

**German Swedish & French Car
Parts Limited**

Report and Financial Statements

Year Ended

31 December 2010

Company Number 3896059

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German Swedish & French Car Parts Limited

Report and financial statements for the year ended 31 December 2010

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Directors

S G West
D J De Silva
D J Atkinson
J Clarke-West
E G O'Malley

Secretary and registered office

Mrs A Y West, Units 1/2, The Planet Centre, Armadale Road, Feltham, Middlesex, TW14 0LW

Company number

3896059

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Results and dividends

The profit and loss account is set out on page 9 and shows the profit for the year

The directors do not recommend the payment of a final dividend

On 8 March 2010 the directors declared an interim dividend in respect of the year ended 31 December 2010 of £13.64 per share. This was paid during the year.

On 19 March 2010 the directors declared a further dividend in respect of the year ended 31 December 2010 of £3.84 per share. This was paid during the year.

Principal activities, review of business and future developments

The Group's principal activity is the wholesale and retail of motor parts, accessories and diagnostic equipment.

Review of the business

The Directors are very pleased to present their Report together with the audited financial statements for the year ended 31st December 2010.

GSF has continued to develop sales and broaden availability both by adding routes to market geographically and calibrating sales and operational processes. This strategy has reaped rewards, in that the Directors are pleased to report that they have steered the Group to its best ever annual turnover with profitability in keeping with recent company trends even taking into account a considerable series of investments across the year.

This, together with the Company's ability to generate significant amounts of cash, has resulted in the Company being in the extremely fortunate position of not only withstanding the effects of the recession, but also growing market share profitably and being in a position to return money to its main Founder.

The Turnover on continuing operations for the year ended 31st December 2010 increased to £73.4m, being a 7.5% increase over 2009. This represents the eleventh successive year of growth – against a national backdrop of no more than 1%.

The increase in turnover can be attributed to a number of factors including

- 1 The continuation of the all-vehicle makes strategy, which has resulted in the expansion of the stock range
- 2 The opening of new sites
- 3 Increased sales of garage equipment and tooling
- 4 Market and price research
- 5 Finding new product Groups to sell as others decline
- 6 Expanding the range within these key product Groups
- 7 Adding to floor area at branches by extending mezzanines and racking
- 8 Increasing the average number of employees by 60 and still almost achieving the same average sales per employee - £82,036 (2009 - £83,048)
- 9 Focusing on improving turnover at new branches opened in the previous few years

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2010 (continued)

Financial Highlights

The key financial highlights of the Group's continuing operations are as follows

	2010 £	2009 £
Turnover	73,422,061	68,262,041
Gross profit	34,575,013	33,425,295
EBITDA	6,595,914	7,487,564
Net cash inflow from operating activities	5,742,564	7,235,592

Gross profit margin

The Gross profit margin reduced from 48.8% in 2009 to 47.1% in 2010. Whilst this was a little disappointing it is testament to the aggression reducible to an over-subscribed industry. Despite these comments, the company's margin remains amongst the highest in UK Aftermarket. The following factors warrant consideration:

- 1 The business opened 5 new branches in 2010. Some reduction of group margin can be indexed to their aggressive sales dynamic.
- 2 Since the sale of the Irish branches in 2009, the Company has no longer consolidated their 3rd party sales or profit.
- 3 The mix of product sold also incorporated garage equipment and high value repair items which sell at lower margins.
- 4 The business made a one-off foreign exchange gain in 2009 which is unlikely to be repeated.

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation have decreased since 2009 due to reasons outlined above, the cost of setting up 5 new branches and the ongoing competitive nature of UK Aftermarket. However, the years 2009 and 2010 taken together represent the two most profitable years in the Company's history.

Operating costs

For 2010, the company's operating costs increased by 4.6%. This is in line with sales growth of 7.5% and the volume of new sites opened and investment in new people.

Strategy

The Company plans to continue its steady growth pattern of recent years.

