

REG VARDY (VMC) LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

Registered Number

4484230

WEL TUESDAY



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REG VARDY (VMC) LIMITED

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DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2011

RESULTS AND DIVIDENDS

The results for the period are shown in the profit and loss account on page 4
The directors do not recommend the payment of a dividend (2010 £nil).

BUSINESS REVIEW

The Company is a 95% owned subsidiary of Pendragon PLC and operates as part of the Evans Halshaw division
5% of the Company is owned by General Motors (UK) Limited

The Company's principal activity is that of motor retailers in the UK. There have not been any significant changes in the Company's principal activities in the period under review. The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next year.

As shown in the Company's profit and loss account on page 4 turnover for the year ending 31 December 2011 was £39,599,000 compared to a turnover of £38,507,000 for the year ended 31 December 2010. There was a profit for the year ended 31 December 2011 of £196,000 compared to a profit for the year ended 31 December 2010 of £26,000. The increase in turnover was due to a increase in the number of new and used units sold.

The balance sheet on page 5 of the financial statements shows that the net assets of the Company have increased by £196,000 to £3,925,000 due to the profit for the year.

Reg Vardy (VMC) Limited manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Evans Halshaw division, which includes the Company, is discussed in the 2011 financial statements of Pendragon PLC.

One of the main risks facing the business is the year on year decline in new car registrations in the United Kingdom. This risk is partly mitigated by the sale of used cars and aftersales services. Other risks to the business include fluctuations in general economic conditions such as interest rate increases, environmental concerns and legislation and the loss of key personnel. These risks are significant to the group and are also detailed in the group financial statements.

The Company is a member of four funded group wide pension schemes (CD Bramall Pension Plan, CD Bramall Dealerships Limited Pension Scheme, CD Bramall Retirement Benefit Scheme and Reg Vardy Retirement Scheme) providing benefits based on final pensionable pay, which closed to future benefits from 30 September 2008 and employees were offered membership of a defined contribution scheme. As the Company is unable to identify its share of the schemes' assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the schemes have been accounted for in these financial statements as if the schemes were defined contribution schemes. At 31 December 2011 the schemes had a combined deficit on an FRS 17 basis of £6,884,000 (2010: £11,299,000).

Details of the number of employees and related costs can be found in note 5 to the financial statements.

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

Reg Vardy (VMC) Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates in accordance with Pendragon PLC policies, as noted in Pendragon PLC's annual report, which does not form part of this report. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

In August 2011, the Pendragon Group completed a Rights Issue raising net proceeds of £70.8m which was used to repay existing debt and at the same time the Group's financing facilities were extended until June 2014 on improved terms. Current forecasts and projections taking account of potential changes in market circumstances show that the Group should be able to operate within the level of the current facilities.

The directors are of the opinion that the Company has 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 accounts.

The Directors are satisfied that the Company is well positioned to take advantage of future opportunities.

DIRECTORS

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

Pendragon Management Services Limited
T G Finn
Motor Directors Limited
Motors (Secretaries) Limited

EMPLOYMENT OF DISABLED PERSONS

The Company recognises its responsibilities in employing and training disabled persons. If any employee becomes disabled, it is standard practice, in all but the most extreme circumstances, to offer an alternative job and provide retraining where necessary.

DIRECTORS' REPORT continued

YEAR ENDED 31 DECEMBER 2011

EMPLOYEE INVOLVEMENT

Regular contact and exchanges of information are maintained to keep employees informed of the progress of the business

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means such as employee meetings and newsletters

PAYMENTS TO SUPPLIERS

The Company's policy in relation to all of its suppliers is to settle the terms of payment when agreeing the terms of the transaction and to ensure the suppliers are aware of those terms and abide by those terms (provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions). The Company does not follow any code or standard on payment practice

The number of days purchases outstanding for payment by the Company at 31 December 2011 was 43 days (2010 31 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

RE-APPOINTMENT OF AUDITORS

KPMG Audit Plc has indicated its willingness to continue as independent auditor and in accordance with section 489 of the Companies Act 2006 a resolution concerning its reappointment will be proposed at the Annual General Meeting

On behalf of the Board



Pendragon Management Services Limited
Director

Loxley House
Little Oak Drive
Annesley
Nottinghamshire
NG15 0DR
23 April 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

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).

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 the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REG VARDY (VMC) LIMITED

We have audited the financial statements of Reg Vardy (VMC) Limited for the year ended 31 December 2011 set out on pages 4 to 11. 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 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 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, 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 (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/private.cfm.

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 2011 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.

