REG VARDY (VMC) LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

Registered Number : 4484230

REG VARDY (VMC) LIMITED

CONTENTS

YEAR ENDED 31 DECEMBER 2013

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2013

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. The business consists of the sale of new and used vehicles and the service and repair of vehicles and operates 4 franchises from 4 locations.

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 2013 was £48,918,000 compared to a turnover of £45,846,000 for the year ended 31 December 2012, an increase of 6.7%. There was a profit for the year ended 31 December 2013 of £410,000 compared to a profit for the year ended 31 December 2012 of £392,000. The increase in turnover was due to an 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 £410,000 to £4,727,000, 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 2013 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 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.

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.

By order of the Board

Pendragon Management Services Limited
Director

22 May 2014

DIRECTORS' REPORT continued

YEAR ENDED 31 DECEMBER 2013

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2013.

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 (2012 : £nil).

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

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements.

The Company is a member of a funded group wide pension scheme, the Pendragon Group Pension Scheme providing benefits based on final pensionable pay. The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis and as permitted by FRS 17 'Retirement Benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. At 31 December 2013 the scheme had a deficit on an FRS 17 basis of £43,400,000 (2012 : £29,800,000).

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.

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.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

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
22 May 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 2013 set out on pages 4 to 12. 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:
• give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
• have been properly prepared in accordance with 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
• the financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

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

22 May 2014

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2013

Note		2013 £000	2012 £000
2	**TURNOVER**	**48,918**	45,846
	Cost of sales	**(42,820)**	(40,139)
	GROSS PROFIT	**6,098**	5,707
	Distribution costs	**(3,130)**	(2,804)
	Administrative expenses	**(2,291)**	(2,282)
3	**OPERATING PROFIT**	**677**	621
5	*Interest payable*	**(218)**	(163)
6	Interest receivable	**112**	87
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**571**	545
7	*Taxation on profit on ordinary activities*	**(161)**	(153)
15	**PROFIT FOR THE FINANCIAL YEAR**	**410**	392

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 15.
The notes on pages 7 to 12 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 2013

Note		2013 £000	2012 £000
	FIXED ASSETS		
8	Goodwill	**32**	35
9	Tangible assets	**380**	445
		412	480
	CURRENT ASSETS		
10	Stocks	**5,805**	5,418
11	Debtors	**2,853**	2,928
	Cash at bank and in hand	**818**	-
		9,476	8,346
12	**CREDITORS**: amounts falling due within one year	**(5,161)**	(4,509)
	NET CURRENT ASSETS	**4,315**	3,837
	NET ASSETS	**4,727**	4,317
	CAPITAL AND RESERVES		
14	Called up share capital	**1,500**	1,500
15	Other reserves	**1,677**	1,677
15	Profit and loss account	**1,550**	1,140
	SHAREHOLDERS' FUNDS	**4,727**	4,317

Approved by the Board of Directors on 22 May 2014 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 12 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2013

	2013 £000	2012 £000
Profit for the financial year	**410**	392
Net increase in shareholders' funds	**410**	392
Opening shareholders' funds	**4,317**	3,925
Closing shareholders' funds	**4,727**	4,317

The notes on pages 7 to 12 form part of these 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.

(a) Basis of preparation. 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 *Strategic 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.

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.

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.

In accordance with FRS 8 Related Parties Disclosures only wholly-owned subsidiaries are exempt from disclosure of intra-group transactions.

(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) 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.

