £41.25 million, providing total facilities of £96.25 million. These facilities were renewed in February 2014 and are due for renewal in March 2018.

In addition to the total facility limit, the revised facilities include certain covenant tests. The failure of a covenant test would render the entire facilities repayable on demand at the option of the lenders.

The Directors have accessed the future funding requirements of the group and the company and compared them to the level of committed available borrowing facilities. This assessment included a detailed review of trading and cash flow forecasts for a period 12 months from the date of this annual report which projects that the total revised facility limit is not exceeded over the duration of the forecasts and covenant levels are met. Whilst uncertainty remains in the global economy these forecasts are considered reasonable.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For those reasons, they continue to adopt the going concern basis in preparing this Annual Report.

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved confirms that:

- so far as each director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office and, in accordance with the Companies Act 2006, their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

R. A. Gregson
Finance Director
27 June 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

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 elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the strategic and operational review includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By Order of the Board

R. A. Gregson

Finance Director

27 June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEET FINANCIAL LIMITED

We have audited the financial statements of Fleet Financial Limited for the year ended 31 December 2013 which comprise the Income Statement, the Statements of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Damian Sanders

Damian Sanders BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
27 June 2014

INCOME STATEMENT
For the year ended 31 December 2013

	Note	2013 £'000	2012(*) £'000
TURNOVER	2	22,006	17,648
Cost of sales		(19,423)	(15,107)
GROSS PROFIT		2,583	2,541
Distribution costs		(60)	(60)
Administrative expenses		(1,740)	(1,480)
OPERATING PROFIT		783	1,001
Interest receivable and similar income	3	20	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	803	1,001
Tax on profit on ordinary activities	5	(66)	(247)
PROFIT FOR THE FINANCIAL YEAR	15	736	754

* Represented to more correctly reflect the underlying records

All revenue and results for the year and the prior year arise from continuing operations.

The company has no gains and losses other than those included in the results above accordingly no separate statement of comprehensive income has been prepared.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital £'000	Retained earnings £'000	Total £'000
As at 1 January 2012	30	1,962	1,992
Profit for the year	-	754	754
As at 31 December 2012	30	2,716	2,746
Profit for the year	-	736	736
As at 31 December 2013	30	3,452	3,482

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Note	2013 £'000	2012 £'000
NON-CURRENT ASSETS			
Goodwill	7	1,500	1,500
Property, plant and equipment	8	2,215	965
		3,715	2,465
CURRENT ASSETS			
Inventories	9	11,957	12,037
Trade and other receivables	10	1,741	1,400
Cash and cash equivalents		731	371
		14,429	13,808
TOTAL ASSETS		18,144	16,273
CURRENT LIABILITIES			
Trade and other payables	12	(6,928)	(6,121)
Current tax liabilities		(190)	(247)
		(7,118)	(6,368)
NET CURRENT ASSETS		7,311	7,440
NON-CURRENT LIABILITIES			
Trade and other payables	12	(7,544)	(7,159)
		(7,544)	(7,159)
TOTAL LIABILITIES		(14,662)	(13,527)
NET ASSETS		3,482	2,746
CAPITAL AND RESERVES			
Called up share capital	14	30	30
Retained earnings	15	3,452	2,716
SHAREHOLDERS' FUNDS		3,482	2,746

The financial statements of Fleet Financial limited, (registered number: NI030373), were approved by the Board of Directors and authorised for issue on 27th June 2014 and were signed on its behalf by:

R A Gregson

Finance Director

CASH FLOW STATEMENT
For the year ended 31 December 2013

	2013 £'000	2012 £'000
Cash generated from operations		
Profit for the year	736	754
Adjustments for:		
Tax	66	247
Depreciation	18	21
Profit on disposal of Plant and equipment	-	(12)
Changes in working capital:		
Decrease in inventories	80	50
Increase in trade and other receivables	(341)	(329)
Increase/(decrease) in payables	1,192	(665)
Cash generated by operations	1,751	66
Tax paid	(123)	(208)
Net cash inflow/(outflow) from operating activities	1,628	(142)
Cash flows used by investing activities		
Purchase of property, plant and equipment	(1,268)	-
Proceeds from sale of property, plant and equipment	-	23
Net cash (used by)/generated from investing activities	(1,268	23
Increase/(decrease) in cash and cash equivalents	360	(119)
Cash and cash equivalents at the beginning of the year	371	490
Cash and cash equivalents at the end of the year	731	371

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the current year and retrospectively following transition to IFRS.

Accounting convention

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. Therefore the company financial statements comply with article 4 of EU IAS Regulation.

