

**Millennium Motor Group Limited**

**Directors' report and financial  
statements**

Registered number 03274158

For the year ended 31 May 2010

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## Directors' report

The directors present their report and audited financial statements for the year ended 31 May 2010

### Principal activity

The principal activity of the company is the sale of motor vehicles and related services

### Business review

Sales of vehicles attributable to Millennium Motor Group decreased in the year by 2% from £12.8 million to £12.5 million. Actual number of vehicles sold increased by 20.5% from 1,452 vehicles to 1,153 vehicles. The three other areas of operations (servicing, parts and bodyshop) decreased by 7.5% in the year from £8.5 million to £7.9 million.

The competitive nature and difficult trading conditions of the motor industry has resulted in margins being continually squeezed, however, an improvement in market conditions during 2010 has resulted in the improvement in performance.

### Future developments, key risks and uncertainties

The trading results in the first month of the year ending 31 May 2010 indicate continuation of this improved performance and the Directors expect the present level of activity to continue for the foreseeable future.

The directors are satisfied that there are no significant risks to the business outside those normally associated with the competitive nature of the motor industry.

### Results and dividends

The results of the Company for the year ended 31 May 2010 are set out in the financial statements on pages 6 to 14.

The directors do not recommend the payment of a final dividend (2009: £Nil).

### Directors

The directors who held office during the year were as follows:

S Binch  
N Bardsley  
C Wright

### Creditor payment policy

The Company does not have a written policy on the payment of trade creditors. However, the Company intends to pay all trade creditors promptly within the payment terms agreed with them.

The number of creditor days at the year end (including group purchases and group year end creditor balances) was 85 days (2009: 46 days).

### Disclosure of information to auditors


The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director 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 auditors are aware of that information.

**Directors' report** *(continued)*

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office

By order of the Board



C Wright  
*Director*

Tamworth House  
Ventura Park Road  
Bitterscote  
Tamworth  
Staffordshire  
B78 3HL

28 July 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 their profit or loss for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 will continue in business

The directors are responsible for keeping proper 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect of fraud and other irregularities.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

## **Independent auditors' report to the members of Millennium Motor Group Limited**

We have audited the financial statements of Millennium Motor Group Limited for the year ended 31 May 2010 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 May 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of Millennium Motor Group Limited** *(continued)*

**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



**M Steventon (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

28 July 2010

*Chartered Accountants*

**Profit and loss account**  
*for the year ended 31 May 2010*

	<i>Note</i>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>Turnover</b>	<b>2</b>	<b>20,389,187</b>	21,288,561
Cost of sales		<b>(18,702,835)</b>	(19,434,806)
<b>Gross profit</b>		<b>1,686,352</b>	1,853,755
Administrative expenses		<b>(1,743,662)</b>	(1,804,689)
Other operating income	<b>3</b>	<b>111,360</b>	199,405
<b>Profit for the financial year</b>	<b>4</b>	<b>54,050</b>	248,471
Tax on profit on ordinary activities	<b>7</b>	<b>10,575</b>	(4,214)
<b>Profit on ordinary activities after taxation</b>	<b>14</b>	<b>64,625</b>	244,257

There were no recognised gains and losses in either the current year or the preceding year other than the profit and loss report above

The results are wholly derived from continuing operations both in the current and prior years. There is no difference between the results reported above and those prepared on a historical cost basis



**Balance sheet**  
*as at 31 May 2010*

	<i>Note</i>	<b>2010</b> £	£	<b>2009</b> £	£
<b>Fixed assets</b>					
Tangible assets	8		36,579		74,949
<b>Current assets</b>					
Stocks	9	631,645		1,320,848	
Debtors	10	1,277,979		621,794	
Cash at bank and in hand		646,903		782,123	
		<u>2,556,527</u>		<u>2,724,765</u>	
<b>Creditors</b> Amounts falling due within one year	11	<u>(1,916,180)</u>		<u>(2,187,413)</u>	
<b>Net current assets</b>			<u>640,347</u>		<u>537,352</u>
<b>Net assets</b>			<u>676,926</u>		<u>612,301</u>
<b>Capital and reserves</b>					
Called up share capital (including non-equity)	13	100,000		100,000	
Profit and loss account	14	576,926		512,301	
<b>Shareholders' funds</b>	14	<u>676,926</u>		<u>612,301</u>	

These financial statements were approved by the board of directors on 28 July 2010 and signed on their behalf by



**S Binch**  
*Director*

Company number 03274158

## Notes to the financial statements (forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards and law (UK Generally Accepted Accounting Practice) and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking, Drive Assist Holdings Limited, includes the Company's cash flow in its own published consolidated financial statements

#### *Going concern*

The vehicle funding facilities expire in May 2011 and the directors have commenced discussions with the current funders to provide new facilities. The directors are confident that the new facilities will be negotiated on appropriate terms and, on this basis, the directors have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

