

Company Registration No 05576327 (England and Wales)

**AUDI SOUTH WEST LIMITED**

**DIRECTORS' REPORT AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**



# AUDI SOUTH WEST LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M A Small A W Russell D J Evans F D Lord (Appointed 22 October 2009)
<b>Secretary</b>	D J Evans
<b>Company number</b>	05576327
<b>Registered office</b>	Priory Way Taunton Somerset TA1 2BB
<b>Auditors</b>	Albert Goodman LLP Mary Street House Mary Street Taunton Somerset TA1 3NW
<b>Bankers</b>	Barclays Bank Plc Midlands Corporate Banking PO Box 3333 15 Colmore Row Birmingham B3 2WN
<b>Solicitors</b>	Clarke Willmott 1 Georges Square Bath Street Bristol BS1 6BA

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# AUDI SOUTH WEST LIMITED

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# AUDI SOUTH WEST LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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The directors present their report and financial statements for the year ended 31 December 2009

### **Principal activities and review of the business**

Audi South West is a subsidiary of Silver Street Motors Limited. It is part of Silver Street Automotive Group which operates motor retail businesses in South West England.

### **Trading update - return to profit**

In 2009 trading conditions in the sector were challenging. The economy was in recession and the resulting constraints around the availability of credit, disposable income and consumer and business confidence meant fewer customers overall. Despite these difficult conditions the group returned to profit in 2009, generating earnings of £255,912 after interest and taxation, an improvement of £771,892 on our 2008 performance.

### **New vehicle sales**

The new car market reached 2m units in the UK in 2009. This was higher than had been forecast at the start of the 2009 and was boosted by the Government's Scrappage Scheme, but the market was down 6.4% on 2008. As a result our supply contract with Audi was reduced as they scaled back production. However, overall profitability from new vehicle sales met our expectations.

### **Used vehicle sales**

2008 saw us sustain heavy losses on used car stock as the values of used vehicles fell as a result of the banking crisis. 2009 was a very positive year for used cars and we delivered record volume and margin from the sale of used cars. We have placed a strong emphasis on stock control, with a 45 day stocking policy for all used car businesses. This has driven high stockturn, margins in excess of budget and managed the risk around further stock valuation adjustments in the market to deliver a significant turnaround from our used car performance. However, used car values are expected to remain stable as demand remains high and supply continues to be restricted as new vehicle production is constrained.

### **Service and Parts**

Revenue from Aftersales fell in 2009 but margins remained constant as a result of cost reductions and increased efficiencies.

### **Principal risks and uncertainties**

The market for the sale of new and used cars is competitive and the sales opportunity for new cars is sensitive to the activities of other manufacturers. These offers available from other brands in the market place and the behaviour of those brands impact on the local and national markets for new and used cars.

Limitations as to the supply of new products from the manufacturer affect the opportunity for sales growth as potential customers may purchase from elsewhere rather than wait for supply from our businesses.

The business of new and used car sales is sensitive to the wider economic climate and demand may reduce should the economic conditions harden. Economic forecast suggest a growth in the economy in the near and long term.

Notwithstanding these uncertainties the directors are confident that Silver Street Motors can continue to experience growth throughout 2010.

## **AUDI SOUTH WEST LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009**

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#### **Financial instruments**

The company's principal financial instruments comprise bank balances, stock financing secured on vehicles owned, bank overdrafts, trade creditors and debtors, loans including from other group companies and finance lease agreements. The main purpose of these instruments is to raise funds for the company's trading.

The company manages its cash flows, financing stock as necessary, so as to meet its obligations. The company makes use of money market facilities where funds are available.

Some of the loans to the company are from financial institutions. The interest rate on the loans from financial institutions is variable but the monthly repayments are fixed and the liquidity risk is managed as part of the overall management of cash flow.

The company is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed in the same way as loans above.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

#### **Environmental Issues**

'Green' issues may affect the wider UK car market as carbon emissions from motor vehicles are thought to contribute to global warming. Although the total amount of carbon emitted by motor vehicles in the UK represents a fraction of the total carbon output from the UK, there is a strong focus on car buyers to purchase a car with low carbon emissions.

Volkswagen Group are focused on developing cars which balance carbon emissions from fuel with the whole life carbon footprint of manufacturing and disposing of the vehicle. Hybrid technologies and efficient engines are in development. The majority of a new car sold by us is recyclable and efficient production processes are used where possible in the manufacture of each vehicle.

