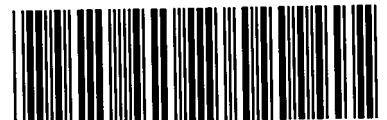


Registered number 08595164

**Carcraft Group Limited (formerly 3722<sup>nd</sup> Single  
Member Shelf Trading Company Limited)  
Annual report and financial statements for the period  
3 July 2013 to 31 March 2014**

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# **Carcraft Group Limited**

## **Annual report and financial statements for the period 3 July 2013 to 31 March 2014**

### **Contents**

Directors and advisers .....	1
Strategic report for the period 3 July 2013 to 31 March 2014.....	2
Directors' report for the period 3 July 2013 to 31 March 2014.....	4
Independent auditors' report to the members of Carcraft Group Limited .....	7
Consolidated profit and loss account for the period 3 July 2013 to 31 March 2014 .....	9
Balance sheets as at 31 March 2014.....	10
Consolidated cash flow statement for the period 3 July 2013 to 31 March 2014.....	11
Statement of accounting policies for the period 3 July 2013 to 31 March 2014 .....	12
Notes to the financial statements for the period 3 July 2013 to 31 March 2014.....	16

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Directors and advisers**

### **Directors**

R G Bridge (executive director, appointed 20 February 2014)

G Pearson (executive director, appointed 20 February 2014)

A Greenough (non-executive director, appointed 20 February 2014)

S Nobes (non-executive director, appointed 20 February 2014)

F C Le Grys (appointed 3 July 2014, resigned 20 February 2014)

Loviting Limited (appointed 3 July 2014, resigned 20 February 2014)

Serjeants' Inn Nominees Limited (appointed 3 July 2014, resigned 20 February 2014)

### **Company secretary**

Sisec Limited

### **Registered office**

21 Holborn Viaduct

London

EC1A 2DY

### **Business address**

Nixon Street

Rochdale

Lancashire

OL11 3JW

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

### **Bankers**

The Royal Bank of Scotland plc

11 Spring Gardens

Manchester

M60 2DB

### **Solicitors**

Pinsent Masons

1 Park Row

Leeds

LS1 5AB

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Strategic report for the period 3 July 2013 to 31 March 2014**

The directors present their Strategic report of the company from the date of incorporation 3 July 2013 to 31 March 2014.

### **Review of business**

The group loss for the financial period was £13,216,000 (2012 (12 months): profit of £477,000). The performance of the business during the period was disappointing and reflects the prolonged economic recovery in conjunction with a slower than expected return in wider market consumer retail finance offers, the return of which was only experienced towards the back end of the period.

During the period, the investment held in Pennine Property Investments B LLP was impaired by £4,655,000 and subsequently sold for a cash consideration of £1,600,000.

On 28 March 2014, 100% of the share capital of Pennine Metals C Limited was acquired for consideration of £2,800,000. Pennine Metals C Limited is the holding company of All in One Finance Limited who provide consumer Top Up Loans for eligible and qualifying Carcraft customers. This acquisition generated goodwill of £551,000.

On the 28 March 2014, the incumbent management team led by an existing Director, transacted a management buy-out ("MBO") of Pennine Metals A Limited using Carcraft Group Limited (formally known as 3722<sup>nd</sup> Member Shelf Trading Company Limited).

As part of the MBO, the statutory year end of the newly created Carcraft Group Limited company and all subsidiaries has been changed to 31 March.

Consideration for the MBO was by way of £22,300,000 of loan notes, along with the issue of share capital.

Following the MBO the business continues to deploy a fit for purpose and a scalable cost structure base. The plan for the coming year is to continue developing a more cost effective operation, together with targeting trading unit delivery and margin initiatives.

The dividend for the period was £nil, group net liabilities at 31 March 2014 are £7,707,000 and exceptional operating items disclosed for the period then ended were a net charge of £5,323,000.

### **Future outlook**

Through our continued KPI tracking we are now starting to see a general market increase in wider sector opportunities, these principally being driven by increasing metrics shown in consumer finance acceptance rates. This is leading to an overall increased consumer confidence and propensity to spend, leading to increased customer lead generation and footfall opportunities.

We have further strengthened our panel of retail finance partners, thus improving our finance acceptance levels.

We still provide a valued part exchange service to the vast majority of our customers, which is both competitive and efficient.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Strategic report for the period 3 July 2013 to 31 March 2014**

Carcraft's overall customer value proposition is driven by a strong car product offer; supported by the ability and desires to service the customer through the lifetime of their purchase.

Our proven ability to be adaptive to demand, together with our continued clear strategy to develop flexible business models, will enable the business to adapt in the changing market. The continued offer of the overall customer package approach, together with value and choice to our customers, remains the key to our development.

We aim to continuously innovate, develop and improve all our businesses processes, this with the aim to create the number one overall value based consumer proposition for used cars in the UK and for our customers to rate us as the best place to buy a used car.

To this effect, we continue to develop the skills we have within the business by training our existing people and supplementing this with recruitment where appropriate, this will ensure that we exploit all of the opportunities ahead of us.

Approved on behalf of the Board and signed on its behalf by



G Pearson

**Director**

9 September 2014

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Directors' report for the period 3 July 2013 to 31 March 2014**

The directors present their report and the consolidated financial statements of the group and the company for the period from incorporation to 31 March 2014.

### **Principal activities**

The company acts as a holding company. The group is a retailer of used motor vehicles and associated products, principally comprising the sale of vehicle guarantees and the provision of wider vehicle servicing and MOTs.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to consumer confidence and consumer lending in the used car market.