During the year, the Company opened new sites in Banbury, Kettering, Leeds, Letchworth and Worcester. The new Leeds site (coupled with a further site in Bristol which opened in February 2011) is intended to double up as a large sales site and regional distribution centre offering same day availability of a wide range of products to local branches. In addition to these new sites, further development of existing premises from cosmetic to structural has been undertaken.

The Company plans to open approximately 5 new sites during the next twelve months in order to better serve its customers and will look out for good investment opportunities. These proposed new sites will bring the total number of outlets to approximately 65 sites earning still greater national coverage.

Additional sales of Garage Equipment and tools have boosted the company's earning opportunities to trade customers whilst the ongoing professional merchandising of retail spaces in both new and existing stores opens more sales opportunities at a retail level. The business has continued to develop range and monitor market pricing to fulfil customer expectation in both range and price.

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2010 (continued)

Financial arrangements

The Company maintains reliance on its main shareholder for funding. However, the management team have been able to open new sites, increase stock holdings, and create additional investment where necessary whilst at the same time repaying loan notes and preference shares.

The Directors have a good working relationship with their Bankers and consider that sufficient banking facilities are available to the Group and do not foresee any problems in renewing them in the next twelve months.

The Directors have prepared cash flow and profit and loss forecasts which support the above strategy. After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Long term creditors

As further mentioned in note 25, the long term loans are all due to the shareholders or to their Pension fund, who have written to confirm that they will not seek repayment of their loans within 12 months from the date of this report.

Property

As at the balance sheet date, the Company owned three properties on freehold or long leasehold terms. One property, which was surplus to requirements, was sold on 29th March 2010 at more than double the net book value.

The remaining three properties are estimated to be worth £450,000. There are plans to sell and leaseback two of these properties within the first 6 months of 2011.

The business leases a number of sites from its main shareholders' property management vehicle or pension fund thereby reducing reliance upon 3rd party Landlords.

Key performance indicators

The Company continues to use key performance indicators of Turnover, Gross Margin, Stock holding, and Debtors. It is felt that, coupled with management accounts and comparison to budget, these measures ensure correct monitoring.

The success of the recently introduced internal audit team has also helped to increase profitability by ensuring that Company Policies are being adhered to.

Environmental management

The Company operates a system of delivering the bulk of branch stock for resale via its own trucks. On the return leg, the branches send back waste packaging material in these trucks for recycling at the main distribution Hub. The Company also operates a system of buying in second hand packaging boxes in which to deliver parts which also helps to reduce costs and save valuable resources.

The Company has also been operating a system of core surcharges on items such as engines, steering racks, alternators etc which are then sent back to our suppliers for re-conditioning. This has served a dual purpose in that it saves the planet's resources and it also is a life line for older cars.

GSF continues to investigate new opportunities with industry players to streamline the handling of waste products.

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2010 (*continued*)

Risk management

Liquidity risk

The Company is able to generate significant money from its operations. This money has been invested mainly in stock, debtors and new branches. The Company ensures that there is little liquidity risk by borrowing significantly below its banking arrangement limits and also has the continued support of its major shareholder who could inject additional funding at short notice.

Credit risk

The main credit risk arises from Trade debtors. With 59 branches and many thousands of customers, GSF does not have problems with monopsony. Indeed, the Company tries to manage this risk by continually developing new customers whilst reviewing payment history, setting credit limits and referring to third party credit reference agencies. Additional effort has been placed upon developing credit facilities which balance customer growth opportunities with business security.

Debtor days are 31 days (2009 – 31 days) – suggesting that GSF is continuing to manage credit risk acceptably.

GSF maintains strong supplier relations and develops supplier credit terms in keeping with its industry reputation.

Currency risk

Approximately 45% of goods for resale are purchased in foreign currency and therefore there is an exposure to the movement of the related currencies. The use of forward foreign exchange contracts ensures that the exposure to the movement of foreign currency rates is reduced. Further details are given in note 29.