Silver Street Automotive Group takes its responsibility to the environment seriously. We dispose of all waste according to best practice where possible. Waste products are recycled where appropriate. Toxic or hazardous materials such as oil or anti-freeze removed during vehicle maintenance are removed from our sites and processed for safe disposal by our partners.

#### **Employees**

Silver Street Automotive Group aims to be the most attractive motor retail employer in the South West of England. As such we are developing competitive training, reward and benefits packages for our employees. We also operate and monitor our equal policies to ensure equal access for all to vacancies and new positions.

#### **Results and dividends**

The results for the year are set out on page 7.

## AUDI SOUTH WEST LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

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#### Directors

The following directors have held office since 1 January 2009

M A Small

A W Russell

D J Evans

F D Lord

(Appointed 22 October 2009)

#### Auditors

The auditors, Albert Goodman LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

#### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



D J Evans

Director

13 May 2010

## **AUDI SOUTH WEST LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2009**

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **AUDI SOUTH WEST LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUDI SOUTH WEST LIMITED**

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We have audited the financial statements of Audi South West Limited for the year ended 31 December 2009 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 4, 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 Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of 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.



## AUDI SOUTH WEST LIMITED

### INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF AUDI SOUTH WEST LIMITED

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#### 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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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



David Griffin FCA (Senior Statutory Auditor)

for and on behalf of Albert Goodman LLP

Chartered Accountants

Statutory Auditor

25 May 2010

Mary Street House  
Mary Street  
Taunton  
Somerset  
TA1 3NW

# AUDI SOUTH WEST LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover	2	52,738,202	64,184,098
Cost of sales		(49,202,559)	(60,884,561)
<b>Gross profit</b>		<b>3,535,643</b>	<b>3,299,537</b>
Administrative expenses		(3,130,930)	(3,161,158)
Other operating income		131,760	-
<b>Operating profit</b>	3	<b>536,473</b>	<b>138,379</b>
Interest payable and similar charges	4	(274,531)	(643,206)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>261,942</b>	<b>(504,827)</b>
Tax on profit/(loss) on ordinary activities	5	(6,030)	(11,153)
<b>Profit/(loss) for the year</b>	15	<b>255,912</b>	<b>(515,980)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

# AUDI SOUTH WEST LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
<b>Fixed assets</b>					
Tangible assets	7	1,927,605		2,097,776	
Investments	8	1		1	
		<u>1,927,606</u>		<u>2,097,777</u>	
<b>Current assets</b>					
Stocks	9	6,822,747		6,072,305	
Debtors	10	1,339,636		1,216,373	
Cash at bank and in hand		366,614		202,745	
		<u>8,528,997</u>		<u>7,491,423</u>	
<b>Creditors. amounts falling due within one year</b>	11	<u>(9,850,851)</u>		<u>(9,992,190)</u>	
<b>Net current liabilities</b>		<u>(1,321,854)</u>		<u>(2,500,767)</u>	
<b>Total assets less current liabilities</b>		<u>605,752</u>		<u>(402,990)</u>	
<b>Creditors amounts falling due after more than one year</b>	12	<u>(1,293,802)</u>		<u>(540,972)</u>	
		<u>(688,050)</u>		<u>(943,962)</u>	
<b>Capital and reserves</b>					
Called up share capital	14	1,001		1,001	
Profit and loss account	15	(689,051)		(944,963)	
<b>Shareholders' funds</b>	16	<u>(688,050)</u>		<u>(943,962)</u>	

Approved by the Board and authorised for issue on 13 May 2010



D J Evans  
Director

Company Registration No. 05576327

**AUDI SOUTH WEST LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	£	2009 £	£	2008 £
<b>Net cash inflow from operating activities</b>		1,193,365		551,722
<b>Returns on investments and servicing of finance</b>				
Interest paid	(274,531)		(643,206)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(274,531)		(643,206)
<b>Taxation</b>		-		(14,023)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(43,640)		(252,194)	
Receipts from sales of tangible assets	24,532		19,692	
<b>Net cash outflow for capital expenditure</b>		(19,108)		(232,502)
<b>Equity dividends paid</b>		-		(185,000)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		899,726		(523,009)
<b>Financing</b>				
Other new long term loans	1,125,000		-	
Repayment of long term bank loan	(31,250)		(31,250)	
Repayment of other long term loans	(200,000)		(200,000)	
Capital element of hire purchase contracts	(92,523)		(109,040)	
<b>Net cash inflow/(outflow) from financing</b>		801,227		(340,290)
<b>Increase/(decrease) in cash in the year</b>		1,700,953		(863,299)