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 Staveanton (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

23 April 2012

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

Note	2011 £000	2010 £000
2	TURNOVER	39,599
3	Cost of sales	(34,282)
	GROSS PROFIT	5,317
3	Net operating expenses	(4,970)
4	OPERATING PROFIT	347
6	Interest payable	(143)
7	Interest receivable	97
	PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	301
8	Taxation on profit / (loss) on ordinary activities	(105)
10	PROFIT FOR THE FINANCIAL YEAR	196

There are no material differences between the profits as shown in the profit and loss account above and their historical cost equivalents

All amounts relate to continuing operations

Movements in reserves are shown in note 16

The notes on pages 7 to 11 form part of these financial statements

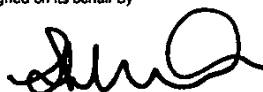
There are no recognised gains and losses in either year other than the result for that year

BALANCE SHEET

AT 31 DECEMBER 2011

Note		2011 £000	2010 £000
	FIXED ASSETS		
9	Goodwill	38	41
10	Tangible assets	424	471
		462	512
	CURRENT ASSETS		
11	Stocks	4,949	4,060
12	Debtors	2,760	2,238
	Cash at bank and in hand	526	492
		8,235	6,790
13	CREDITORS amounts falling due within one year	(4,772)	(3,573)
	NET CURRENT ASSETS	3,463	3,217
	NET ASSETS	3,925	3,729
	CAPITAL AND RESERVES		
15	Called up share capital	1,500	1,500
16	Other reserves	1,677	1,677
16	Profit and loss account	748	552
	SHAREHOLDERS FUNDS	3,925	3,729

Approved by the Board of Directors on 23 April 2012 and signed on its behalf by


Pendragon Management Services Limited
Director

Motor Directors Limited
Director

Registered Company Number 4484230

The notes on pages 7 to 11 form part of these financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**YEAR ENDED 31 DECEMBER 2011**

	2011 £000	2010 £000
Profit for the financial year	196	28
Net increase in shareholders' funds	196	28
Opening shareholders' funds	3,729	3,703
Closing shareholders' funds	3,925	3,729

The notes on pages 7 to 11 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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

(a) Accounting convention The financial statements have been prepared in accordance with applicable accounting standards using the historical cost convention The financial statements have been prepared on a going concern basis

The Company's business activities together with the factors likely to affect its future development and position are set out in the Business Review section of the Directors' Report on page 1

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future The Company participates in the Pendragon group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

In August 2011 the Pendragon Group completed a Rights Issue raising net proceeds of £70.8m which was used to repay existing debt and at the same time the Group's financing facilities were extended until June 2014 on improved terms Current forecasts and projections taking account of potential changes in market circumstances show that the Group should be able to operate within the level of the current facilities

The directors are of the opinion that the Company has 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 accounts

(b) Turnover Turnover from the sale of goods is recognised in the profit and loss account, net of discounts, when the significant risks and rewards of ownership have been transferred to the buyer In general this occurs when vehicles or parts have been supplied or when service has been completed Turnover from services rendered is recognised in the profit and loss account in proportion to the stage of completion of the transaction at the reporting date The stage of completion is assessed by surveys of work performed or by reference to time expended on services that are charged on labour rate basis

Incentives received from manufacturers in respect of target achievements are accounted for as a deduction from the cost of the vehicles or parts to which they relate

(c) Tangible fixed assets and depreciation Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic life as follows

Leasehold properties - 2% per annum or over the period of the lease if less than 50 years

Plant and equipment - 10 to 33% per annum

Motor vehicles - 20 to 25% per annum

(d) Stocks

(i) Motor vehicles and parts stocks are stated at the lower of cost and net realisable value

(ii) Consignment vehicles are new unregistered vehicles owned by the manufacturers mainly located at the Company's premises and insured by the Company New consignment vehicles in respect of which finance charges are levied are regarded as being effectively under the control of the Company and in accordance with FRS 5 are included within stocks on the balance sheet even though legal title has not yet passed to the Company The corresponding liability is included in creditors

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

(e) Taxation Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the accounts

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

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

(f) Cash flow statement Reg Vardy (VMC) Limited is a 95% owned subsidiary of Pendragon PLC The Company's results are included in the consolidated financial statements of Pendragon PLC which are publicly available the Company has relied upon the exemption in FRS 1 (revised) and has not included a cash flow statement as part of these financial statements

(g) Post-retirement benefits The Company participates in a group wide 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 to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

(h) Goodwill Goodwill represents the excess of the fair value of consideration given over the fair value of the identifiable net assets acquired