Interest rate risk

The working capital of the company is partly funded by a variable rate bank facility and therefore these borrowings are subject to interest rate fluctuations. The bank borrowings are covered by current assets and the Directors have not entered into contracts to hedge against this risk as they believe this risk is minimal.

Performance risk

This risk is managed by regular price comparisons with competitors, comparison of actual turnover and profitability to budget, ensuring financial control, regular board meetings and maintaining strong relationships with customers and suppliers.

Future developments

Despite concerns that the UK Aftermarket suffers from overcrowding at the distributor level, GSF has continued to develop its market position whilst at the same time developing key logistic infrastructure. Continuing to approach the market balancing a sense of commercial pragmatism with big company drive, the team at GSF are confident of remaining a key player in the UK Aftermarket. Notwithstanding talk of electric vehicles and the like which would eat away at core sales opportunities, GSF believe that there remain areas of the consumable and bodywork market where new ventures would obfuscate any core sales and profit erosion.

Charitable and political contributions

During the year the group made charitable contributions of £2,970 (2009 £1,445). There were no political contributions.

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2010 (continued)

Employment of disabled persons

The Group gives full consideration to application for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person

Where existing employees become disabled, it is the Group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate

Employee involvement

The Group places considerable value on the involvement of its employees and has a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group

Directors

The directors of the company during the year were

S G West
D J De Silva
D J Atkinson
J Clarke-West
E G O'Malley

Directors' responsibilities

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 group and 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 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,
- 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.

German Swedish & French Car Parts Limited

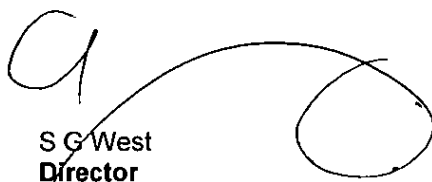
Report of the directors for the year ended 31 December 2010 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



S G West
Director

Date 23 MARCH 2011

German Swedish & French Car Parts Limited

Independent auditor's report

TO THE MEMBERS OF GERMAN SWEDISH & FRENCH CAR PARTS LIMITED

We have audited the financial statements of German Swedish & French Car Parts Limited for the year ended 31 December 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's 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 matters 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.

German Swedish & French Car Parts Limited

Independent auditor's report (*continued*)

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 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, 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



Graham Clayworth (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date 23 MARCH 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

German Swedish & French Car Parts Limited

Consolidated profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	3	73,422,061	69,345,131
Cost of sales		38,847,048	35,495,292
Gross profit		34,575,013	33,849,839
Administrative expenses		30,257,951	28,670,613
Group operating profit	4	4,317,062	5,179,226
Other interest receivable and similar income	7	5,061	7,798
Interest payable and similar charges	8	(254,625)	(166,961)
Profit on ordinary activities before taxation		4,067,498	5,020,063
Taxation on profit on ordinary activities	9	1,443,492	1,660,426
Profit on ordinary activities after taxation		2,624,006	3,359,637
Minority interest		44,050	52,564
Profit for the financial year	21	2,579,956	3,307,073

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 14 to 35 form part of these financial statements

German Swedish & French Car Parts Limited

Consolidated balance sheet at 31 December 2010

<i>Company number 3896059</i>	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	12		10,769,605		11,928,204
Tangible assets	13		2,918,414		2,347,729
			<hr/>		<hr/>
			13,688,019		14,275,933
Current assets					
Stocks	15	14,814,961		11,499,696	
Debtors	16	6,866,181		6,470,584	
Cash at bank and in hand		21,887		18,564	
		<hr/>		<hr/>	
		21,703,029		17,988,844	
Creditors: amounts falling due within one year	17	14,423,164		13,612,841	
		<hr/>		<hr/>	
Net current assets			7,279,865		4,376,003
			<hr/>		<hr/>
Total assets less current liabilities			20,967,884		18,651,936
Creditors: amounts falling due after more than one year	18		4,707,260		3,750,900
			<hr/>		<hr/>
			16,260,624		14,901,036
			<hr/>		<hr/>