### **Financial risk management**

The group's operations expose it to a variety of financial risks, including the wider economic climate and the availability of customer retail finance in the marketplace. The group seeks to limit these by monitoring performance and acting upon results, together with the wide portfolio of consumer finance relationships we hold. With the creation of the new Financial Conduct Authority, the company will be applying for full and relevant permissions in late 2014.

### **Price risk**

The group is exposed to price risk as a result of its operations in a competitive market. The group monitors this using both internal and external based KPI measures and acts accordingly, with respect to both purchasing and retail pricing models.

### **Credit risk**

The group is exposed to the risk of clawback on finance commissions, if the customer fails the necessary standards set out in the terms and conditions of the finance companies. The risk is limited to the value of commission received. Debtors and associated provisioning are closely monitored to ensure risk is minimised.

### **Liquidity risk**

The group actively maintains a mixture of asset backed funding and cash balances that is designed to ensure the group has sufficient funds available.

### **Key performance indicators ("KPIs")**

The group's directors use an extensive suite of KPIs to assess performance and manage the development of the business. Given the nature of the business the group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the financial statements.

### **Going concern**

Following detailed assessment of future cash flows and the financing available to the group, the directors are of the opinion that the group has access to adequate resources to fund its operations for the foreseeable future and that it is appropriate for the financial statements to be prepared on a going concern basis.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Directors' report for the period 3 July 2013 to 31 March 2014 (continued)**

### **Directors**

The directors of the group during the period under review and up to the date of signing the financial statements were as follows:

R G Bridge (appointed 20 February 2014)

G Pearson (appointed 9 April 2014)

A Greenough (appointed 28 March 2014)

S Nobes (appointed 28 March 2014)

F C Le Grys (appointed 3 July 2014, resigned 20 February 2014)

Loviting Limited (appointed 3 July 2014, resigned 20 February 2014)

Serjeants' Inn Nominees Limited (appointed 3 July 2014, resigned 20 February 2014)

### **Qualifying third party indemnity provisions**

The group maintains liability insurance for its directors and officers. The company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

### **Charitable and political donations**

During the period the group made various charitable donations and sponsored activities totalling £17,194. Donations were made in relation to charities, local businesses and general sponsorship. No donations were made for political purposes.

### **Employee involvement**

It is the group's policy that employees should be kept as fully informed as is feasible and practicable about the group's activities through the medium of meetings with management and supervisors.

### **Employment of disabled persons**

The group's policy in relation to the employment of disabled persons is to ensure that full consideration is given to applications for employment from the disabled, where the applicant has the necessary aptitude and ability to perform the job adequately and in safety. Should disablement occur during the course of employment, every effort will be made to retrain and re-deploy within the organisation if required.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 prepared the group and parent company 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 group and the company and of the profit or loss of the group 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;
- 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 and the group will continue in business.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Directors' report for the period 3 July 2013 to 31 March 2014 (continued)**

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by



G Pearson

**Director**

9 September 2014



# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

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

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2014 and of the group's loss and cash flows for the 18 month period 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.

#### **What we have audited**

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by Carcraft Group Limited, comprise:

- the Balance Sheets as at 31 March 2014;
- the Consolidated profit and loss account for the 18 month period then ended;
- the Consolidated cash flow statement for the 18 month period then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 group's and the parent 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.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 period for which the financial statements are prepared is consistent with the financial statements.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Independent auditors' report to the members of Carcraft Group Limited (continued)**

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

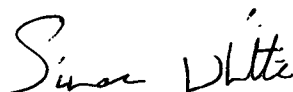
### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Simon White (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

9 September 2014

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Consolidated profit and loss account for the period 3 July 2013 to 31 March 2014**

		<b>18 month period ended 31 March 2014</b>	<b>Year Ended 30 September 2012</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	2	<b>180,265</b>	125,339
<b>Cost of sales</b>		<b>(147,524)</b>	(97,830)
Gross profit		32,741	27,509
Administrative expenses		(48,995)	(32,338)
Other operating income	4	1,836	-
<b>Operating loss before exceptional items</b>		<b>(9,095)</b>	(1,719)
Exceptional items	3	(5,323)	(3,110)
<b>Operating loss</b>	4	<b>(14,418)</b>	(4,829)
Interest receivable and similar income	7	630	6,606
Interest payable and similar charges	7	(599)	(1,832)
<b>Loss on ordinary activities before taxation</b>		<b>(14,387)</b>	(55)
Tax on loss on ordinary activities	8	1,171	532
<b>(Loss)/profit for the financial period</b>	19	<b>(13,216)</b>	477

All amounts relate to operations acquired in the period.

The group has no recognised gains and losses other than the amounts presented above and therefore no separate statement of recognised gains and losses has been presented.

There is no material difference between the results as disclosed in the profit and loss account above and the results on an unmodified historical cost basis.

The notes on pages 16 to 34 form part of the financial statements.

# Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)

## Balance sheets as at 31 March 2014

	Note	Group 31 March 2014 £'000	Group 30 September 2012 £'000	Company 31 March 2014 £'000
<b>Fixed assets</b>				
Intangible assets	10	9,113	11,773	-
Tangible assets	11	1,674	2,262	-
Investments	12	-	6,255	22,460
		10,787	20,290	22,460
<b>Current assets</b>				
Stocks	13	19,458	14,557	-
Debtors: amounts falling due within one year	14	11,742	10,507	20
Debtors: amounts falling due after more than one year	14	3,633	8,774	-
Cash at bank and in hand		6,033	1,858	-
		40,866	35,696	20
<b>Creditors: amounts falling due within one year</b>	16	(29,078)	(21,841)	-
<b>Net current assets</b>		11,788	13,855	20
<b>Total assets less current liabilities</b>		22,575	34,145	22,480
<b>Creditors: amounts falling due after more than one year</b>	16	(29,325)	(4,516)	(22,300)
<b>Provision for liabilities</b>	17	(957)	(1,820)	-
<b>Net (liabilities)/assets</b>		(7,707)	27,809	180
<b>Capital and reserves</b>				
Called up share capital	18	180	10,198	180
Other reserves	19	-	29,948	-
Profit and loss account	19	(25,553)	(12,337)	-
Reverse acquisition reserve	19	17,666	-	-
<b>Total shareholders' (deficit)/ funds</b>	20	(7,707)	27,809	180

The financial statements on pages 9 to 34 were approved by the Board on 9 September 2014 and signed on its behalf by:



G Pearson  
Director

Company registration number: 08595164

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Consolidated cash flow statement for the period 3 July 2013 to 31 March 2014**

	Note	18 month period ended 31 March 2014 £'000	Year ended 30 September 2012 £'000
<b>Net cash inflow/ (outflow) from operating activities</b>	24 (1)	<b>2,216</b>	<b>(142)</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		19	20
Interest paid		(599)	(496)
		<b>(580)</b>	<b>(476)</b>
<b>Taxation</b>			
UK corporation tax received		188	232
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(105)	(5)
<b>Investing activities</b>			
Cash received in advance of sale of investment		1,600	-
Acquisition of subsidiary (net of cash acquired of £696,000)		(24,564)	-
<b>Financing activities</b>			
Proceeds from issue of shares		160	-
Increase in borrowings		25,260	(813)
<b>Increase/ (Decrease) in cash in the period</b>	24(2)	<b>4,175</b>	<b>(1,204)</b>
<b>Opening cash at bank and in hand</b>	24(2)	<b>1,858</b>	<b>3,062</b>
<b>Closing cash at bank and in hand</b>	24(2)	<b>6,033</b>	<b>1,858</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Statement of accounting policies for the period 3 July 2013 to 31 March 2014**

### **Basis of preparation**

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

On 28 March 2014, Carcraft Group Limited, the company, legally acquired 100% of the share capital of Pennine Metals A Limited. Although the legal form of this transaction was as stated, the substance is the reverse of this. Accordingly, these accounts have been prepared using reverse acquisition accounting.

### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its subsidiaries, except for the elimination of intra-group transactions. The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. Consistent accounting policies have been adopted by all companies within the group.

When businesses are acquired, sold or demerged from the group during the year, their results are included from or to the date on which control passes.

With effect from 28 March 2014, the Company became the legal parent of Pennine Metals A Limited, and its subsidiary undertakings. Because of the relative values of the Companies, and the nature of consideration, the substance of this transaction is that Pennine Metals A Limited acquired Carcraft Group Limited via a reverse acquisition.

Under the specific requirements of the Companies Act 2006 (the "Act") and Financial Reporting Standard 6 - Acquisitions and Mergers, it would be necessary for the Company's consolidated accounts to follow the legal form of the business combination. In that case, the pre-combination results of the Group would be those of Carcraft Group Limited with the assets and liabilities of Pennine Metals A Limited and its subsidiaries brought in at fair value from the date of acquisition. This approach would portray the combination as an acquisition of Pennine Metals A Limited by Carcraft Group Limited. In the opinion of the Directors, this would fail to give a true and fair view of the substance of the combination and hence present a distorted picture of the Group, its results and financial position. The substance of the combination is that Pennine Metals A Limited acquired Carcraft Group Limited. Accordingly, the Directors have departed from the requirements of the Act and UK GAAP and have adopted the reverse acquisition accounting in order to present accounts which give a true and fair view. The key features of this basis of consolidation are:

- The consolidated profit and loss account includes the results of the Pennine Metals A Limited Group for the 18 month period to 31 March 2014 and of the Carcraft Group Limited from the date of acquisition.
- The consolidated profit and loss reserves of the Group are based on the pre-acquisition profit and loss reserves of Pennine Metals A Limited.
- Carcraft Group Limited has been consolidated from the date of the reverse acquisition, 28 March 2014, based on fair values of the assets and liabilities at that date, which equate to their book values in this instance.
- The comparative assets and liabilities and results are of Pennine Metals A Limited to 30 September 2012.
- Goodwill is calculated as being the difference between the fair value of the consideration effectively given by Pennine Metals A Limited to acquire Carcraft Group Limited and the aggregate of the fair values of the separable net assets of Carcraft Group Limited. This is £nil.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Statement of accounting policies for the period 3 July 2013 to 31 March 2014 (continued)**

In invoking the true and fair override, the Directors note that the effects on the consolidated financial statements as a result of adopting reverse acquisition accounting are widespread. For example, the goodwill arising on consolidation under the standard method of acquisition accounting would be different between the fair value of consideration given to acquire the Pennine Metals A Limited group and the aggregate of the fair values of identifiable assets and liabilities acquired. The level of goodwill arising that would have arisen in this case is shown in note 1.

### **Comparatives**

This is the first set of financial statements for the Company, which has an accounting reference date of 31 March.

As described above, the Directors consider the combination between Pennine Metals A Limited and Carcraft Group Limited to be a reverse acquisition of Pennine Metals A Limited, which previously prepared financial statements to 30 September 2012 but has subsequently changed its period end to 31 March. The consolidated financial statements have been prepared on the basis that Pennine Metals A Limited acquired Carcraft Group Limited during the 18 month accounting period of Pennine Metals A Limited. As such, the comparative results in the consolidated financial statements are those of Pennine Metals A Limited and its subsidiaries to 30 September 2012.