(g) 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 2013

1 ACCOUNTING POLICIES (CONTINUED)

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

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

	2013 £000	2012 £000
Pendragon Motor Group Limited	**6,687**	2,607
Reg Vardy Limited	**1,263**	922
Stripestar Limited	**644**	656
Bramall Quicks Dealerships Limited	**579**	276
Pendragon Finance & Insurance Services Limited	**292**	232
Quicks Car Supermarkets Limited	**37**	9
Derwent Vehicles Limited	**25**	68
CD Bramall Dealerships Limited	**24**	38
Pendragon Contracts Limited	**22**	56
Alloy Racing Equipment Limited	**22**	14
Pendragon Orient Limited	**19**	-
Pendragon Premier Limited	**14**	123
Pendragon Management Services Limited	**13**	7
Pendragon Sabre Limited	**-**	24
	9,641	5,032

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

	2013 £000	2012 £000
Pendragon Motor Group Limited	**4,824**	3,242
Bramall Quicks Dealerships Limited	**2,371**	813
Reg Vardy Limited	**1,475**	2,191
Stripestar Limited	**670**	882
Pendragon Premier Limited	**513**	193
Alloy Racing Equipment Limited	**438**	213
Pendragon Contracts Limited	**250**	239
Reg Vardy (MML) Limited	**175**	162
Derwent Vehicles Limited	**157**	364
Pinewood Technologies PLC	**152**	142
Pendragon Orient Limited	**55**	31
CD Bramall Dealerships Limited	**35**	39
Pendragon Sabre Limited	**15**	6
Pendragon Management Services Limited	**14**	-
Quicks Car Supermarkets Limited	**4**	16
Chatfields - Martin Walter Limited	**-**	4
Pendragon Property Holdings Limited	**493**	519
	11,641	9,056

At the year end, £2,100,000 was due from the Company's related parties (2012 : £2,187,000).

2 TURNOVER

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

3 OPERATING PROFIT

Operating profit has been arrived at after charging :

	2013 £000	2012 £000
Depreciation of tangible fixed assets	**146**	163
Amortisation of goodwill	**3**	3
Operating lease charges- land and buildings	**525**	530
Audit fee / Auditors' remuneration	**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.

4 EMPLOYEES

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

	2013 Number	2012 Number
Sales	28	28
Aftersales	51	50
Administration	33	32
	112	110

Costs incurred in respect of these employees were :

	2013 £000	2012 £000
Wages and salaries	2,673	2,531
Social security costs	250	236
Other pension costs	52	38
	2,975	2,805

No director of the Company received or waived any remuneration for services to the Company during the period (2012 : £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.

5 INTEREST PAYABLE

	2013 £000	2012 £000
Interest payable on loans wholly repayable within five years :	-	7
Stocking loan interest	218	156
	218	163

6 INTEREST RECEIVABLE

	2013 £000	2012 £000
Bank interest receivable	37	-
Intra group interest receivable	75	87
	112	87

7 TAXATION

	2013 £000	2012 £000
UK corporation tax at the UK average statutory rate of 23.25% (2012 : 24.5%)		
Current tax on income for the year	103	83
Adjustments in respect of prior periods	(1)	(3)
Total current tax	102	80
Deferred taxation		
Capital allowances for period in excess of depreciation	29	52
Other provisions	3	-
Effect of decrease in tax rate	26	21
Adjustments in respect of prior periods	1	-
Total deferred tax	59	73
Tax on profit on ordinary activities	161	153

Factors affecting the tax charge for the period:

The current tax charge for the period is lower (2012 : lower) than the standard rate of corporation tax in the UK ((23.25%) (2012 : 24.5%)). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	571	545
Tax on profit at the UK average statutory rate of 23.25% (2012 : 24.5%)	133	134
Effects of:		
Capital allowances for period in excess of depreciation	(29)	(52)
Other disallowables	2	-
Other provisions	(3)	-
Effect of decrease in tax rate	-	1
Adjustments to tax charge in respect of previous periods	(1)	(3)
Total current tax charge	102	80

The Chancellor of the Exchequer announced on 21 March 2012 that the main rate of UK corporation tax would reduce from 24% to 23% from 1 April 2013. On 20 March 2013, the Chancellor stated his intention to reduce the main rate of UK corporation tax to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015. These additional rate reductions were substantively enacted on 2 July 2013, which will impact the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the expected long term rate of 20% substantively enacted at the balance sheet date.