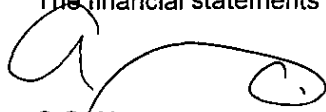
The notes on pages 14 to 35 form part of these financial statements

German Swedish & French Car Parts Limited

Consolidated balance sheet at 31 December 2010 (*continued*)

	Note	2010 £	2010 £	2009 £	2009 £
Capital and reserves					
Called up share capital	20		5,106,204		5,728,404
Capital redemption reserve	21		5,280,435		4,658,235
Profit and loss account	21		5,831,933		4,255,319
Shareholders' funds	22		16,218,572		14,641,958
Minority interests			42,052		259,078
			16,260,624		14,901,036

The financial statements were approved by the board of directors and authorised for issue on 23 MARCH 2011



S G West
Director

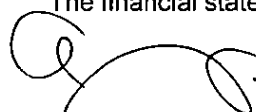
The notes on pages 14 to 35 form part of these financial statements

German Swedish & French Car Parts Limited

Company balance sheet at 31 December 2010

<i>Company number 3896059</i>	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	12		11,572,204		12,650,747
Tangible assets	13		2,902,113		2,284,244
Fixed asset investments	14		15,395		15,355
			<hr/>		<hr/>
			14,489,712		14,950,346
Current assets					
Stocks	15	14,703,538		11,143,380	
Debtors	16	6,764,853		6,186,128	
Cash at bank and in hand		21,887		18,564	
		<hr/>		<hr/>	
		21,490,278		17,348,072	
Creditors: amounts falling due within one year	17	15,101,721		13,668,912	
		<hr/>		<hr/>	
Net current assets			6,388,557		3,679,160
			<hr/>		<hr/>
Total assets less current liabilities			20,878,269		18,629,506
Creditors. amounts falling due after more than one year	18		4,697,260		3,740,900
			<hr/>		<hr/>
			16,181,009		14,888,606
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	20		5,106,204		5,728,404
Capital redemption reserve	21		5,280,435		4,658,235
Profit and loss account	21		5,794,370		4,501,967
			<hr/>		<hr/>
Shareholders' funds	22		16,181,009		14,888,606
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on 23 MARCH 2011



**S G West
Director**

The notes on pages 14 to 35 form part of these financial statements

German Swedish & French Car Parts Limited

Consolidated cashflow statement for the year ended 31 December 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	25	5,742,564	7,235,592
Returns on investments and servicing of finance	26	(249,564)	(159,163)
Taxation	26	(1,865,155)	(1,517,067)
Capital expenditure and financial investment	26	(1,808,485)	(529,621)
Acquisitions and disposals	26	-	123,394
Dividends paid	26	(381,142)	-
		<hr/>	<hr/>
Cash inflow before use of financing		1,438,218	5,153,135
Financing	26	907,800	(8,652,372)
		<hr/>	<hr/>
Increase/(Decrease) in cash	27	2,346,018	(3,499,237)
		<hr/>	<hr/>

The notes on pages 14 to 35 form part of these financial statements

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2010

1 Accounting policies

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

The following principal accounting policies have been applied

Basis of preparation

The financial statements have been prepared on the going concern basis. As detailed in the Directors' Report, the Directors have considered the principal risks and uncertainties that apply to the business and believe that it is appropriate to prepare the accounts on this basis.