No comparatives are presented for the Carcraft Group Limited entity only balance sheet as this is the first accounting period end since incorporation.

### **Going concern**

Following detailed assessment of future cash flows and the financing available to the group, the directors are of the opinion that the group has access to adequate resources to fund its operations for the foreseeable future and that it is appropriate for the financial statements to be prepared on a going concern basis.

### **Turnover**

#### **(i) General**

Turnover represents the sale of goods and services supplied excluding value added tax. Turnover includes vehicle sales recognisable on the date of delivery. Income from the sale of third party finance agreements is recognised at point of sale less provision for any clawback. Income from self-administered vehicle guarantees is recognised as earned over the term of the policy.

#### **(ii) Finance commission**

The group acts as a licensed credit broker and earns commission from a variety of finance companies. Each finance company offers varying terms of business whereby if certain conditions are not met (for example where a finance agreement is cancelled early by the customer) the commission, or an element of it, is repayable to the finance company ("commission clawback").

Turnover in respect of finance commission is recognised, net of amounts provided for estimated repayments of commission to the finance company in the event of the finance agreement being cancelled by the customer.

#### **(iii) Vehicle guarantees**

Turnover in respect of extended vehicle guarantees sold to customers is recognised over the life of each agreement, on performance of the group's contractual obligations to the customer. The turnover is recognised based on historical experience of the profile of claims made over the life of the agreement along with the associated administrative and customer service costs.

Related costs are charged to the profit and loss account as incurred.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Statement of accounting policies for period 3 July 2013 to 31 March 2014 (continued)**

### **Intangible fixed assets**

Goodwill arises where the fair value of the consideration paid for a business exceeds the fair value of net assets acquired. Goodwill is capitalised and amortised through the profit and loss account over a period of 20 years. The carrying value of goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

### **Tangible fixed assets and depreciation**

Freehold land and buildings are stated at cost. Cost includes the historic purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. All other tangible fixed assets are stated at their historic purchase cost together with any incidental costs of acquisition, less accumulated depreciation.

Depreciation is provided on a straight line basis at the following annual rates in order to write-off fixed assets over their estimated useful lives:

Freehold land	Nil
Freehold buildings	2%
Plant and machinery	20%
Fixtures and fittings	20%
Motor vehicles (excluding cars as stock for resale)	25%
Computer equipment	33%

The policies for recognising and depreciating tangible fixed assets are assessed periodically.

### **Investments**

Investments in group undertakings are stated at cost less provisions for impairment.

### **Stocks**

Vehicle and parts stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure in bringing the stock to its present condition.

### **Trade debtors**

Trade debtors include amounts outstanding from customers under instalment credit arrangements including repayments not yet due at the year end, less appropriate provision for bad and doubtful debts based upon the individual assessment of the specific debts.

### **Taxation**

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.

A net deferred tax asset is recognised 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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods 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 an undiscounted basis.



# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Statement of accounting policies for period 3 July 2013 to 31 March 2014 (continued)**

### **Pension contributions**

The group makes contributions to defined contribution pension schemes. The contributions are charged to the profit and loss account as they become payable in accordance with employees' contracts.

### **Operating leases**

Operating lease rentals are charged to the profit and loss account, as incurred, over the term of the lease.

### **Borrowings**

Borrowed funds are recognised initially at their issue proceeds and subsequently stated at costs less repayments.

Transaction costs are recognised immediately in the profit and loss account. Interest paid on borrowings is recognised in the profit and loss account for the period.

### **Exceptional items**

Where significant, non-recurring items of income or expenditure are incurred these are disclosed separately as operating exceptional items to enable the readers of the financial statements to have a clearer view of the underlying financial performance of the group.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014**

### **1 Acquisition of subsidiary undertakings**

#### **Acquisition of Pennine Metals A Limited**

On 28 March 2014, the company acquired the entire issued share capital of Pennine Metals A Limited, a company incorporated in England and Wales. To reflect the substance of the transaction, reverse acquisition accounting has been adopted. This is a true and fair override of the Companies Act and FRS 6 and FRS 7. The fair value of the total consideration, including acquisition costs, was £22,460,000.

As required in such circumstances however, the following table provides an illustration of the position of the group balance sheet had acquisition accounting been applied:

	<b>Group 31 March 2014 £'000</b>
<b>Fixed assets</b>	
Intangible assets	16,980
Tangible assets	1,674
	<b>18,654</b>
<b>Current assets</b>	
Stocks	19,458
Debtors: amounts falling due within one year	11,589
Debtors: amounts falling due after more than one year	3,786
Cash at bank and in hand	6,033
	<b>40,866</b>
<b>Creditors: amounts falling due within one year</b>	<b>(29,058)</b>
<b>Net current assets/ (liabilities)</b>	<b>11,808</b>
<b>Total assets less current liabilities</b>	<b>30,462</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(29,325)</b>
<b>Provision for liabilities</b>	<b>(957)</b>
<b>Net assets</b>	<b>180</b>
<b>Capital and reserves</b>	
Called up share capital	180
Other reserves	-
Profit and loss account	-
Reverse acquisition reserve	-
<b>Total shareholders' funds</b>	<b>180</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **1 Acquisition of subsidiary undertaking (continued)**

**Illustration of purchase price allocation in respect of the acquisition of Pennine Metals A Limited under acquisition accounting:**

	<b>£000</b>
Consideration	22,460
Less net assets acquired as at 28 March 2014:	
Fixed Assets	(10,787)
Stock	(19,458)
Debtors	(15,375)
Cash	(6,033)
Creditors	36,103
Provisions	957
	<b>14,593</b>
<b>Goodwill</b>	<b>7,867</b>

The fair values of the assets and liabilities acquired have been presumed to be equal to their book value at the date of acquisition.

