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Shephall Way Service Station Limited
Directors' report and unaudited financial statements
for the year ended 30 June 2008
Registration number 01522824



Shephall Way Service Station Limited

Company information

Directors	P K Brown D J Edwards	(Resigned 25 January 2008)
Secretary	S Stracey	
Company number	01522824	
Registered office	Shephall Way Service Station Shephall Way Stevenage Herts SG2 9RW	
Accountants	Chantrey Vellacott DFK LLP Chartered Accountants First Floor 73 - 75 High Street Stevenage Herts SG1 3HR	
Bankers	Lloyds Bank Plc Town Square Stevenage Herts	

Shephall Way Service Station Limited

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Shephall Way Service Station Limited

Directors' report for the year ended 30 June 2008

The directors present their report and the financial statements for the year ended 30 June 2008.

Principal activity and review of the business

The principal activity of the company is motor vehicle resales, service and maintenance.

New and used vehicle sales are 6.0% down on the 2007 figures, with an increased margin of 3.4%, compared with 2.9% in 2007. Workshop sales are 5.3% up on the 2007 figures, with an increased margin of 28.1%, compared with 27.8% in 2007.

In view of the general economic climate, the director considers these results satisfactory.

Results and dividends

The profit for the year, after taxation, amounted to £14,791. Particulars of dividends paid and proposed are detailed in the notes to the financial statements.

Financial risk management objectives and policies

The company holds the local Kia Motors franchise. Prices and offers are dependent on the volume of sales achieved.

The company has little exposure to credit risk as this is passed to finance companies, when customer vehicle purchases are financed.

The directors consider the company has sufficient funding in place to cover normal trading activities.

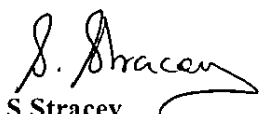
Directors

The directors who served during the year are as stated below:

P K Brown

D J Edwards (Resigned 25 January 2008)

This report was approved by the Director on and signed on his behalf by



S Stracey
Secretary

Shephall Way Service Station Limited

**Accountants' report to the Board of Directors on the
unaudited financial statements of Shephall Way Service Station Limited**

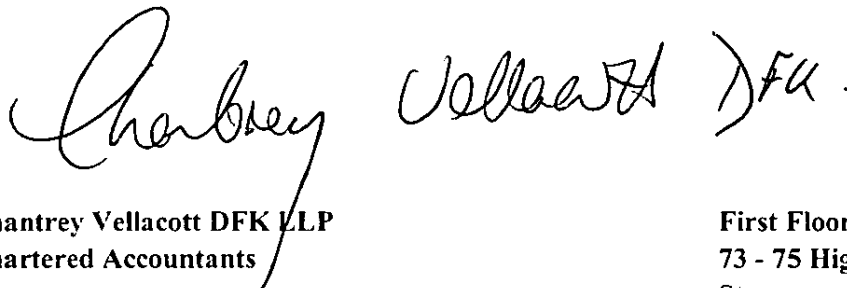
In accordance with the engagement letter dated 24 August 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the company's board of directors in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so and state those matters that we have agreed to state to them in this 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 board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England & Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 30 June 2008 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Chantrey Vellacott DFK LLP
Chartered Accountants

**First Floor
73 - 75 High Street
Stevenage
Herts
SG1 3HR**

Shephall Way Service Station Limited

**Profit and loss account
for the year ended 30 June 2008**

		Continuing operations	
		2008	2007
	Notes	£	£
Turnover	2	5,187,825	5,458,823
Cost of sales		(4,878,664)	(5,175,245)
Gross profit		309,161	283,578
Administrative expenses		(281,896)	(297,514)
Other operating income		-	150
Operating profit/(loss)	3	27,265	(13,786)
Other interest receivable and similar income	4	202	288
Interest payable and similar charges	5	(4,440)	(4,501)
Profit/(loss) on ordinary activities before taxation		23,027	(17,999)
Tax on profit/(loss) on ordinary activities	8	(8,236)	109
Profit/(loss) for the year	19	14,791	(17,890)
Retained profit brought forward		297,506	323,367
Reserve Movements		(5,847)	(7,971)
Retained profit carried forward		306,450	297,506

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 18 form an integral part of these financial statements.