Basis of consolidation

The consolidated financial statements incorporate the results of German Swedish & French Car Parts Limited and all of its subsidiary undertakings as at 31 December 2010 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a trade or subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which ranges from 10 to 20 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates

Freehold and long leasehold property	- 2% straight line on cost
Short leasehold property	- over the lease term
Motor vehicles	- 25% straight line on cost
Plant, fixtures and fittings	- 20-25% straight line on cost
Computer equipment	- 33 33% straight line on cost

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.
- Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (continued)

2 Corresponding figures

On 11 May 2009 German Swedish & French Car Parts Limited sold its entire majority shareholding in Edenrace Limited and German Swedish & French Car Parts (N I) Limited

The analysis between continuing and discontinued operations for the year ended 31 December 2009 is shown below

	Continuing £	Discontinued £	Total £
Turnover	68,262,041	1,083,090	69,345,131
Cost of sales	34,836,746	658,546	35,495,292
Gross profit	33,425,295	424,544	33,849,839
Administrative expenses	28,229,686	440,927	28,670,613
Operating profit/(loss)	5,195,609	(16,383)	5,179,226

3 Turnover

	2010 £	2009 £
Analysis by geographical market		
United Kingdom	71,772,583	67,155,450
Europe	1,135,785	1,676,250
Rest of the world	513,693	513,431
	73,422,061	69,345,131

Turnover is wholly attributable to the principal activity of the group

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

4 Operating profit

	2010 £	2009 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	1,120,253	1,133,356
Amortisation of positive goodwill	1,158,599	1,158,599
Profit on disposal of tangible fixed assets	(92,453)	(75,516)
Hire of plant and machinery - operating leases	98,266	127,372
Hire of other assets - operating leases	1,777,402	1,621,430
Auditors' remuneration		
- fees payable to the group's auditor for the audit of the group's annual accounts	43,500	43,500
- auditing of accounts of subsidiaries of the company under the legislation of Great Britain	1,700	1,700
- other taxation services	11,850	11,850

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

5 Employees

Staff costs (including directors) consist of

	Group 2010 £	Group 2009 £
Wages and salaries	17,310,694	16,084,172
Social security costs	1,414,960	1,391,187
Other pension costs	436,076	551,188
	19,161,730	18,026,547

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

	Group 2010 Number	Group 2009 Number
Sales	275	322
Administration	84	73
Warehouse	536	440
	895	835

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

6 Directors' remuneration

	2010 £	2009 £
Directors' emoluments	516,676	537,262
Company contributions to money purchase pension schemes	186,644	84,001

There were 2 directors in the group's defined contribution pension scheme during the year (2009 - 2)

The total amount payable to the highest paid director in respect of emoluments was £148,096 (2009 - £173,749) Company pension contributions of £Nil (2009 - £Nil) were made to a money purchase scheme on his behalf

7 Other interest receivable and similar income

	2010 £	2009 £
Bank deposits	5,061	7,798

8 Interest payable and similar charges

	2010 £	2009 £
Bank loans and overdrafts	9,278	8,488
Loan note interest payable	245,347	158,473
	<u>254,625</u>	<u>166,961</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

9 Taxation on profit on ordinary activities

	2010 £	2009 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	1,481,250	1,738,644
Adjustment in respect of previous periods	(67,758)	(1,418)
	<hr/>	<hr/>
Total current tax	1,413,492	1,737,226
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(12,385)	(65,955)
Adjustment in respect of previous periods	42,385	(10,845)
	<hr/>	<hr/>
Movement in deferred tax provision	30,000	(76,800)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	1,443,492	1,660,426
	<hr/>	<hr/>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	4,067,498	5,020,063
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	1,138,899	1,405,618
Effect of		
Expenses not deductible for tax purposes	324,577	276,364
Depreciation for period in excess of capital allowances	17,774	65,955
Adjustment to tax charge in respect of previous periods	(67,758)	(1,418)
Difference in tax rates in subsidiary undertaking	-	(9,293)
	<hr/>	<hr/>
Current tax charge for the year	1,413,492	1,737,226
	<hr/>	<hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

10 Dividends

	2010 £	2009 £
Ordinary shares		
Interim paid (2009 - £Nil)	381,142	-

On 8 March 2010 the directors declared an interim dividend in respect of the year ended 31 December 2010 of £13 64 per share

On 19 March 2010 the directors declared a further dividend in respect of the year ended 31 December 2010 of £3 84 per share

11 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £2,295,745 (2009 - £3,442,807) which is dealt with in the financial statements of the parent company.