# AUDI SOUTH WEST LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

<b>1 Reconciliation of operating profit to net cash inflow from operating activities</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating profit	536,473	138,379
Depreciation of tangible assets	189,279	199,270
(Increase)/decrease in stocks	(750,442)	1,667,613
(Increase)/decrease in debtors	(123,263)	209,294
Increase/(decrease) in creditors within one year	1,341,318	(1,662,834)
<b>Net cash inflow from operating activities</b>	<b>1,193,365</b>	<b>551,722</b>

<b>2 Analysis of net debt</b>	<b>1 January 2009</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash				
Cash at bank and in hand	202,745	163,869	-	366,614
Bank overdrafts	(1,537,084)	1,537,084	-	-
	<u>(1,334,339)</u>	<u>1,700,953</u>	<u>-</u>	<u>366,614</u>
Debt				
Finance leases	(225,229)	92,523	-	(132,706)
Debts falling due within one year	(496,250)	(75,000)	-	(571,250)
Debts falling due after one year	(400,049)	(818,750)	-	(1,218,799)
	<u>(1,121,528)</u>	<u>(801,227)</u>	<u>-</u>	<u>(1,922,755)</u>
<b>Net debt</b>	<b><u>(2,455,867)</u></b>	<b><u>899,726</u></b>	<b><u>-</u></b>	<b><u>(1,556,141)</u></b>

<b>3 Reconciliation of net cash flow to movement in net debt</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Increase/(decrease) in cash in the year	1,700,953	(863,299)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(801,227)	235,106
<b>Movement in net debt in the year</b>	<b>899,726</b>	<b>(628,193)</b>
Opening net debt	(2,455,867)	(1,827,674)
<b>Closing net debt</b>	<b><u>(1,556,141)</u></b>	<b><u>(2,455,867)</u></b>

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Going concern

The company meets its working capital requirements through utilisation of loan facilities provided by the parent company Silver Street Motors Limited, and its subsidiaries. The directors have received confirmation parent support will continue for a period of at least the next twelve months and based on group cash flow projections, the group expects to operate within its banking facilities. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the company's bankers.

#### 1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% straight line (excluding land)
Land and buildings Leasehold	4% - 10% straight line
Plant and machinery	10% - 33% straight line
Fixtures, fittings & equipment	10% - 33% straight line
Motor vehicles	25% - 33% straight line

#### 1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

#### 1.7 Investments

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

#### 1.8 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Consignment stocks are included in the balance sheet where in substance they are an asset of the company and to the extent that the company has access to the benefits of holding the stocks and exposure to the risks of ownership as if they were owned outright.

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 1 Accounting policies (Continued)

#### 1.9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Silver Street Motors Limited, a company incorporated in England, and is included in the consolidated accounts of that company.

### 2 Turnover

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

3 Operating profit	2009 £	2008 £
Operating profit is stated after charging		
Depreciation of tangible assets	189,279	199,270
Operating lease rentals	291,393	280,117
Auditors' remuneration (including expenses and benefits in kind)	27,176	21,220

Included in operating profit is the amount of £61,979 relating to a payment to a former employee, the payment is not expected to reoccur.

4 Interest payable	2009 £	2008 £
On bank loans and overdrafts	30,616	68,591
Hire purchase interest	12,397	17,031
Other interest	231,518	557,584
	274,531	643,206

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

<b>5</b>	<b>Taxation</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U K corporation tax	6,030	-
	Adjustment for prior years	-	14,023
		<u>6,030</u>	<u>14,023</u>
	<b>Current tax charge</b>	<b>6,030</b>	<b>14,023</b>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	-	(2,870)
		<u>6,030</u>	<u>11,153</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	<u>261,942</u>	<u>(504,827)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 21.00%)	<u>55,008</u>	<u>(106,014)</u>
	<b>Effects of</b>		
	Non deductible expenses	8,188	8,725
	Depreciation add back	39,749	39,978
	Capital allowances	(27,816)	(29,410)
	Tax losses utilised	(69,099)	17,000
	Adjustments to previous periods	-	(2,977)
	Tax losses carried forward	-	86,721
		<u>(48,978)</u>	<u>120,037</u>
	<b>Current tax charge</b>	<b>6,030</b>	<b>14,023</b>
<b>6</b>	<b>Dividends</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Ordinary final paid	-	185,000

In 2008 the company paid dividends in excess of distributable profits. The dividends may be repayable by the shareholders.