Shephall Way Service Station Limited

**Balance sheet
as at 30 June 2008**

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		224,287		247,882
Investments	11		226,153		226,153
			<u>450,440</u>		<u>474,035</u>
Current assets					
Stocks	12	733,294		478,646	
Debtors	13	149,154		191,614	
Cash at bank and in hand		383		354	
		<u>882,831</u>		<u>670,614</u>	
Creditors: amounts falling due within one year	14	(856,605)		(663,644)	
Net current assets			<u>26,226</u>		<u>6,970</u>
Total assets less current liabilities			476,666		481,005
Creditors: amounts falling due after more than one year	15		(64,261)		(77,363)
Provisions for liabilities	16		<u>(5,955)</u>		<u>(6,136)</u>
Net assets			<u>406,450</u>		<u>397,506</u>
Capital and reserves					
Called up share capital	18		100,000		100,000
Profit and loss account	19		306,450		297,506
Shareholders' funds	20		<u>406,450</u>		<u>397,506</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 7 to 18 form an integral part of these financial statements.

Shephall Way Service Station Limited

Balance sheet (continued)

**Directors' statements required by Section 249B(4)
for the year ended 30 June 2008**

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 ;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 30 June 2008 and

(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Director on .


P K Brown
Director

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The notes on pages 7 to 18 form an integral part of these financial statements.

Shephall Way Service Station Limited

**Cash flow statement
for the year ended 30 June 2008**

	Notes	2008 £	2007 £
Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
Operating profit/(loss)		27,265	(13,786)
Depreciation		25,731	27,252
(Increase) in stocks		(254,648)	(44,199)
Decrease in debtors		42,460	(98,643)
Increase in creditors		270,025	153,372
Net cash inflow from operating activities		<u>110,833</u>	<u>23,996</u>
Cash flow statement			
Net cash inflow from operating activities		110,833	23,996
Returns on investments and servicing of finance	24	(4,238)	(4,213)
Taxation	24	-	(5,831)
Capital expenditure	24	(2,136)	(11,890)
		104,459	2,062
Equity dividends paid		(5,847)	(7,971)
		98,612	(5,909)
Financing	24	(13,102)	(12,845)
Increase in cash in the year		<u>85,510</u>	<u>(18,754)</u>
Reconciliation of net cash flow to movement in net funds (Note 25)			
Increase in cash in the year		85,510	(18,754)
Cash inflow from increase in debts and lease financing		13,102	12,845
Change in net funds resulting from cash flows		98,612	(5,909)
Net debt at 1 July 2007		<u>(228,524)</u>	<u>(222,615)</u>
Net debt at 30 June 2008		<u>(129,912)</u>	<u>(228,524)</u>

Shephall Way Service Station Limited

Notes to the financial statements for the year ended 30 June 2008

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	15% Reducing balance method
Fixtures, fittings and equipment	-	20% Reducing balance method

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.6. Stock

Stock is valued at the lower of cost and net realisable value.

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

Shephall Way Service Station Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

1.8. 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

1.9. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

	2008 £	2007 £
Class of business		
New and used vehicle sales	4,655,722	4,953,660
Workshop and parts sales	532,103	505,163
	<u>5,187,825</u>	<u>5,458,823</u>

3. Operating profit/(loss)

	2008 £	2007 £
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off tangible assets	25,731	27,252
Operating lease rentals		
- Land and buildings	<u>52,500</u>	<u>52,500</u>

Shephall Way Service Station Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

4. Interest receivable and similar income	2008	2007
	£	£
Bank interest	13	282
Other interest	189	6
	<u>202</u>	<u>288</u>
5. Interest payable and similar charges	2008	2007
	£	£
On loans repayable in five years or more	<u>4,440</u>	<u>4,501</u>
6. Employees		
Number of employees	2008	2007
The average monthly numbers of employees (including the directors) during the year were:		
Administrative and management	5	5
Workshop and sales	13	12
	<u>18</u>	<u>17</u>
Employment costs	2008	2007
	£	£
Wages and salaries	321,253	330,226
Social security costs	30,320	31,654
Pension costs	403	420
	<u>351,976</u>	<u>362,300</u>

Shephall Way Service Station Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

6.1. Directors' emoluments

	2008	2007
	£	£
Remuneration and other emoluments	<u>77,387</u>	<u>88,966</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

P K Brown received £41,400 remuneration from Safeway Cars Limited, a subsidiary of Shephall Way Service Station Limited. In addition, Safeway Cars Limited paid contributions of £7,200 to a defined contribution pension scheme in respect of P K Brown.

7. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £403 (2007 - £420).

Shephall Way Service Station Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

8. Tax on profit/(loss) on ordinary activities

Analysis of charge in period	2008 £	2007 £
Current tax		
UK corporation tax at 20.25% (2007 - -%)	8,417	-
Adjustments in respect of previous periods	-	(258)
	<u>8,417</u>	<u>(258)</u>
Total current tax charge	<u>8,417</u>	<u>(258)</u>
Deferred tax		
Timing differences, origination and reversal	(488)	(166)
Effect of changes in tax rates	307	315
Total deferred tax	<u>(181)</u>	<u>149</u>
Tax on profit/(loss) on ordinary activities	<u>8,236</u>	<u>(109)</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (21 per cent). The differences are explained below:

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation	<u>23,027</u>	<u>(17,999)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (30 June 2007 : 20%)	4,836	(3,600)
Effects of:		
Expenses not deductible for tax purposes	3,405	3,192
Capital allowances for period in excess of depreciation	181	166
Adjustments to tax charge in respect of previous periods	-	14
Effect of changes in tax rates	(5)	-
Online filing incentive	-	(30)
Current tax charge for period	<u>8,417</u>	<u>(258)</u>

Shephall Way Service Station Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

9. Dividends

Dividends paid and proposed on equity shares

	2008 £	2007 £
Paid during the year:		
Equity dividends on Ordinary shares	5,847	7,971
	<u>5,847</u>	<u>7,971</u>

10. Tangible fixed assets	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 July 2007	275,421	161,476	68,349	505,246
Additions	-	513	1,623	2,136
At 30 June 2008	<u>275,421</u>	<u>161,989</u>	<u>69,972</u>	<u>507,382</u>
Depreciation				
At 1 July 2007	83,919	123,373	50,072	257,364
Charge for the year	15,959	5,792	3,980	25,731
At 30 June 2008	<u>99,878</u>	<u>129,165</u>	<u>54,052</u>	<u>283,095</u>
Net book values				
At 30 June 2008	<u>175,543</u>	<u>32,824</u>	<u>15,920</u>	<u>224,287</u>
At 30 June 2007	<u>191,502</u>	<u>38,103</u>	<u>18,277</u>	<u>247,882</u>

11. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 July 2007		
At 30 June 2008	<u>226,153</u>	<u>226,153</u>
Net book values		
At 30 June 2008	<u>226,153</u>	<u>226,153</u>
At 30 June 2007	<u>226,153</u>	<u>226,153</u>

Shephall Way Service Station Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

11.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Safeway Cars Limited	England	Motor vehicle sales	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Safeway Cars Limited	764,299	(3,622)
12. Stocks		2008 £
		2007 £
Workshop parts		46,254
New and used vehicles		50,462
		687,040
		428,184
		<u>733,294</u>
		<u>478,646</u>
13. Debtors		2008 £
		2007 £
Trade debtors		99,083
Other debtors		115,114
Prepayments and accrued income		258
		9,370
		49,813
		67,130
		<u>149,154</u>
		<u>191,614</u>

Shephall Way Service Station Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

14. Creditors: amounts falling due within one year	2008 £	2007 £
Bank overdraft	51,534	137,015
Bank loan	7,500	7,500
Other loan	7,000	7,000
Trade creditors	625,339	423,494
Amounts owed to group undertaking	98,760	58,103
Corporation tax	8,417	-
Other taxes and social security costs	41,599	10,079
Directors' accounts	186	361
Accruals and deferred income	16,270	20,092
	<u>856,605</u>	<u>663,644</u>

The bank overdraft and loan are secured by a debenture, containing a fixed and floating charge over the assets of the company together with cross guarantees between the group companies.