Goodwill arising on acquisitions is capitalised and amortised to nil by equal instalments over its estimated useful life which is twenty years

NOTES TO THE FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (CONTINUED)

(i) Related parties In accordance with FRS 8 Related Parties Disclosures only wholly-owned subsidiaries are exempt from disclosure of intra-group transactions. As the joint venture undertaking between Pendragon PLC and General Motors (UK) Limited the Company has related party relationships with the following

Pendragon PLC Joint venture partner in Reg Vardy (VMC) Limited	Pendragon Premier Limited - subsidiary of Pendragon PLC
General Motors (UK) Limited Joint venture partner in Reg Vardy (VMC) Limited	CD Bramall Dealerships Limited - subsidiary of Pendragon PLC
Pendragon Management Services Limited Director and subsidiary of Pendragon PLC	Alloy Racing Equipment Limited - subsidiary of Pendragon PLC
Pendragon Group Services Limited Director and subsidiary of Pendragon PLC	Derwent Vehicles Limited - subsidiary of Pendragon PLC
Motor Directions Limited Director	Chatfields - Martin Walter Limited - subsidiary of Pendragon PLC
Motors (Secretaries) Limited Director	Quicks Car Supermarkets Limited - subsidiary of Pendragon PLC
Pendragon Motor Group Limited - subsidiary of Pendragon PLC	Vardy Contract Motoring Limited - subsidiary of Pendragon PLC
Reg Vardy Limited - subsidiary of Pendragon PLC	Reg Vardy (MML) Limited - subsidiary of Pendragon PLC
Bramall Quicks Dealerships Limited - subsidiary of Pendragon PLC	Pendragon Orient Limited - subsidiary of Pendragon PLC
Stripestar Limited - subsidiary of Pendragon PLC	Pendragon Property Holdings Limited - subsidiary of Pendragon PLC
Pendragon Contracts Limited - subsidiary of Pendragon PLC	

During the year the following turnover was received from related parties in respect of vehicle sales

	2011 £000	2010 £000
Pendragon Motor Group Limited	1,795	3,836
Reg Vardy Limited	705	1,132
Stripestar Limited	577	622
Pendragon Contracts Limited	373	-
Bramall Quicks Dealerships Limited	361	525
Pendragon Premier Limited	76	-
CD Bramall Dealerships Limited	30	-
Alloy Racing Equipment Limited	23	-
Derwent Vehicles Limited	15	-
Quicks Car Supermarkets Limited	13	-
Pendragon Orient Limited	9	-
Pendragon Sabre Limited	6	-
Vardy Contract Motoring Limited	6	-
Chatfields - Martin Walter Limited	5	-
Pendragon Management Services Limited	4	14
	3,988	6,129

During the year the following amounts were paid to related parties in respect of vehicle purchases and property rents

	2011 £000	2010 £000
Pendragon Motor Group Limited	1,641	2,254
Alloy Racing Equipment Limited	119	-
Derwent Vehicles Limited	27	-
Pendragon Contracts Limited	280	-
CD Bramall Dealerships Limited	45	-
Pendragon Orient Limited	20	-
Pendragon Premier Limited	56	-
Reg Vardy Limited	601	739
Bramall Quicks Dealerships Limited	402	472
Reg Vardy (MML) Limited	117	-
Chatfields - Martin Walter Limited	10	-
Stripestar Limited	482	-
Pendragon Property Holdings Limited	499	499
	4,309	3,964

At the year end £181,000 was due to the Company's related parties (2010: £nil).

2 TURNOVER

All turnover arises in the United Kingdom from the Company's principal activities

3 TURNOVER, COST OF SALES AND NET OPERATING EXPENSES

	2011 £000	2010 £000
Turnover	39,599	38,507
Cost of sales	(34,282)	(33,536)
Gross profit	5,317	4,971
Net operating expenses		
Distribution costs	(2,755)	(2,688)
Administrative expenses	(2,215)	(2,198)
	(4,970)	(4,886)
Operating profit	347	85

4 OPERATING PROFIT

Operating profit has been arrived at after charging

	2011 £000	2010 £000
Depreciation of tangible fixed assets	137	123
Amortisation of goodwill	3	3
Operating lease charges- land and buildings	498	498
Audit of these financial statements	5	5

Amounts receivable by the Company's auditor 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 parent, Pendragon PLC

NOTES TO THE FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2011

5 EMPLOYEES

The average number employed by the Company in the following areas was

	2011 Number	2010 Number
Sales	28	27
After sales	50	48
Administration	33	32
	111	107

Costs incurred in respect of these employees were

	2011 £000	2010 £000
Wages and salaries	2 525	2 468
Social security costs	242	235
Other pension costs	40	35
	2 807	2 738

No director of the Company received or waived any remuneration for services to the Company during the period (2010: £nil).