**AUDI SOUTH WEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**7 Tangible fixed assets**

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 January 2009	1,122,284	334,890	500,548	467,611	81,871	2,507,204
Additions	-	2,260	11,095	18,016	12,269	43,640
Disposals	-	-	(20,978)	-	(35,816)	(56,794)
At 31 December 2009	1,122,284	337,150	490,665	485,627	58,324	2,494,050
<b>Depreciation</b>						
At 1 January 2009	13,619	45,543	146,146	178,870	25,250	409,428
On disposals	-	-	(10,675)	(1,578)	(20,009)	(32,262)
Charge for the year	11,921	22,997	67,807	65,377	21,177	189,279
At 31 December 2009	25,540	68,540	203,278	242,669	26,418	566,445
<b>Net book value</b>						
At 31 December 2009	1,096,744	268,610	287,387	242,958	31,906	1,927,605
At 31 December 2008	1,108,665	289,347	354,402	288,741	56,621	2,097,776

**Comparable historical cost for the land and buildings included at valuation\***

	£
<b>Cost</b>	
At 1 January 2009 & at 31 December 2009	1,122,284
<b>Depreciation based on cost</b>	
At 1 January 2009	13,619
Charge for the year	11,921
At 31 December 2009	25,540
<b>Net book value</b>	
At 31 December 2009	1,096,744
At 31 December 2008	1,122,284

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 7 Tangible fixed assets

(Continued)

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Net book values</b>				
At 31 December 2009	180,589	54,867	23,215	258,671
At 31 December 2008	-	295,000	31,615	326,615
<b>Depreciation charge for the year</b>				
At 31 December 2009	24,576	7,315	8,400	40,291
At 31 December 2008	-	42,449	9,800	52,249

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 8 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2009 & at 31 December 2009	1
<b>Net book value</b>	
At 31 December 2009	1
At 31 December 2008	1

#### Holdings of more than 20%

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

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Exeter Trade Parts Specialists LLP	England & Wales		97.00
Hanjo Russell Limited	England & Wales	Ordinary	100.00

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

		Capital and reserves 2009 £	Profit/(loss) for the year 2009 £
	<b>Principal activity</b>		
Exeter Trade Parts Specialists LLP	Motor parts sales	60,877	3,142
Hanjo Russell Limited	Dormant	(222,380)	-

### 9 Stocks and work in progress

	2009 £	2008 £
Vehicles on consignment	2,903,936	2,637,772
Parts and other stocks	355,556	326,584
Vehicles for resale	3,563,255	3,107,949
	<u>6,822,747</u>	<u>6,072,305</u>

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

10 Debtors	2009 £	2008 £
Trade debtors	437,302	395,977
Amounts owed by subsidiary undertakings	59,518	140,961
Other debtors	117,830	141,715
Prepayments and accrued income	724,986	537,720
	<u>1,339,636</u>	<u>1,216,373</u>

Amounts falling due after more than one year and included in the debtors above are

	2009 £	2008 £
Other debtors	<u>86,518</u>	<u>81,521</u>

11 Creditors amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	31,250	1,568,334
Net obligations under hire purchase contracts	57,703	84,306
Trade creditors	7,568,311	6,815,314
Amounts owed to parent and fellow subsidiary undertakings	446,431	359,640
Corporation tax	6,030	-
Other taxes and social security costs	377,484	270,706
Other creditors	563,045	474,067
Accruals and deferred income	800,597	419,823
	<u>9,850,851</u>	<u>9,992,190</u>

Trade creditors include the amount of £6,459,170 (2008 £6,060,823) relating to vehicle stocking loans. The loans are secured against the related stock vehicles.

The bank loan is secured by a debenture over the company's assets and a cross guarantee with Silver Street Motors limited.

Hire purchase liabilities are secured against the assets to which they relate.

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

<b>12 Creditors' amounts falling due after more than one year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Bank loans	93,799	125,049
Other loans	1,125,000	275,000
Net obligations under hire purchase contracts	75,003	140,923
	<u>1,293,802</u>	<u>540,972</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years other than by instalments		
Associate company loan	1,125,000	-
Wholly repayable within five years	665,049	896,299
	<u>1,790,049</u>	<u>896,299</u>
Included in current liabilities	(571,250)	(496,250)
	<u>1,218,799</u>	<u>400,049</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	31,250	293,756
In more than two years but not more than five years	62,549	106,293
In more than five years	1,125,000	-
	<u>1,218,799</u>	<u>400,049</u>

Bank loans are secured by a debenture over the company's assets and a cross guarantee with Silver Street Motors limited. Hire purchase liabilities are secured against the assets to which they relate.