8 GOODWILL

	Goodwill £000
Cost	
At 31 December 2012 and at 31 December 2013	**51**
Amortisation	
At 31 December 2012	**16**
Charge for the year	**3**
At 31 December 2013	**19**
Net book value	
At 31 December 2013	**32**
At 31 December 2012	**35**

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

9 FIXED ASSETS - TANGIBLE ASSETS

	Short leasehold property £000	Plant & Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 31 December 2012	41	609	240	**890**
Additions	-	78	284	**362**
Disposals	-	(11)	(365)	**(376)**
At 31 December 2013	41	676	159	**876**
Depreciation				
At 31 December 2012	6	414	25	**445**
Disposals	-	(8)	(87)	**(95)**
Charge for the period	1	67	78	**146**
At 31 December 2013	7	473	16	**496**
Net book value				
At 31 December 2013	**34**	**203**	**143**	**380**
At 31 December 2012	35	195	215	**445**

10 STOCKS

	2013 £000	2012 £000
New and used vehicles	**5,667**	5,282
Parts and sundry stocks	**138**	136
	5,805	5,418

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 £822,000 (2012 : £307,000).

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

11 DEBTORS

	2013 £000	2012 £000
Trade debtors	**235**	52
Amounts owed by group undertakings	**2,100**	2,241
Deferred taxation (see note 13)	**173**	232
Other debtors	**319**	345
Prepayments and accrued income	**26**	58
	2,853	2,928

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

12 CREDITORS : amounts falling due within one year

	2013 £000	2012 £000
Bank overdraft	**-**	246
Payments received on account	**75**	69
Trade creditors	**4,278**	3,234
Amounts owed to group undertakings	**-**	54
Other taxation and social security	**63**	240
Accruals and deferred income	**745**	666
	5,161	4,509

13 DEFERRED TAX

The movement in the deferred tax asset for the period is as follows:

	Total £000
At 31 December 2012	232
Profit and loss account	(59)
At 31 December 2013	173

The amounts of deferred tax in the financial statements are as follows:

	2013 £000	2012 £000
Fixed asset timing differences	167	222
Other provisions	6	10
	173	232

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 11).

14 CALLED UP SHARE CAPITAL

	2013 £000	2012 £000
Allotted, called-up and fully paid		
75,000 (2012 : 75,000) 'A' Ordinary £1 shares	75	75
1,425,000 (2012 : 1,425,000) 'B' Ordinary £1 shares	1,425	1,425
	1,500	1,500

15 RESERVES

	Share Premium Account £000	Profit and Loss Account £000
At 31 December 2012	1,677	1,140
Profit for the financial year	-	410
At 31 December 2013	1,677	1,550

16 OPERATING LEASE COMMITMENTS

Annual lease payments due in 2014 under operating leases of the Company, according to the period in which the lease expires are as follows:

	Property		Other leases	
	2013 £000	2012 £000	2013 £000	2012 £000
Within 1 year	2	-	37	-
Between 2 and 5 years	-	-	-	-
Over 5 years	523	510	-	-
Within 1 year	525	510	37	-

17 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 2013, the Group balance sheet value of those assets would have been £297m (2012 : £271m).

18 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 a member of a funded group wide pension scheme, the Pendragon Group Pension Scheme providing benefits based on final pensionable pay. The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis and as permitted by FRS 17 'Retirement Benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. At 31 December 2013 the scheme had a deficit on an FRS 17 basis of £43,400,000 (2012 : £29,800,000).

The Pendragon Group Pension Scheme is a funded defined benefit scheme that was set up during 2012 to receive the assets and liabilities of the Pendragon Group's previous six defined benefit schemes. The Scheme's first actuarial valuation was carried out as at 31 December 2012 using the projected unit credit method. At this date the market value of the Scheme's assets relating to the

To comply with the Government's automatic enrolment legislation, the Company chose to participate in the People's Pension Scheme in April 2013. This is a defined contribution occupational pension scheme provided by B&CE.

The pension charge cost in respect of the group stakeholder arrangement and the People's Pension Scheme for the year was £52,000 (2012 : £38,000).

19 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.