R Stratton (Knutsford) Limited

Directors' report and financial statements

Registered number 3493567

For the year ended 31 December 2008

Contents

Directors' report

The directors present their report, together with the financial statements, for the year ended 31 December 2008.

Principal activity and business review

The company's principal activity during the year comprised the operation of a motor dealership involving the sale, maintenance and repair of motor vehicles and the supply of related parts and accessories.

On 31 December 2008, the trade and assets of R Stratton (Knutsford) Limited were transferred at net book value to Guy Salmon Limited and the company ceased trading.

Results and dividends

The company's profit before tax for the year was £109,000 *(2007: £813,000)*. Further details with regard to the trading results for the year and the amount transferred to reserves are set out on page 6. The directors do not recommend the payment of a dividend *(2007: £Nil)*.

Principal risks and uncertainties

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

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent retailers and employee retention.

Further discussion of these risks and uncertainties, in the context of the Sytner group as a whole, is provided in the directors' report for Sytner Group Limited, which does not form part of this report.

Key performance indicators

The company is part of the Sytner group. The development, performance and position of the group, which includes this company is provided in the directors' report for Sytner Group Limited, which does not form part of this report.

Directors

The directors who served during the year and subsequently are shown below:

LEW Vaughan
JR Mallett
GE Nieuwenhuys
RH Kurnick (US citizen)
G Page-Morris
M Carpenter

Creditor payment policy

The company's policy in respect of its suppliers is to agree terms of payment on or before entering into each transaction and to adhere to such terms, subject to satisfactory completion of the transaction concerned. Where prior agreement is neither practicable nor feasible, invoices will be dealt with in a timely manner as part of a systematic payment process. At 31 December 2008, the company's creditor days compared to the value of suppliers' invoices received in the year was 8 days *(2007: 6 days)*.

Directors' report *(continued)*

Auditors

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

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 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.

By order of the board

M Carpenter

M Carpenter
Director

2 Penman Way
Grove Park
Leicester
LE19 1ST

30 October 2009

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for 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; and
- 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 fraud and other irregularities.

KPMG

KPMG Audit Plc
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of R Stratton (Knutsford) Limited

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of R Stratton (Knutsford) Limited

(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 October 2009

Balance sheet
at 31 December 2008

	Note	2008		2007	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	6		-		936
Current assets					
Stocks	7	-		2,397	
Debtors	8	**2,699**		2,834	
		2,699		5,231	
Creditors: amounts falling due within one year	9	**(28)**		(3,373)	
Net current assets			**2,671**		1,858
Total assets less current liabilities			**2,671**		2,794
Provisions for liabilities and charges	10		-		-
Net assets			**2,671**		2,794
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	12		**2,671**		2,794
Total equity shareholders' funds	12		**2,671**		2,794

These financial statements were approved by the board of directors on 30 October 2009 and were signed on its behalf by:

M Carpenter
Director

Company number: 3493567

Notes

(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 group's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover, which arises wholly in the United Kingdom from the company's principal activity, being that of the operation of a motor dealership, is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and equipment and motor vehicles	-	between 3 and 10 years
Courtesy Vehicles	-	4 years

Residual value is calculated on prices prevailing at the date of acquisition.

Stocks

Stocks are stated at the lower of cost and net realisable value and include interest bearing consignment vehicles. Cost incurred in bringing each product to its present location and condition is based on purchase price less trade discounts. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

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

Pension costs

A number of employees are members of the Sytner Group Pension Plan, a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Cash flow statement

The company has taken advantage of the exemption from presenting a cash flow statement afforded by FRS 1 (revised 1996) because its ultimate parent undertaking, Penske Automotive Group, Inc. prepares consolidated financial statements which are publicly available.

Notes *(continued)*

2 Interest payable and similar charges

	2008 £000	2007 £000
Interest on bank loans and overdrafts	**101**	194
Interest on stocking loans	**65**	52
	166	246

3 Notes to the profit and loss account

	2008 £000	2007 £000
Profit on ordinary activities before taxation is stated		
after charging		
Depreciation	**147**	322
Operating lease rentals:		
Land and buildings	**520**	197

The audit fee for 2008 and 2007 has been borne by another group company on behalf of R Stratton (Knutsford) Limited, for which no recharge has been made.

4 Staff costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees 2008	2007
Workshop	**30**	29
Sales and distribution	**11**	15
Administration	**8**	10
	49	54

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**1,347**	1,324
Social security costs	**136**	137
Pension costs	**21**	20
	1,504	1,481

Notes *(continued)*

4 Staff costs (continued)

Directors' remuneration

The directors who served during the year are all directors of an intermediate parent company, Sytner Group Limited and are remunerated by that company, with the exception of RH Kurnick who is remunerated by Penske Automotive Group, Inc., a company registered in Michigan, USA. It is not practicable to allocate their remuneration to individual companies in the group. Their remuneration has, therefore, been disclosed in the financial statements of Sytner Group Limited, with the exception of RH Kurnick, which is disclosed in the financial statements of Penske Automotive Group, Inc..