#### **Acquisition of Pennine Metals C Limited**

On 28 March 2014, the group acquired the entire issued share capital of Pennine Metals C Limited, a company incorporated in England and Wales, which is engaged in the provision of finance in the UK. The fair value of the total consideration was £2,800,000. The following table sets out the book values of the identifiable assets and liabilities acquired, and their fair value to the group:

	<b>Book value £'000</b>	<b>Revaluation £'000</b>	<b>Fair value to group £'000</b>
Trade debtors	6,308	-	6,308
Corporation tax receivable	168	-	168
Cash	696	-	696
Trade creditors	(2,485)	-	(2,485)
Loans and overdrafts	(2,438)	-	(2,438)
<b>Net assets</b>	<b>2,249</b>	<b>-</b>	<b>2,249</b>
<b>Goodwill</b>			<b>551</b>
			<b>2,800</b>
<b>Satisfied by:</b>			
Cash consideration			<b>2,800</b>

Included within trade creditors acquired is £2,196,000 of amounts payable to CC Automotive Group Limited, another group undertaking. As such this amount, and the corresponding receivable within CC Automotive Group Limited, are eliminated within the consolidated financial statements of the group.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **2 Turnover**

The group's sales are made in the United Kingdom and derive principally from its main activity, the distribution of motor vehicles and associated products, principally comprising the sale of vehicle guarantees.

### **3 Exceptional items**

During the period, exceptional expenses of £5,323,000 (2012: £3,110,000) were incurred in relation to legal costs and the provision for prior year product sales (£1,532,000), and the impairment of the company's investment in Pennine Property Investments B LLP (£4,655,000), off-set by exceptional income of £864,000 in respect of the profit on sale of a portion of the group's top up loan book.

### **4 Operating loss**

	<b>18 month period ended 31 March 2014 £'000</b>	<b>Year ended 30 September 2012 £'000</b>
<b>Operating loss stated after charging /(crediting):</b>		
Depreciation – owned assets	317	370
Goodwill amortisation	3,211	2,141
Other operating income (see below)	(1,836)	-
Exceptional items (see note 3)	5,323	3,110
Staff costs (see note 5)	28,054	16,694
Services provided by the company's auditors:		
- fees payable for the audit of the parent company and consolidated financial statements	2	2
- fees payable for other services:		
- the audit of the companies' subsidiaries pursuant to legislation	50	60
- other audit services	56	
- taxation: tax advisory services	77	3
- taxation: tax compliance services	36	37
Operating lease rental charges – land and buildings	11,354	7,629

During the year, other operating income of £1,836,000 was received in relation to rebates associated with prior year administration costs.

**Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

**Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

**5 Staff costs**

	<b>Group 18 month period ended 31 March 2014 £'000</b>	<b>Group Year ended 30 September 2012 £'000</b>	<b>Company 18 month period ended 31 March 2014 £'000</b>
Wages and salaries	25,356	15,009	-
Social security costs	2,575	1,596	-
Other pension costs (note 22)	123	89	-
	<b>28,054</b>	<b>16,694</b>	<b>-</b>

The monthly average number of persons, including directors, employed by the group during the year was:

	<b>Group 18 month period ended 31 March 2014 number</b>	<b>Group Year ended 30 September 2012 number</b>	<b>Company 18 month period ended 31 March 2014 number</b>
Management and administrative	127	138	-
Distribution sales, parts, service and repairs	452	408	-
	<b>579</b>	<b>546</b>	<b>-</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **6 Directors' emoluments**

	<b>Group 18 month period ended 31 March 2014 £'000</b>	<b>Group Year ended 30 September 2012 £'000</b>
Aggregate emoluments	<b>2,700</b>	<b>1,718</b>
Aggregate payments to money purchase pension scheme	<b>39</b>	<b>28</b>
	<b>2,739</b>	<b>1,746</b>

The number of directors to whom retirement benefits are accruing under a defined contribution scheme is 3. The aggregate emoluments of the highest paid director were £1,209,000 (2012: £610,000). Money purchase pension contributions paid by the company in respect of the highest paid director were £nil (2012: £nil).

### **7 Net interest receivable**

	<b>Group 18 month period ended 31 March 2014 £'000</b>	<b>Group Year ended 30 September 2012 £'000</b>
<b>Interest payable and similar charges</b>		
Interest on bank loans and overdrafts	<b>597</b>	<b>495</b>
Other interest	<b>2</b>	<b>-</b>
Dividend on cumulative redeemable preference shares	<b>-</b>	<b>784</b>
Interest on dividend on preference shares	<b>-</b>	<b>553</b>
	<b>599</b>	<b>1,832</b>
<b>Interest receivable and similar income</b>		
Waiver of accrued dividends and interest on preference shares	<b>611</b>	<b>6,586</b>
Bank interest receivable	<b>19</b>	<b>20</b>
	<b>630</b>	<b>6,606</b>
<b>Net interest receivable</b>	<b>31</b>	<b>4,774</b>

**Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

**Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

**8 Tax on loss on ordinary activities**

**(a) Analysis of tax credit for the year**

	<b>Group 18 month period ended 31 March 2014 £'000</b>	<b>Group Year ended 30 September 2012 £'000</b>
Current tax:		
UK corporation tax on loss for year	-	-
Adjustments in respect of prior years	(3)	(426)
<b>Total current tax credit</b>	<b>(3)</b>	<b>(426)</b>
Deferred tax:		
Origination and reversal of timing differences	(1,485)	(197)
Re-measurement of deferred tax – change in UK tax rate	423	142
Adjustment in respect of prior years	(106)	(51)
<b>Total deferred tax credit</b>	<b>(1,168)</b>	<b>(106)</b>
<b>Tax credit on loss on ordinary activities</b>	<b>(1,171)</b>	<b>(532)</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **8 Tax on loss on ordinary activities (continued)**

**(b) Factors affecting the tax credit for the year**

The tax credit for the year is lower than that calculated at the blended rate of UK corporation tax. The differences are explained below:

	<b>Group 18 month period ended 31 March 2014 £'000</b>	<b>Group Year ended 30 September 2012 £'000</b>
<b>Loss on ordinary activities before taxation</b>	<b>(14,387)</b>	<b>(55)</b>
Loss on ordinary activities multiplied by the blended rate of corporation tax in the UK 23.33% (2012: 25%)	<b>(3,352)</b>	<b>(14)</b>
Expenses not deductible for tax purposes	<b>1,963</b>	<b>724</b>
Income not taxable for tax purposes	<b>(105)</b>	<b>(985)</b>
Depreciation in excess of capital allowances	<b>30</b>	<b>(139)</b>
Other timing differences	<b>(4)</b>	<b>(336)</b>
Current year losses carried forward	<b>1,460</b>	<b>649</b>
Adjustments in respect of prior years	<b>(3)</b>	<b>(426)</b>
Losses on which deferred tax not recognised	<b>8</b>	<b>101</b>
<b>Total current tax credit for the year</b>	<b>(3)</b>	<b>(426)</b>

**(c) Factors that may affect future tax (credit)/ charge**

A number of changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statements. Legislation reduced the main rate of Corporation tax from 23% to 21% from 1 April 2014. Legislation also reduced the main rate of Corporation tax from 21% to 20% from 1 April 2015. These changes were included in the Finance Act 2013 and received Royal assent on 17 July 2013 therefore have been substantively enacted at the balance sheet date. The effect of the change in rates has been reflected in the tax balances. The impact of the change is not expected to be material in the balance sheet.

### **9 Parent company profit and loss account**

The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The result for the period 3 July 2013 to 31 March 2014 was £nil.



**Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

**Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

**10 Intangible fixed assets**

<b>Group</b>	<b>Goodwill 31 March 2014 £'000</b>
<b>Goodwill at cost</b>	
At 1 October 2012	42,827
Arising on acquisition of Pennine Metals C Limited (see note 1)	551
	<b>43,378</b>
<b>Accumulated amortisation</b>	
At 1 October 2012	31,054
Charge for the period	3,211
<b>At 31 March 2014</b>	<b>34,265</b>
<b>Net book amounts</b>	
<b>At 31 March 2014</b>	<b>9,113</b>
At 30 September 2012	11,773

**Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

**Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

**11 Tangible fixed assets**

<b>Group</b>	<b>Freehold land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Fixtures, fittings and computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 October 2012	3,377	178	184	96	3,835
Additions	-	78	-	27	105
Disposals	(311)	-	(184)	-	(495)
<b>At 31 March 2014</b>	<b>3,066</b>	<b>256</b>	<b>-</b>	<b>123</b>	<b>3,445</b>
<b>Accumulated depreciation</b>					
At 1 October 2012	1,280	137	73	83	1,573
Charge for the period	209	42	46	20	317
Disposal	-	-	(119)	-	(119)
<b>At 31 March 2014</b>	<b>1,489</b>	<b>179</b>	<b>-</b>	<b>103</b>	<b>1,771</b>
<b>Net book amount</b>					
<b>At 31 March 2014</b>	<b>1,577</b>	<b>77</b>	<b>-</b>	<b>20</b>	<b>1,674</b>
At 30 September 2012	2,097	41	111	13	2,262

The company held no tangible fixed assets during the period and as at 31 March 2014.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **12 Fixed asset investments**

	<b>Group 31 March 2014 £'000</b>	<b>Group 30 September 2012 £'000</b>	<b>Company 31 March 2014 £'000</b>
<b>Shares in subsidiary undertakings at cost:</b>			
At 1 October	-	-	-
Investment in Pennine Metals A Limited	-	-	22,460
At 31 March/ 30 September	-	-	22,460
<b>Interest in LLPs:</b>			
At 1 October	6,255	6,255	6,255
Impairment	(6,255)	-	(6,255)
At 31 March/ 30 September	-	6,255	-
	<b>Group 31 March 2014 £'000</b>	<b>Group 30 September 2012 £'000</b>	<b>Company 31 March 2014 £'000</b>
<b>Total investments 31 March/ 30 September</b>	<b>-</b>	<b>6,255</b>	<b>22,460</b>

During the period, the Group acquired the entire issued share capital of Pennine Metals A Limited for £22,460,000. In addition, the Group impaired their investment in Pennine Property Investment B by £4,655,000, and subsequently disposed of the investment for proceeds of £1,600,000. The directors believe that the carrying value of the investments is supported by their underlying net assets.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **12 Fixed asset investments (continued)**

The group includes the following subsidiary undertakings:

	Ordinary shares held by company %	Ordinary shares held by subsidiaries %
<b>Trading companies</b>		
Pennine Metals A Limited	100	-
Pennine Metals C Limited	-	100
All In One Finance Limited	-	100
CC Automotive Group Limited	-	100
UK Car Group Limited	-	100
OKM Holdings Limited	-	100
OKM Insurance Limited	-	100
<b>Dormant and non-trading companies</b>		
All-In-One Leasing Limited	-	100
CC Motorstores Limited	-	100
MM (Rochdale) Limited	-	100
Carcraft Group Limited	-	100
Carcraft Limited	-	100
Carcraft of Rochdale Limited	-	100
Carcraft Two Limited	-	100
Cracraft Trade Limited	-	100
We Sell Any Car Limited	-	100
Nationwide Automobile Cover Limited	-	100
The New Car Supermarket Limited	-	100
Carcraft at Empress Limited	-	100
Carland.com Limited	-	100
Carcraft Direct Limited	-	100
UCAN Car Credit Limited	-	100
CC Group Financial Services Limited	-	100
Switch Car Limited	-	100

The principal activity of CC Automotive Group Limited is the distribution of motor vehicles and associated products. UK Car Group Limited operates as a head office support function and holding company. All In One Finance Limited is engaged in the provision of finance in the UK. Pennine Metals C Limited is the holding company to All In One Finance Limited. OKM Insurance Limited operates as a reinsurance company engaged in insurance of financial obligations under contracts issued in respect of motor vehicles in the United Kingdom. All companies are registered in the United Kingdom, with the exception of OKM Holdings Limited and OKM Insurance Limited, which are registered in the Isle of Man.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **13 Stocks**

	<b>Group 31 March 2014</b>	<b>Group 30 September 2012</b>
	<b>£'000</b>	<b>£'000</b>
Vehicles	17,636	12,964
Parts and accessories	1,822	1,593
	<b>19,458</b>	<b>14,557</b>

The company held no stock at 31 March 2014.

### **14 Debtors**

	<b>Group 31 March 2014</b>	<b>Group 30 September 2012</b>	<b>Company 31 March 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Debtors: amounts falling due within one year</b>			
Trade debtors	6,967	7,005	-
Other debtors	156	252	20
Deferred tax asset (note 15)	2,436	1,268	-
Corporation tax	173	188	-
Prepayments and accrued income	2,010	1,794	-
	<b>11,742</b>	<b>10,507</b>	<b>20</b>
<b>Debtors: amounts falling due after more than one year</b>			
Trade debtors	3,633	8,774	-
	<b>15,375</b>	<b>19,281</b>	<b>20</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **15 Deferred tax asset**

<b>Group</b>	<b>£'000</b>
At 1 October 2012	1,268
Credit in the financial period	1,168
<b>At 31 March 2014</b>	<b>2,436</b>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

The deferred tax asset at 31 March comprises:

	<b>31 March 2014</b>	<b>30 September 2012</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	517	600
Short term timing differences	21	(1)
Losses	1,898	669
	<b>2,436</b>	<b>1,268</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **16 Creditors**

	<b>Group 31 March 2014</b>	<b>Group 30 September 2012</b>	<b>Company 31 March 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Creditors: amounts falling due within one year</b>			
Loans and overdrafts	13,886	9,539	-
Trade creditors	3,162	2,349	-
Other creditors	41	443	-
Taxation and social security	2,034	1,554	-
Accruals and deferred income	9,955	7,956	-
	<b>29,078</b>	<b>21,841</b>	<b>-</b>

Included within loans and overdrafts is £12,499,000 (2012: £9,539,000) in respect of a stocking facility. The facility is an agency agreement, with proportionate security against stocks attracting fixed commercial rates. The remainder of loans and overdrafts, and all of loans and overdrafts falling due in greater than one year, relate to loans held by All In One Finance Limited which attract various fixed commercial rates with different block discounters.

	<b>Group 31 March 2014</b>	<b>Group 30 September 2012</b>	<b>Company 31 March 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Creditors: amounts falling due after more than one year</b>			
Loans and overdrafts	1,051	-	-
Loan notes	22,300	-	22,300
Accruals and deferred income	5,974	4,516	-
	<b>29,325</b>	<b>4,516</b>	<b>22,300</b>

As part of the MBO transaction on the 28 March 2014, fixed rate interest bearing loan notes were issued. These are due for repayment in March 2024.

Drawn block discounting facilities are due as follows:

	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Outstanding	1,386	897	154

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **17 Provision for liabilities**

<b>Group</b>	<b>£'000</b>
At 1 October 2012	(1,820)
Charge to the Profit and loss account	(240)
Utilised	1,103
<b>At 31 March 2014</b>	<b>(957)</b>

Provisions relate to costs in respect of prior period product sales (note 3). The company has no provisions at 31 March 2014 (30 September 2012: £nil).

### **18 Called up share capital**

The company's and group's share capital at nominal value is as follows:

	<b>31 March 2014</b>	<b>30 September 2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid</b>		
180,000 ordinary shares of £1.00 ("ordinary shares")	<b>180</b>	<b>288</b>
19,819,000 irredeemable preference shares of 50p	<b>-</b>	<b>9,910</b>
	<b>180</b>	<b>10,198</b>

In the period, 180,000 ordinary shares were issued. While no one shareholder has majority ownership, 20,000 shares were issued in the year to the executive directors. 76,180 shares were issued to Apollo I Trust, which by virtue of its shareholding is a related party of the company.

These preference shares rank pari passu as one class of shares in all cases and hold no rights to receive a preferential cash dividend. Preference shareholders are entitled to receive notice of, and to attend and speak, but not vote at the Annual General Meeting of the company.