12 Intangible fixed assets

Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 January 2010 and 31 December 2010	23,287,029
<i>Amortisation</i>	
At 1 January 2010	11,358,825
Provided for the year	1,158,599
At 31 December 2010	12,517,424
<i>Net book value</i>	
At 31 December 2010	10,769,605
At 31 December 2009	11,928,204

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

12 Intangible fixed assets (*continued*)

Company

	Goodwill £
<i>Cost</i>	
At 1 January 2010	21,213,935
Transfers (see note 14)	209,960
	<hr/>
At 31 December 2010	21,423,895
	<hr/>
<i>Amortisation</i>	
At 1 January 2010	8,563,188
Provided for the year	1,288,503
	<hr/>
At 31 December 2010	9,851,691
	<hr/>
<i>Net book value</i>	
At 31 December 2010	11,572,204
	<hr/> <hr/>
At 31 December 2009	12,650,747
	<hr/> <hr/>

German Swedish & French Car Parts Limited

Note forming part of the financial statements
for the year ended 31 December 2010 (continued)

13 Tangible fixed assets

Group

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>						
At 1 January 2010	414,965	828,168	3,170,031	3,388,573	105,841	7,907,578
Additions	-	236,958	632,668	830,652	32,595	1,732,873
Disposals	(40,127)	-	(292,698)	(1,504)	(878)	(335,207)
At 31 December 2010	374,838	1,065,126	3,510,001	4,217,721	137,558	9,305,244
<i>Depreciation</i>						
At 1 January 2010	75,499	480,692	2,308,370	2,599,139	96,149	5,559,849
Provided for the year	21,914	91,862	531,839	467,236	7,402	1,120,253
Disposals	(11,750)	-	(279,140)	(1,504)	(878)	(293,272)
At 31 December 2010	85,663	572,554	2,561,069	3,064,871	102,673	6,386,830
<i>Net book value</i>						
At 31 December 2010	289,175	492,572	948,932	1,152,850	34,885	2,918,414
At 31 December 2009	339,466	347,476	861,661	789,434	9,692	2,347,729

German Swedish & French Car Parts Limited

Note forming part of the financial statements
for the year ended 31 December 2010 (continued)

13 Tangible fixed assets (continued)

Company	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>						
At 1 January 2010	414,965	782,839	2,935,628	3,057,838	105,841	7,297,111
Additions	-	236,958	640,884	827,850	32,595	1,738,287
Disposals	(40,127)	-	(284,124)	(1,504)	(878)	(326,633)
At 31 December 2010	374,838	1,019,797	3,292,388	3,884,184	137,558	8,708,765
<i>Depreciation</i>						
At 1 January 2010	75,513	435,363	2,117,447	2,288,395	96,149	5,012,867
Provided for the year	21,914	91,862	506,171	451,134	7,402	1,078,483
Disposals	(11,750)	-	(270,566)	(1,504)	(878)	(284,698)
At 31 December 2010	85,677	527,225	2,353,052	2,738,025	102,673	5,806,652
<i>Net book value</i>						
At 31 December 2010	289,161	492,572	939,336	1,146,159	34,885	2,902,113
At 31 December 2009	339,452	347,476	818,181	769,443	9,692	2,284,244

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

14 Fixed asset investments

Company

	Group undertakings £
<i>Cost</i>	
At 1 January 2010	36,478
Additions	650,145
Transfers (see note 12)	(209,960)
	<hr/>
At 31 December 2010	476,663
	<hr/>
<i>Provisions</i>	
At 1 January 2010	21,123
Provided for the year	440,145
	<hr/>
At 31 December 2010	461,268
	<hr/>
<i>Net book value</i>	
At 31 December 2010	15,395
	<hr/>
At 31 December 2009	15,355
	<hr/>

The company acquired 40 shares in German & Swedish (South West) Limited for consideration of £210,000. This acquisition increased the company's interest in the subsidiary to 100%.