5 Taxation

The tax charge/(credit) is based on the profit for each year and comprises:

	2008	2007
	£000	£000
UK corporation tax		
Current tax on income for the year	**55**	15
Adjustments in respect of previous years	**(88)**	(130)
Deferred tax (see note 10)		
Origination/reversal of timing differences	-	(672)
Adjustment in respect of previous years	**265**	388
Tax on profit on ordinary activities	**232**	(399)

Factors affecting the tax credit for the current year

The corporation tax rate applicable to the company changed from 30% to 28% from 1 April 2008. The weighted average tax rate throughout the year of 28.5% has been used to determine tax calculations.

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

	2008	2007
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**109**	813
Current tax at 28.5% *(2007: 30%)*	**31**	244
Effects of:		
Movements in deferred tax allowance	-	-
Accounting depreciation for which no tax relief is due	-	-
Expenses not deductible for tax purposes	**24**	(10)
Capital allowances in excess of depreciation	-	(292)
Difference between accounts profit and taxable profits on capital asset disposals	-	73
Adjustments in respect of previous years	**(88)**	(130)
Total current tax credit (see above)	**(33)**	(115)

Notes *(continued)*

6 Tangible fixed assets

	Fixtures and equipment £000	Motor vehicles £000	Courtesy vehicles £000	Total £000
Cost				
At beginning of year	1,156	21	297	1,474
Additions	18	39	128	185
Disposals	-	-	(297)	(297)
Intercompany transfer	(1,174)	(60)	(128)	(1,362)
At end of year	-	-	-	-
Depreciation				
At beginning of year	525	2	11	538
Charge for year	116	10	21	147
Disposals	-	-	(11)	(11)
Intercompany transfer	(641)	(12)	(21)	(674)
At end of year	-	-	-	-
Net book value				
At 31 December 2008	-	-	-	-
At 31 December 2007	631	19	286	936

7 Stocks

	2008 £000	2007 £000
Vehicles for resale	-	1,068
Consignment stock	-	1,229
Parts	-	100
	-	2,397

8 Debtors

	2008 £000	2007 £000
Trade debtors	-	417
Amounts owed by group undertakings	**2,699**	1,424
Other debtors	-	8
Prepayments and accrued income	-	743
Deferred Tax (note 10)	-	242
	2,699	2,834

Amounts owed by group undertakings are interest free and do not have a fixed repayment date.

Notes *(continued)*

9 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Bank overdraft	-	36
Stocking loans	-	1,027
Consignment stock liabilities	-	1,229
Trade creditors	-	773
Corporation tax	28	7
Other taxes and social security	-	40
Other creditors and accruals	-	198
Accruals and deferred income	-	63
	28	3,373

The stocking finance loans and bank borrowings of the company are secured by way of fixed and floating charges on the assets and undertakings of the company.

The bank overdraft is secured by fixed and floating charges over the assets of the Group and bears interest at 1.75% over UK Base Rate.

10 Provisions for liabilities and charges

Deferred taxation

	2008 £000	2007 £000
At beginning of year	(242)	42
Charged/(credited) to profit and loss account (note 5)	265	(284)
Transfer to another group undertaking	(23)	-
At end of year	-	(242)

Deferred taxation is fully provided at 28% *(2007: 30%)* in respect of liabilities arising from accelerated capital allowances and short term timing differences.

	2008 £000	2007 £000
Decelerated capital allowances	-	(242)

The balance in each year is disclosed in debtors (note 8).

11 Called up share capital

	2008 £000	2007 £000
Authorised:		
1,000 ordinary shares of £1 each	1	1
Allotted and fully paid:		
2 ordinary shares of £1 each	-	-

Notes *(continued)*

12 Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Opening shareholders' funds	**2,794**	1,582
(Loss)/profit for the financial year	**(123)**	1,212
Balance at end of year	**2,671**	2,794

13 Financial commitments

Operating leases

At 31 December 2008, the company had annual commitments under operating leases as follows:

	Land and buildings 2008 £000	Land and buildings 2007 £000
Expiry date:		
After five years	-	520
	-	520

Capital commitments

The company had capital commitments at the year end of £Nil *(2007: £35,000)*.

Contingent liabilities

The company has a cross guarantee with fellow group companies to guarantee bank borrowings.

14 Ultimate parent company and controlling party

The company is a subsidiary undertaking of Penske Automotive Group, Inc., incorporated in Michigan, USA. Penske Automotive Group, Inc. is also the largest group in which the results of the company are consolidated. The consolidated financial statements are available from 2555 Telegraph Road, Bloomfield Hills, Detroit, MI 48302-0954, USA.

The smallest group in which the results are consolidated is that headed by Sytner Group Limited incorporated in England and Wales. The consolidated financial statements are available to the public from the registrar of companies.

15 Related party transactions

The company entered into a number of transactions during the year with other companies within the above group. Under the provisions of FRS 8 no disclosure has been provided on the grounds that all companies within the group are 100% owned and the consolidated financial statements of the parent company are publicly available.