The directors are employed by Pendragon PLC and full details of their remuneration can be found in the Directors Remuneration Report section of that company's annual report. Due to the large number of subsidiary undertakings of the Pendragon group it is impracticable to make any meaningful apportionments of the directors' remuneration for the Company.

6 INTEREST PAYABLE

	2011 £000	2010 £000
Interest payable on loans wholly repayable within five years		
Interest payable on vehicle stocking schemes	143	149
	143	149

7 INTEREST RECEIVABLE

	2011 £000	2010 £000
Bank interest receivable	27	-
Intra group interest receivable	70	57
	97	57

8 TAXATION

	2011 £000	2010 £000
UK corporation tax at the UK average statutory rate of 26.5% (2010: 28%)		
Current tax on income for the year	120	10
Adjustments in respect of prior periods	92	138
Total current tax	212	148
Deferred taxation		
Accelerated capital allowances	(40)	(13)
Other provisions	-	1
Effect of decreased rate	24	7
Adjustments in respect of prior periods	(91)	(176)
Total deferred tax	(107)	(181)
Tax on profit / (loss) on ordinary activities	105	(33)
Factors affecting the tax charge for the period		
The current tax charge for the period is higher (2010: higher) than the standard rate of corporation tax in the UK ((26.5%) (2010: 28%)). The differences are explained below	2011 £000	2010 £000
Profit / (loss) on ordinary activities before tax	301	(7)
Tax on profit / (loss) at the UK average statutory rate of 26.5% (2010: 28%)	80	(2)
Effects of		
Accelerated capital allowances	40	13
Other provisions	-	(1)
Adjustments to tax charge in respect of previous periods	92	138
Total current tax charge	212	148

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010 and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

The 2012 Budget on 21 March 2012 announced a further reduction in the corporation tax rate to 24% (effective from 1 April 2012). This was substantively enacted on 28 March 2012. Further 2% rate reductions in future periods will reduce the UK corporation tax rate to 22% over the next 2 years. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2011 has been calculated based on future rate of 25% which was substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

9 GOODWILL

	Goodwill £000
Cost	
At 31 December 2010 and at 31 December 2011	51
Amortisation	
At 31 December 2010	10
Charge for the year	3
At 31 December 2011	13
Net book value	
At 31 December 2011	38
At 31 December 2010	41

Goodwill on dealerships acquired is amortised over a period of twenty years.

NOTES TO THE FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2011

10	FIXED ASSETS - TANGIBLE ASSETS	Short leasehold property £000	Plant & Equipment £000	Motor Vehicles £000	Total £000
	Cost				
	At 31 December 2010	41	504	230	775
	Additions	-	84	525	589
	Disposals	-	(1)	(534)	(535)
	At 31 December 2011	41	587	221	829
	Depreciation				
	At 31 December 2010	3	265	36	304
	Disposals	-	(1)	(35)	(36)
	Charge for the period	1	82	54	137
	At 31 December 2011	4	346	55	405
	Net book value				
	At 31 December 2011	37	221	166	424
	At 31 December 2010	38	239	194	471

11	STOCKS	2011 £000	2010 £000
	New and used vehicles	4,811	3,886
	Parts and sundry stocks	138	174
		4,949	4,060

Consignment vehicles exclude new vehicle stocks held by the manufacturers to the order of the Company which are not capable of bearing a finance charge amounting to £518,000 (2010: £383,000)

Consignment stock is held by the Company though legal title remains with the supplier. The balance of the consignment stock is subject to interest at commercial rates with an initial interest free period typically 30 days being granted. In most cases if the stock remains unsold after a set period typically 180 days then the stock is invoiced to the Company. These terms can be varied at any time and certain stock lines may be subject to different terms to others. No deposits are paid in respect of consignment stock.