#### *Depreciation*

Depreciation is calculated to write off the cost or reduced amounts less estimated residual value of fixed assets on a straight line basis over their estimated useful economic lives as follows

Leasehold improvements	-	20% per annum
Machinery, fixtures and fittings	-	20% per annum
Office and computer equipment	-	20% per annum

#### *Stocks*

Stock is valued at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method

Stocks held on consignment are accounted for on the balance sheet when the terms of a consignment agreement and commercial practice indicate that the principal benefit and risks of owning the stocks rest with the Company. Consignment stocks not meeting those criteria are disclosed in the notes to the accounts but are not accounted for on the balance sheet

#### *Taxation*

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

#### *Leases*

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease

#### *Pension costs*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

## Notes (continued)

### 2 Turnover

The turnover and pre-tax result and net assets are attributable to the principal activity of the sale of motor vehicles and related services. The whole of the turnover is to the UK market.

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and related services to customers.

### 3 Other operating income

	2010 £	2009 £
Interest receivable	-	1,037
Other income	111,360	198,368
	<u>111,360</u>	<u>199,405</u>

### 4 Profit on ordinary activities before taxation is stated after charging:

	2010 £	2009 £
Audit of these financial statements	10,590	10,560
Depreciation	47,990	65,976
Hire of other assets – operating leases	283,392	274,989
	<u>341,972</u>	<u>351,525</u>

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Drive Assist Holdings Limited.

### 5 Staff numbers and costs

The average number of persons employed by the Company (excluding directors) during the period was as follows:

	Number of employees	
	2010	2009
Management and administration	13	14
Sales	7	9
Parts and servicing	19	16
	<u>39</u>	<u>39</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	690,349	1,000,337
Social security costs	86,124	84,116
Pension contributions	7,636	5,435
	<u>784,109</u>	<u>1,089,888</u>

## Notes (continued)

### 6 Remuneration of directors

	2010 £	2009 £
Directors' emoluments	-	-

During the period there were no directors (2009 Nil) for whom benefits accrued under a money purchase pension scheme

### 7 Tax on profit on ordinary activities

#### Analysis of charge in year

	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax at 28% (2009 28%)	-	7,875
Adjustment for the prior period	(7,875)	-
Total current tax	(7,875)	7,875
<i>Deferred tax</i>		
Origination/reversal of timing differences	(2,700)	(3,840)
Adjustments in respect of prior periods	-	179
Total deferred tax (see note 12)	(2,700)	(3,661)
Tax (credit)/charge on profit on ordinary activities	(10,575)	4,214

#### Factors affecting tax (credit)/charge for the year

The effective current tax charge for the year is lower (2009 lower) than the standard rate of corporation tax in the UK (28%, 2009 28%). The differences are explained below

	2010 £	2009 £
<i>UK Current tax reconciliation</i>		
Profit on ordinary activities before taxation	54,050	248,471
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	15,134	69,572
<i>Effects of</i>		
Depreciation in excess of capital allowances	1,356	3,840
Depreciation on ineligible	7,043	9,682
Group relief received for no consideration	(24,877)	(72,594)
Adjustment for small companies rate	-	(2,625)
Other timing differences	1,344	-
Prior period adjustment	(7,875)	-
Current tax (credit)/charge for year	(7,875)	7,875

#### Factors affecting the future tax charge

There were no factors affecting future tax charges

## Notes (continued)

### 8 Tangible fixed assets

	Leasehold improvements £	Machinery, fixtures and fittings £	Office and computer equipment £	Total £
<b>Cost</b>				
At beginning of year	241,688	246,834	109,958	598,480
Additions	-	9,620	-	9,620
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	241,677	256,454	109,958	608,100
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	197,750	217,524	108,257	523,531
Charged in year	35,552	14,379	1,059	47,990
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	230,302	231,903	109,316	571,521
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 May 2010	11,386	24,551	642	36,579
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2009	43,938	29,310	1,701	74,949
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Stocks

	2010 £	2009 £
Motor vehicles and parts	631,645	1,320,848
	<hr/>	<hr/>

### 10 Debtors, amounts due within one year

	2010 £	2009 £
Trade debtors	138,155	469,908
Amounts owed by group undertakings	998,479	-
Prepayments and accrued income	128,827	142,068
Deferred tax	12,518	9,818
	<hr/>	<hr/>
	1,277,979	621,794
	<hr/>	<hr/>

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

	2010 £	2009 £
Bank loans and overdrafts	400,762	1,000,000
Trade creditors	803,483	570,035
Other creditors	73,296	89,487
Amounts owed to group undertakings	-	35,300
Amounts owed to related companies	1,733	1,765
Corporation tax	-	7,875
Other tax and social security	81,374	18,152
Accruals and deferred income	555,532	464,799
	<hr/>	<hr/>
	1,916,180	2,187,413
	<hr/>	<hr/>