The trade, assets and liabilities of German & Swedish (South West) Limited were hived up into German Swedish & French Car Parts Limited on 31 December 2010. The investment in this subsidiary was transferred into goodwill on this date.

During the year the company waived an amount of £440,445 owing from its subsidiary undertaking TDCS Limited, which had already been provided against in full. This transaction has been treated as a capital contribution and the debit from writing off the loan has been treated as an addition to investments in subsidiary undertakings. This investment has been provided against in full.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

14 Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Class of share capital held	Proportion of share capital held
German & Swedish (Reading) Limited	Ordinary	100%
	Preference	100%
German & Swedish (South West) Limited	Ordinary	100%
Autoparts (Northern) Limited	Ordinary	100%
GSF (Chelmsford) Limited	Ordinary	75%
GSF (South London) Limited	Ordinary	100%
GSF (Glasgow) Limited	Ordinary	100%
TDCS Limited	Ordinary	100%

The principal activities of all the trading subsidiaries are those of wholesalers and retailers of motor spares and accessories. All the Group undertakings are registered in England.

15 Stocks

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Finished goods and goods for resale	14,814,961	11,499,696	14,703,538	11,143,380

There is no material difference between the replacement cost of stocks and the amounts stated above.

16 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	6,174,517	5,774,835	6,084,880	5,408,890
Amounts owed by group undertakings	-	-	-	100,235
Prepayments and accrued income	546,164	497,061	534,473	478,315
Other debtors	-	23,188	-	23,188
Deferred taxation	145,500	175,500	145,500	175,500
	6,866,181	6,470,584	6,764,853	6,186,128

All amounts shown under debtors fall due for payment within one year.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

16 Debtors (continued)

	Group Deferred taxation £	Company Deferred taxation £
At 1 January 2010	175,500	175,500
Charged to profit and loss account	(30,000)	(30,000)
	<hr/>	<hr/>
At 31 December 2010	145,500	145,500
	<hr/>	<hr/>
<i>Deferred taxation</i>		
	Group 2010 £	Group 2009 £
The amount of deferred tax provided for is as follows		
Accelerated capital allowances	145,500	141,500
Sundry timing differences	-	34,000
	<hr/>	<hr/>
	145,500	175,500
	<hr/>	<hr/>

17 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans and overdrafts (secured)	242,153	2,584,848	338,473	2,878,358
Loan notes	2,573,640	2,000,000	2,573,640	2,000,000
Trade creditors	9,654,982	5,947,596	9,633,476	5,912,686
Amounts owed to group undertakings	-	-	658,195	-
Corporation tax	371,038	819,803	371,038	790,681
Other taxation and social security	947,939	968,692	905,532	836,699
Other creditors	3,697	-	3,697	-
Accruals and deferred income	629,715	1,291,902	617,670	1,250,488
	<hr/>	<hr/>	<hr/>	<hr/>
	14,423,164	13,612,841	15,101,721	13,668,912
	<hr/>	<hr/>	<hr/>	<hr/>

The Group's overdraft facility is secured by fixed and floating charges over the assets of the Group

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

18 Creditors' amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Loan notes	4,697,260	3,740,900	4,697,260	3,740,900
Other loans	10,000	10,000	-	-
	<u>4,707,260</u>	<u>3,750,900</u>	<u>4,697,260</u>	<u>3,740,900</u>
Maturity of debt				
			Loans and overdrafts 2010 £	Loans and overdrafts 2009 £
In one year or less, or on demand			2,815,793	4,584,848
In more than one year but not more than two years			1,986,340	726,340
In more than two years but not more than five years			910,920	1,214,560
In more than five years			1,810,000	1,810,000
			<u>4,707,260</u>	<u>3,750,900</u>