The comparative figure presented in the consolidated balance sheet are those of Pennine Metals A Limited at 30 September 2012 and not Carcraft Group Limited. As described in the basis of consolidation, this reflects the reverse acquisition in the year. 100% of Pennine Metals A shares are now held by the company.



# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **19 Reserves**

<b>Group</b>	<b>Reverse acquisition reserve</b>	<b>Other reserves</b>	<b>Profit and loss account</b>
	<b>£000</b>	<b>£'000</b>	<b>£'000</b>
At 1 October 2012	-	29,948	(12,337)
Loss for the financial period	-	-	(13,216)
Reverse acquisition	17,666	(29,948)	-
<b>At 31 March 2014</b>	<b>17,666</b>	<b>-</b>	<b>(25,553)</b>

Other reserves at 1 October 2012 represent share premium of £19,948,000 and capital redemption reserves of £10,000,000 of UK Car Group Limited, which were transferred to other reserves of the group effective 18 May 2010 as a result of the merger between the company and UK Car Group Limited.

As a result of the reverse acquisition in the period (note 1), with Carcraft Group Limited becoming the new parent of the Group, the equity of the Group in the consolidated balance sheet as at 1 October 2012 which is that of Pennine Metals A Limited group, is adjusted with a reverse acquisition reserve of £17,666,000 arising. This reserve is the difference between the share capital and other reserves of Carcraft Group Limited and Pennine Metals A Limited, and those assets and liabilities of Carcraft Group Limited company only which are included in the consolidated financial statements i.e. in substance acquired by Pennine Metals A Limited.

### **20 Reconciliation of movements in shareholders' funds**

	<b>Group 31 March 2014</b>	<b>Group 30 September 2012</b>	<b>Company 31 March 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for financial period	(13,216)	477	-
Issue of preference shares (note 18)	-	9,910	-
Reverse acquisition adjustments (notes 18, 19)	(22,300)	-	180
Net (decrease) / increase in shareholders' funds	(35,516)	10,387	180
Opening shareholders' funds	27,809	17,422	-
<b>Closing shareholders' (deficit)/ funds</b>	<b>(7,707)</b>	<b>27,809</b>	<b>180</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **21 Operating lease commitments**

At 31 March, the group had annual commitments under non-cancellable operating leases in relation to land and buildings which expire as set out below:

	<b>Group 31 March 2014</b>	<b>Group 30 September 2012</b>
	<b>£'000</b>	<b>£'000</b>
Expiring between one and two years	<b>130</b>	-
Expiring between two and five years	-	893
Expiring after five years	<b>7,440</b>	6,671
<b>Total</b>	<b>7,570</b>	<b>7,564</b>

The company had no operating lease commitments at 31 March 2014.

### **22 Pension commitments**

The group operates the UK Car Group Executive Pension Scheme, a defined contribution scheme. The assets of the scheme are held separately in a Self Administered Pension Fund. The pension contributions included in pension costs, all of which were paid to the scheme by the group during the period, amounted to £123,000 (2012: £89,000).

No pension contributions were outstanding at 31 March 2014 (2012: £nil).

### **23 Related party transactions**

Following the change in ownership of the group on 28 March 2014 a number of previously disclosed related parties ceased being related parties..

However, up to 28 March 2014, Pennine Property Investments LLP, Pennine Property Investments B LLP, We Buy Any Car Limited, PPI Entwistle LLP and Service Stop were all related parties of Pennine Metals A Limited, and hence the Group, by virtue of certain directors of the company, namely N F W McKee, also being members of the LLPs and controlling the other entities. As such transactions with these parties up to 28 March 2014 are disclosed below.

All In One Finance Limited was a related party of the group prior to 28 March 2014 and continues to be so following its acquisition by Pennine Metals A Limited on that date (note 1).

In accordance with Financial Reporting Standard 8 "Related Party Disclosures" no disclosure has been made of transactions or balances with group companies in the period.

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **23 Related parties transactions (continued)**

<b>Group</b>	<b>Income for period ended 31 March 2014 £'000</b>	<b>Expenditure for period ended 31 March 2014 £'000</b>
All in One Finance Limited	97	-
We Buy Any Car Limited	41	831
Pennine Property Investments B LLP	24	1,155
Pennine Property Investments LLP	118	3,663
PPI Entwistle LLP	6	-
Servicing Stop	19	-

### **24 Notes to the consolidated cash flow statement**

#### **(1) Net cash flow from operating activities**

	<b>31 March 2014 £'000</b>	<b>30 September 2012 £'000</b>
Operating loss	(14,418)	(4,829)
Goodwill amortisation	3,211	2,141
Depreciation charge	317	370
Impairment of investment	4,655	-
(Increase)/ decrease in stocks	(4,901)	1,357
Decrease in debtors	9,180	1,100
Increase / (Decrease) in creditors	4,172	(281)
<b>Net cash outflow from operating activities</b>	<b>2,216</b>	<b>(142)</b>

# **Carcraft Group Limited (formerly 3722<sup>nd</sup> Single Member Shelf Trading Company Limited)**

## **Notes to the financial statements for the period 3 July 2013 to 31 March 2014 (continued)**

### **24 Notes to the consolidated cash flow statement (continued)**

#### **(2) Analysis of net debt**

	1 October 2012	Cash flow	Acquired as part of Pennine Metals C Limited acquisition	31 March 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,858	3,479	696	6,033
Loans and overdrafts	(9,539)	(2,960)	(2,438)	(14,937)
<b>Net debt</b>	<b>(7,681)</b>	<b>519</b>	<b>(1,742)</b>	<b>(8,904)</b>

### **25 Ultimate controlling party**

The directors believe there to be no ultimate controlling party of the group and company.