15. Creditors: amounts falling due after more than one year	2008 £	2007 £
Bank loan	50,261	56,363
Other loan	14,000	21,000
	<u>64,261</u>	<u>77,363</u>

Loans

Repayable in one year or less, or on demand (Note 14)	14,500	14,500
Repayable between one and two years	14,500	14,500
Repayable between two and five years	36,500	36,500
Repayable in five years or more	20,261	26,363
	<u>85,761</u>	<u>91,863</u>

Repayable in five years or more:

Bank loan	20,261	26,363
	<u>20,261</u>	<u>26,363</u>

The bank loan is secured by a debenture, containing a fixed and floating charge over the assets of the company together with cross guarantees between the group companies.

Shephall Way Service Station Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

16. Provisions for liabilities

	Deferred taxation (Note 17) £	Total £
At 1 July 2007	6,136	6,136
Movements in the year	(181)	(181)
At 30 June 2008	<u>5,955</u>	<u>5,955</u>

17. Provision for deferred taxation

	2008 £	2007 £
Accelerated capital allowances	5,955	6,136
Provision for deferred tax	<u>5,955</u>	<u>6,136</u>
Provision at 1 July 2007	6,136	
Deferred tax credit in profit and loss account	(181)	
Provision at 30 June 2008	<u>5,955</u>	

Deferred tax is provided at 21% (2007 - 20%).

18. Share capital

	2008 £	2007 £
Authorised equity		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid equity		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Equity Shares		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Shephall Way Service Station Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

19. Equity Reserves	Profit and loss account £	Total £
At 1 July 2007	297,506	297,506
Profit for the year	14,791	14,791
Equity Dividends	(5,847)	(5,847)
At 30 June 2008	<u>306,450</u>	<u>306,450</u>

20. Reconciliation of movements in shareholders' funds	2008 £	2007 £
Profit/(loss) for the year	14,791	(17,890)
Dividends	(5,847)	(7,971)
	<u>8,944</u>	<u>(25,861)</u>
Opening shareholders' funds	397,506	423,367
Closing shareholders' funds	<u>406,450</u>	<u>397,506</u>

21. Financial commitments

At 30 June 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2008 £	2007 £
Expiry date:		
In over five years	<u>52,500</u>	<u>52,500</u>

Shephall Way Service Station Limited

Notes to the financial statements for the year ended 30 June 2008

..... continued

22. Related party transactions

Safeway Cars Limited

The company had the following transactions with the above company which is a wholly owned subsidiary company:

Sales of new and used vehicles, and parts of approximately £372,594.

Purchases of new and used vehicles, and parts of approximately £264,343.

The above transactions were carried out at cost to transfer goods from one site to another for resale.

The amount due to the above company of £98,760 (2007 - £58,103) is included in creditors.

23. Controlling interest

P K Brown has controlling interest of the company by way of his 65.49% share holding of share capital of the company.

24. Gross cash flows

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	202	288
Interest paid	(4,440)	(4,501)
	<u>(4,238)</u>	<u>(4,213)</u>
Taxation		
Corporation tax paid	-	(5,831)
	<u>-</u>	<u>(5,831)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(2,136)</u>	<u>(11,890)</u>
Financing		
Repayment of long term bank loan	(6,102)	(5,845)
Repayment of other long term loans	(7,000)	(7,000)
	<u>(13,102)</u>	<u>(12,845)</u>

Shephall Way Service Station Limited

**Notes to the financial statements
for the year ended 30 June 2008**

..... continued

25. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	354	29		383
Overdrafts	(137,015)	85,481		(51,534)
	<u>(136,661)</u>	<u>85,510</u>		<u>(51,151)</u>
Debt due within one year	(14,500)	13,102	(13,102)	(14,500)
Debt due after one year	(77,363)	-	13,102	(64,261)
	<u>(91,863)</u>	<u>13,102</u>	<u>-</u>	<u>(78,761)</u>
Net funds	<u>(228,524)</u>	<u>98,612</u>	<u>-</u>	<u>(129,912)</u>