The company has adopted Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB. Individual standards and interpretations have to be adopted by the European Commission (EC) and the process leads to a delay between the issue and adoption of new standards and in some cases amendment by the EC.

International Financial Reporting Standards are subject to ongoing amendment by the IASB and subsequent endorsement by the EC and are therefore subject to change.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

Adoption of new and revised standards and new standards and interpretations not yet adopted

Amendments to IAS 1: Presentation of Items of Other Comprehensive Income: The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. The adoption of this standard has had no significant impact.

IFRS 13 Fair Value Measurement: New standard to replace existing guidance on fair value measurement in different IFRSs with a single definition of fair value, a framework of measuring fair values and disclosures about fair value measurements. This standard applies to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value or when disclosure of fair value is provided. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The adoption of this standard has had no significant impact.

At the date of authorisation of the financial statements the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of interests in other entities
IAS 27	Separate Financial Statements 2011
IAS 28	Investments in Associates and Joint Ventures 2011

Amendments to IAS 32 and IFRS 7 for Offsetting Financial Assets and Financial Liabilities.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the company.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Going concern

These financial statements have been prepared on a going concern basis. Further information on the directors' consideration of going concern is given in the directors' report.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets at the date of the acquisition. Goodwill arising on acquisitions tested annually for impairment and is carried at cost less accumulated impairment losses.

Leasehold property, plant and equipment

Fixtures, fittings, tools and equipment including computer equipment and terminals are being depreciated on a straight-line basis at rates varying between 10% and 33% per annum over their estimated useful lives.

Impairment of assets

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs, and value in use.

Inventories

Inventories are valued at the lower of cost or net realisable value.

Revenue

Revenue comprises the maintenance and administrative elements of contract hire agreements (excluding VAT and trade discounts) together with the disposal proceeds of vehicles on expiry and rentals from operating leases. Revenue is recognized over the course of the contract, as obligations are fulfilled and on the disposal of the vehicle at the end of the contract.

Operating profit

Operating profit is stated before net interest costs and debt issue costs.

Pension costs

The company provides pension arrangements for employees under defined contribution schemes. Contributions for these schemes are charged to the income statement in the year in which they are payable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and liquid investments, net of bank overdrafts.

Financial assets and liabilities

The fair values of the company's trade receivables, cash and cash equivalents, bank overdrafts and trade payables (which include liabilities in respect of interest-bearing consignment stock) with maturity of less than one year are assumed to approximate to their book value. The company does not enter into derivative financial instruments.

Repurchase commitments

As part of its normal trading activities, the company has contracted to repurchase, at predetermined values and dates, certain vehicles previously sold under a financial arrangement. The company's residual interest in these vehicles is included in inventories and the related liability is included as repurchase commitments within trade and other payables.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full, using the liability method, on taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Critical accounting estimates

Goodwill and intangible assets

The company reviews the goodwill arising on the acquisition of subsidiaries or businesses and any intangible assets with an indefinite life for impairment at least annually or when events or changes in economic circumstances indicate that impairment may have taken place. The impairment review is performed by projecting the future cash flows, excluding finance and tax, based upon budgets and plans and making appropriate assumptions about rates of growth and discounting these using a rate that takes into account prevailing market interest rates and the risks inherent in the business. If the present value of the projected cash flows is less than the carrying value of the underlying net assets and related goodwill, an impairment charge would be required in the Income Statement.

This calculation requires the exercise of significant judgement by management; if the estimates made prove to be incorrect or changes in the performance of the subsidiaries affect the amount and timing of future cash flows, goodwill may become impaired in future periods.

In respect of acquisitions, at the point of acquisition the company is required to assess whether intangible assets need to be separately identified and measured. The measurement and assessment of the useful economic lives of intangible assets requires the use of judgement by management.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

2. TURNOVER

	2013 £'000	2012 £'000
Revenue	20,485	17,648,
To group companies	1,521	-
	22,006	17,648

All revenue relates to trading within the United Kingdom. There is only one class of business being the lease, hire and sale of motor vehicles.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Group interest	20	-
Interest receivable	20	-

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation is calculated after charging the following items:		
Staff costs (note 6)	1,238	1,081
Depreciation	18	21
Profit on disposal of property ,plant and equipment	-	(12)
Fees payable to the company's auditor for the audit of the company's annual financial statements	8	8
Fees payable to the company's auditor for non-audit services – tax services only	1	1

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Current tax expense		
Current year	190	247
Adjustment in respect of previous years	(124)	-
	66	247
Deferred tax expense		
Deferred tax	-	-
		-
Tax charge for the year	66	247

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The current tax charge was affected by the following factors:

	2013 %	2012 %
Standard rate of corporation tax	23.3	24.5
Items not allowable for tax	0.3	-
Adjustments in respect of previous years	(15.4)	-
Effective rate of tax on current profit	8.2	24.5

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013 £'000	2012 £'000
Directors' emoluments		
Emoluments	-	141
Company contributions to defined contribution schemes	-	2
	No.	**No.**
Number of directors who are members of the defined contribution pension scheme	-	1
The amounts in respect of the highest paid director are as follows:		
Emoluments	-	57

The emoluments of those directors who are also directors of the ultimate parent company, Lookers plc or the intermediary holding company, Charles Hurst Limited, were borne by both Lookers plc and Charles Hurst Limited respectively and not recharged. This is because fair apportionment is not possible as services are provided to multiple entities.

	2013 No.	2012 No.
Average number of persons employed (including directors)		
Sales and distribution	12	24
Administration	17	7
	29	31

	£'000	£'000
Staff costs during the year		
Wages and salaries	1,125	965
Social security costs	114	116
Pension cost	-	4
	1,239	1,085

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

7. GOODWILL

	2013 £'000	2012 £'000
Carrying value		
At 1 January and 31 December	1,500	1,500
Aggregate impairment		
At 1 January and 31 December	-	-
Net book value		
At 31 December	1,500	1,500

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36. Following the impairment test, no goodwill impairment charge was deemed necessary (2012: £nil).

For the purposes of impairment testing of goodwill and intangible assets, the directors recognise the company's Cash Generating Units ("CGU") to be connected groupings of dealerships. The recoverable amount of each CGU's goodwill and intangible assets is based on value in use using Board approved budgeted projections over the next five years for each CGU to calculate each CGU's discounted cash flows to perpetuity, where individual budgets are produced for all businesses within the company. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period and the impairment calculation is sensitive to these key assumptions. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. An annual growth rate of 2.75% (2012: 3.0%) (UK GDP) is assumed and a risk adjusted discount rate applied. The discount rates are estimated based on the company's cost of capital which is calculated after consideration of market information and risk adjusted for individual circumstances with all units carrying a goodwill value operating in the UK and the motor retail or related sector a single pre-tax discount rate of 10.42% (2012: 9.8%) has been applied.

The two key assumptions made by the directors are the discount rate used and profitability rates beyond the business plan. Neither a 1% increase in the discount rate or a 10% reduction in operating profit would result in any impairment being required.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £'000	Fixtures, fittings tools and equipment £'000	Total £'000
Cost			
At 1 January 2012	997	238	1,235
Disposals	-	(46)	(46)
At 31 December 2012	997	192	1,189
Accumulated depreciation			
At 1 January 2012	29	209	238
Charge for the year	10	11	21
Disposals	-	(35)	(35)
At 31 December 2012	39	185	224
Net book value			
At 31 December 2012	958	7	965

	Leasehold property £'000	Motor Vehicles £'000	Fixtures, fittings tools and equipment £'000	Total £'000
Cost				
At 1 January 2013	997	-	192	1,189
Additions	2	1,249	17	1,268
At 31 December 2013	999	1,249	209	2,457
Accumulated depreciation				
At 1 January 2013	39		185	224
Charge for the year	10	-	8	18
At 31 December 2013	49	-	193	242
Net book value				
At 31 December 2013	950	1,249	16	2,215

9. INVENTORIES

	2013 £'000	2012 £'000
Goods for resale	736	1,367
Repurchase commitments (note 12)	11,221	10,670
	11,957	12,037

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

10. TRADE AND OTHER RECEIVABLES

	2013 £'000	2012 £'000
Gross trade receivables	539	1,033
Less: provision for impairment of receivables	(44)	(42)
Net trade receivables	495	991
Amounts owed by group undertakings	1,165	311
Prepayments and accrued income	81	98
	1,741	1,400

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

The average credit period on sales of goods is 28 days (2012: 41 days).

Concentrations of credit risk with respect to trade receivables are limited due to the company's customer base being large and unrelated. Due to this, the directors believe there is no further credit risk provision required in excess of normal doubtful receivables.

Movement in the allowance for doubtful receivables

	2013 £'000	2012 £'000
Balance at beginning of year	42	-
Increase in allowance recognised in Income Statement	2	42
Balance at end of year	44	42

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Value of trade receivables

	2013 £'000	2013 %	2012 £'000	2012 %
Not impaired:				
Neither past due nor impaired	341	68.9	991	100.0
Past due up to 3 months but not impaired	154	31.1	-	-
	495	100.0	991	100.0

11. OTHER FINANCIAL ASSETS

	2013 £'000	2012 £'000
Loans carried at amortised cost:		
Loans to other group companies	1,165	311
Disclosed in the financial statements as:		
Current assets – trade and other receivables	1,165	311

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

12. TRADE AND OTHER PAYABLES

	2013 £'000	2012 £'000
Trade payables	1,071	1,112
Repurchase commitments (note 9)	3,677	3,511
Amounts owed to group undertakings	1	4
Other creditors	650	92
Accruals and deferred income	1,529	1,402
	6,928	6,121
Repurchase commitments due after more than one year (note 9)	7,544	7,159

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

The average credit period taken for trade purchases is 27 days (2012: 27 days).

13. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies section.

Categories of financial instruments

	2013 £'000	2012 £'000
Financial assets		
Cash	731	371
Loans and receivables	1,660	1,302
Financial liabilities		
Amortised cost	12,293	11,786

Financial Risk Management Objectives

The company is a wholly owned subsidiary of Charles Hurst Limited and the Group Corporate Treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the Board of Directors, which provide written principles on interest rate risk, credit rate risk, the use of financial derivatives and non-financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the group's banking committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

The company has not held any derivative financial instruments in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

13. FINANCIAL INSTRUMENTS (continued)

Market Risk

The group's activities expose it primarily to the financial risks of changes in interest rates. The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward interest rate risk; and
- manage interest rate risk.

The market risks are managed at a company level through stress and scenario analysis.

During the course of the year there has been no change to the market risk or manner in which the group manages its exposure.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are controlled by counterparty limits that are reviewed and approved by the Risk Management committee annually.

Trade receivables are spread across a large number of counterparties.

The group does not have any significant credit exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the group's Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the company is entitled and intends to repay the liability before its maturity. The discount column represents the possible future cash flows included in the maturity analysis, such as future interest or potential payment under the financial guarantee contract that have not been included in the carrying amount of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ~~ended 31 December~~ ber 2013

13. FINANCIAL INSTRUMENTS (continued)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

13. FINANCIAL INSTRUMENTS (continued)

	1 to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
2013				
Variable interest rate instruments	1,072	3,676	7,544	12,292
	1,072	3,676	7,544	12,292
2012				
Variable interest rate instruments	1,112	3,511	7,159	11,782
	1,112	3,511	7,159	11,782

Included within fixed interest rate instruments in the 3 to 12 month column and the 1 to 5 years column is an amount of £3,676,000 (2012: £3,511,000) and £7,544,000 (2012: £7,159,000) respectively, relating to repurchase commitments where the liability is only contractually due at the point where the related vehicle is sold to the end customer. In this way the company matches the cash out flow in respect of the liability with the cash inflow from the sale.

14. CALLED-UP SHARE CAPITAL

	2013 £'000	2012 £'000
Called up, allotted and fully paid		
30,000 ordinary shares of £1 each	30	30

15. STATEMENT OF MOVEMENTS ON RESERVES

	Retained earnings £'000
At 1 January 2013	2,716
Profit for the year	736
At 31 December 2013	3,452

16. RELATED PARTY TRANSACTIONS

Lookers plc is considered the company's ultimate controlling party. At 31 December 2013, as a result of group treasury movements, the company owed £1,000 (2012: £2,000) to Lookers plc.

The company's directors are deemed to be its key management and are remunerated by its ultimate parent undertaking, Lookers plc and accordingly these amounts are disclosed in the consolidated financial statements of Lookers plc. Their management of the company forms only a small part of their responsibilities within the wider Lookers Group and so it is not possible to accurately identify that element of their remuneration which is directly attributable to Fleet Financial limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

16. RELATED PARTY TRANSACTIONS (CONTINUED)

Subsidiaries of Lookers plc

The information disclosed below relates to transactions with companies that are also under the ultimate control of Lookers plc and hence considered related parties.

During the year, the company sold vehicles totalling £1,521,000 (2012: £646,000) to Charles Hurst Limited. At 31 December 2013 the company was owed £1,164,000 (2012: £310,000).

During the year, the company purchased vehicles totalling £1,000 (2012: £923,000) from Lomond Motor Group Limited. At 31 December 2013 the company owed £1,000 (2012: £2,000).

17. PENSIONS

The company makes contributions in to the Lookers Stakeholder Pension Scheme which is a defined contribution scheme. The income statement charge for the year in respect of defined contribution schemes was £nil (2012: £4,000).

18. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Charles Hurst Limited. In the opinion of the directors, the company's ultimate parent and controlling company is Lookers plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Charles Hurst Limited and Lookers plc are both companies registered in England and Wales and copies of the financial statements of both companies can be obtained from Lookers plc, 776 Chester Road, Stretford, Manchester, M32 0QH.