12	DEBTORS	2011 £000	2010 £000
	Trade debtors	124	109
	Amounts owed by group undertakings	1,680	1,287
	Deferred taxation (see note 14)	305	198
	Other debtors	506	609
	Other taxation and social security	112	-
	Prepayments and accrued income	33	35
		2,760	2,238

All amounts are due within one year with the exception of deferred tax

13	CREDITORS amounts falling due within one year	2011 £000	2010 £000
	Payments received on account	92	103
	Trade creditors	3,950	2,789
	Amounts owed to group undertakings	179	39
	Other taxation and social security	-	114
	Accruals and deferred income	551	528
		4,772	3,573

14	DEFERRED TAX	2011 £000	2010 £000
	The movement in the deferred tax asset for the period is as follows		
	At 31 December 2010		198
	Profit and loss account		107
	At 31 December 2011		305
	The amounts of deferred tax in the financial statements are as follows		
	Fixed asset timing differences	294	199
	Other provisions	11	(1)
		305	198

The directors believe that the deferred tax asset recognised is recoverable as they expect taxable profits to arise in the foreseeable future

Deferred tax asset is shown within debtors (see note 12)

15	CALLED UP SHARE CAPITAL	2011 £000	2010 £000
	Alotted called-up and fully paid		
	75,000 (2010: 75,000) 'A' Ordinary £1 shares	75	75
	1,425,000 (2010: 1,425,000) 'B' Ordinary £1 shares	1,425	1,425

NOTES TO THE FINANCIAL STATEMENTS continued

YEAR ENDED 31 DECEMBER 2011

16 RESERVES

	Share Premium Account £000	Profit and Loss Account £000
At 31 December 2010	1,677	552
Profit for the financial year	-	196
At 31 December 2011	1,677	748

17 OPERATING LEASE COMMITMENTS

Annual lease payments due in 2012 under operating leases of the Company according to the period in which the lease expires are as follows

	Property	
	2011 £000	2010 £000
Between 2 and 5 years	177	165
Over 5 years	329	320
Within 1 year	506	485

18 CONTINGENT LIABILITIES

The Company is party to multi-lateral cross guarantees in respect of the indebtedness of Pendragon PLC and its UK subsidiaries in favour of certain lenders to the Group

Pendragon PLC has granted security over some of the Company's assets not subject to any other arrangements mainly comprising property, debtors and certain vehicle stocks. Pendragon PLC has also granted security over assets in some of its other subsidiaries and if security over the total of all those assets had been granted at 31 December 2011 the Group balance sheet value of those assets would have been £286m

19 PENSIONS

The defined contribution pension scheme was closed at the end of April 2006 and replaced by an alternative defined contribution scheme (group stakeholder arrangement). There were no outstanding or prepaid contributions at either the beginning or end of the financial year

The Company is also a member of four funded group wide pension schemes (CD Bramall Pension Plan, CD Bramall Dealership Limited Pension Scheme, CD Bramall Retirement Benefit Scheme and Reg Vardy Retirement Scheme) providing benefits based on final pensionable pay which closed to future benefits from 30 September 2006 and employees were offered membership of a defined contribution scheme. As the Company is unable to identify its share of the schemes assets and liabilities on a consistent and reasonable basis as permitted by FRS 17 Retirement benefits the schemes have been accounted for in these financial statements as if the schemes were defined contribution schemes. At 31 December 2011 the schemes had a combined deficit on an FRS 17 basis of £6,884,000 (2010: £11,299,000).

On 13 July 2011 the Pendragon Group agreed an asset-backed cash payment arrangement with the Trustees of the UK pension schemes to help address the UK pension funding deficits. In connection with the arrangement certain UK freehold properties were transferred to a limited partnership established by the Pendragon Group. The partnership is controlled by the Pendragon Group. The fair value of the assets transferred was £34,500,000. On 13 July 2011 the Pendragon Group made a special contribution to the UK pension scheme of £34,500,000 and on the same date the UK pension scheme used this contribution to acquire a limited interest in the partnership for its fair value of £35,800,000. The UK pension scheme's partnership interest entitles it to a distribution from the income of the partnership over 20 years subject to a discretion exercisable by the Pendragon Group in certain circumstances.

The latest full actuarial valuations were carried out at 5 April 2011 for all the above schemes. These were updated for FRS 17 purposes to 31 December 2011 by a qualified independent actuary. The defined benefit schemes were closed on 30 September 2006.

The pension charge cost in respect of the group stakeholder arrangement for the year was £40,000 (2010: £35,000).

20 JOINT VENTURE PARTIES

Reg Vardy (VMC) Limited is a joint venture undertaking between Reg Vardy Limited and General Motors (UK) Limited. Pendragon PLC is the ultimate parent company of Reg Vardy Limited. Copies of the financial statements of Pendragon PLC and General Motors (UK) Limited can be obtained from their respective Company Secretaries at the following addresses:

Pendragon PLC, Loxley House, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR.
General Motors (UK) Limited, Griffin House, Osborne Road, Luton, Bedfordshire, LU1 3YT.