## Notes (continued)

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

The bank loan and overdraft is secured by a charge over the fixed and floating assets of the Company

### 12 Deferred tax

#### Deferred taxation asset

	2010 £	2009 £
At beginning of year	(9,818)	(6,157)
Credit to profit and loss account	(2,700)	(3,661)
	<hr/>	<hr/>
Deferred tax asset (see note 10)	(12,518)	(9,818)
	<hr/>	<hr/>

	2010 Amount provided £	2009 Amount provided £
<i>Tax effect of timing differences arising on:</i>		
Excess of tax allowances over depreciation	(11,174)	(9,818)
Other timing differences	(1,344)	-
	<hr/>	<hr/>
At end of year	(12,518)	(9,818)
	<hr/>	<hr/>

### 13 Called up share capital

	2010 £	2009 £
<i>Authorised.</i>		
Ordinary shares of £1 each	50,000	50,000
Convertible redeemable preference shares of £1 each	100,000	100,000
	<hr/>	<hr/>
	150,000	150,000
	<hr/>	<hr/>
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	24,000	24,000
Convertible redeemable preference shares of £1 each	76,000	76,000
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>

The redeemable preference shares of £1 each may be redeemed at any time at least 3 years after the date of issue, at par, at the option of the Company. These shares have no rights in respect of dividends, interest in voting and confer no management participation or control. The participation of the shareholders on winding up of the Company is in preference to ordinary shareholders.

## Notes (continued)

### 14 Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 June 2009	100,000	512,301	612,301
Profit for the year	-	64,625	64,625
	<hr/>	<hr/>	<hr/>
At 31 May 2010	100,000	576,926	676,926
	<hr/>	<hr/>	<hr/>

### 15 Related party transactions

A Company with common shareholders and directors, Coventry Motor Group Limited (formerly known as Spindoc Limited), trades as new and used franchise motor dealerships and trades with the Company on an arm's length basis. At 31 May 2010 £1,762 (2009 £Nil) was due from Coventry Motor Group Limited. At 31 May 2010 £3,496 (2009 £1,765) was due to Coventry Motor Group Limited. During the year the Company charged £3,500 (2009 £4,750) to Coventry Motor Group Limited and was charged £29,654 (2009 £116,493) by Coventry Motor Group Limited.

Millennium Property (UK) Limited, a Company with common shareholders and directors, owns a property occupied by the Company. All rentals are charged at open market value. At 31 May 2010, £Nil (2009 £Nil) was due to the Company. During the year, the Company charged £230,000 (2009 £230,000) to the Company and was charged £Nil (2009 £Nil) by the Company.

### 16 Capital commitments

The Company had no capital commitments at the year end (2009 £Nil).

### 17 Financial commitments

The following rentals are payable in the next 12 months on operating leases which expire -

	Machinery, fixtures and fittings		Land and buildings	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire				
Within one year	-	42,880	-	-
Within two to five years	2,117	2,117	-	-
After five years	-	-	229,992	229,992
	<hr/>	<hr/>	<hr/>	<hr/>

### 18 Contingent liabilities

A cross guarantee and debenture exists between the Company and all other members of the group. These are Drive Assist Holdings Limited, DA 200 Limited, DA 300 Limited, DA 400 Limited and Drive Assist UK Limited, Millennium Motor Group Limited, Castle Car and Van Hire Limited, Tamworth Car Hire & Leasing Limited, Sol Car Rentals Limited, Auto Assist (UK) Limited, Bike Assist Limited and Trade IT 2000 Limited.

### 19 Retirement benefit schemes

#### Defined contribution schemes

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represent the contributions payable to the scheme in respect of the accounting period and amounted to £7,636 (2009 £5,435). At the year end there was no outstanding contribution (2009 £Nil).

## **Notes (continued)**

### **20 Related party transactions**

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 from the requirement to make disclosures concerning transactions with related parties within the group, since these transactions are included in the consolidated financial statements of Drive Assist Holdings Limited, which can be obtained from the head office at Tamworth House, Ventura Park Road, Bitterscote, Tamworth, Staffordshire, B78 3HL

### **21 Parent undertakings and ultimate controlling party**

The immediate parent undertaking is Drive Assist UK Limited, a Company incorporated in England

The ultimate parent company and the head of the smallest and largest group preparing consolidated financial statements is Drive Assist Holdings Limited, a Company incorporated in England. Copies of these consolidated financial statements can be obtained from Tamworth House, Ventura Park Road, Bitterscote, Tamworth, Staffordshire, B78 3HL

The directors consider Charterhouse Capital Partners LLP to be the ultimate controlling party