### 13 Pension and other post-retirement benefit commitments

#### Defined contribution

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 pension cost charge represents contributions payable by the company to the fund.

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>22,901</u>	<u>35,687</u>

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

14 Share capital	2009 £	2008 £
<b>Authorised</b>		
99,999 Ordinary shares of £1 each	99,999	99,999
1 Ordinary B shares of £1 each	1	1
	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
1 Ordinary B shares of £1 each	1	1
	<u>1,001</u>	<u>1,001</u>

The Ordinary B Share has specific rights to a dividend only on the sale of a specific freehold property for proceeds in excess of a specific amount. The calculation of the dividend is set out in the Articles of Association of the company.

The holder of the Ordinary B Share is not entitled to receive notice of, or to attend and vote at any general meeting of the company.

On liquidation, reserves available for distribution to share holders shall be distributed pari passu between the share holders as if they were one and the same class of share.

### 15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2009	(944,963)
Profit for the year	255,912
	<u>(689,051)</u>
Balance at 31 December 2009	<u>(689,051)</u>

### 16 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit/(Loss) for the financial year	255,912	(515,980)
Dividends	-	(185,000)
	<u>255,912</u>	<u>(700,980)</u>
Net addition to/(depletion in) shareholders' funds	(943,962)	(242,982)
Opening shareholders' funds	<u>(688,050)</u>	<u>(943,962)</u>
Closing shareholders' funds	<u>(688,050)</u>	<u>(943,962)</u>

# AUDI SOUTH WEST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 17 Contingent liabilities

The company has given an unlimited cross-guarantee to the bankers of Silver Street Motors Limited in relation to the bank liabilities of Silver Street Motors and its subsidiaries. At the balance sheet date bank borrowings of Silver Street Motors and its subsidiaries amounted to £2,515,000 (2008 £1,080,765)

### 18 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Within one year	17,500	-	15,758	15,808
Between two and five years	37,350	17,500	30,530	40,446
In over five years	273,805	295,325	-	-
	<u>328,655</u>	<u>312,825</u>	<u>46,288</u>	<u>56,254</u>

19 Directors' emoluments	2009	2008
	£	£
Emoluments for qualifying services	225,048	92,924
Company pension contributions to money purchase schemes	615	7,358
	<u>225,663</u>	<u>100,282</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2008 - 2)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	<u>113,461</u>	<u>82,158</u>
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### 20 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows

	Amount outstanding		Maximum
	2009	2008	in year
	£	£	£
A Russell	-	22,744	22,744

## AUDI SOUTH WEST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

#### 21 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Management and administration	38	49
Sales	44	34
After-sales	65	64
	<u>147</u>	<u>147</u>

##### Employment costs

	2009 £	2008 £
Wages and salaries	2,906,909	2,999,653
Social security costs	299,474	431,939
Other pension costs	22,901	35,687
	<u>3,229,284</u>	<u>3,467,279</u>

#### 22 Control

The immediate and ultimate parent company is Silver Street Motors Limited, a company incorporated in England and Wales

The ultimate controlling party is M A Small and A G Small



## AUDI SOUTH WEST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

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#### 23 Related party transactions

During the year the company received management charges of £50,000 (2008 £nil) and paid rent and management charges of £63,754 (2008 £36,767) to Silver Street Motors Limited, the parent company and 50% shareholder. Included within sales and purchases are amounts of £149,956 (2008 £56,621) and £172,968 (2008 £35,056) respectively relating to trading activity with this company. Creditors falling due within one year includes £446,431 (2008 £359,640) reflecting the net amount due in respect of this activity.

The company has provided Barclays Bank PLC with a cross guarantee and debenture charge in respect of the banks dealings with Silver Street Motors Limited and Cross Keys (Taunton) Limited. Silver Street Motors is the ultimate parent company of both Audi South West Limited and Cross Keys (Taunton) Limited.

During the year the company received a loan advance of £1,125,000 and paid interest of £16,618 (2008 £nil) and rent of £140,000 (£170,000) to Cross Keys (Taunton) Limited.

During the year the company purchased goods and services amounting to £2,586 (2008 £nil) and received management charges of £108,000 (2008 £nil) from subsidiary undertaking, Exeter TPS LLP. Debtors falling due within one year includes £59,518 (2008 £140,961) reflecting the net amount due.

A W Russell has provided a personal guarantee and indemnity in respect of a loan agreement with Volkswagen Financial Services (UK) Limited. The loan balance of £540,000 (2008 £740,000) is included within other creditors.