Included in creditors due after more than one year are the following amounts repayable in more than five years

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Loans	1,810,000	1,810,000	1,810,000	1,810,000
	<u>1,810,000</u>	<u>1,810,000</u>	<u>1,810,000</u>	<u>1,810,000</u>

19 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £436,076 (2009 - £551,188). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (continued)

20 Share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
'A' Ordinary shares of £1 each	88,004	88,004
'B' Ordinary shares of £1 each	1,853	1,853
Preference shares of £1 each	5,016,347	5,638,547
	<hr/>	<hr/>
	5,106,204	5,728,404
	<hr/>	<hr/>

The 'B' Ordinary shares do not carry any votes and do not qualify for any dividend payments. Subject to the agreement of the 'A' Ordinary shareholders, the 'B' Ordinary shares can be converted into a like number of 'A' Ordinary shares at any time.

The preference shares are redeemable by the Company at par at any time before 1 March 2020. The shares do not carry any votes unless there are arrears of dividends or they have become due for redemption but have not been redeemed.

Dividends are distributed to preference shareholders at the option of the Company and at no fixed coupon rate. Accordingly, preference shares are classed as equity.

On a winding up of the Company, any surplus of assets is first applied in paying the preference shareholders £1 per share plus any accrued dividend, then in paying the 'A' Ordinary shareholders £1 per share plus any accrued dividend and then in paying the 'B' Ordinary shareholders.

During the year the Company redeemed 622,200 preference shares of £1 each for par value.

These preference shares represented 38% of the Company's share capital. The Directors consider that such purchases are in the Company's and Shareholder's interests by increasing the value of net assets attributable to the remaining ordinary shares.

21 Reserves

Group

	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	4,658,235	4,255,319
Profit for the year	-	2,579,956
Dividends	-	(381,142)
Shares redeemed	622,200	(622,200)
	<hr/>	<hr/>
At 31 December 2010	5,280,435	5,831,933
	<hr/>	<hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

21 Reserves (continued)

Company

	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	4,658,235	4,501,967
Profit for the year	-	2,295,745
Dividends	-	(381,142)
Shares redeemed	622,200	(622,200)
	<u>5,280,435</u>	<u>5,794,370</u>
At 31 December 2010		

22 Reconciliation of movements in shareholders' funds

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Profit for the year	2,579,956	3,307,073	2,295,745	3,442,807
Dividends	(381,142)	-	(381,142)	-
	<u>2,198,814</u>	<u>3,307,073</u>	<u>1,914,603</u>	<u>3,442,807</u>
Shares redeemed	(622,200)	(3,516,000)	(622,200)	(3,516,000)
	<u>1,576,614</u>	<u>(208,927)</u>	<u>1,292,403</u>	<u>(73,193)</u>
Net additions to/(deductions from) shareholders' funds				
Opening shareholders' funds	14,641,958	14,850,885	14,888,606	14,961,799
	<u>16,218,572</u>	<u>14,641,958</u>	<u>16,181,009</u>	<u>14,888,606</u>
Closing shareholders' funds				

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

23 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Land and buildings 2009 £
Operating leases which expire		
Within one year	298,348	192,088
In two to five years	578,825	422,867
After five years	921,362	890,714
	<u>1,798,535</u>	<u>1,505,669</u>

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Land and buildings 2009 £
Operating leases which expire		
Within one year	298,348	192,088
In two to five years	578,825	398,267
After five years	858,612	763,464
	<u>1,735,785</u>	<u>1,353,819</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

24 Related party disclosures

Controlling parties

The company is controlled by Mr S G West

Related party transactions and balances

	Sales to related parties	Purchases from related parties	Interest paid to related party	Amounts owed by related parties	Amounts owed to related parties
S G West	-	-	171,260	-	3,672,700
Mrs A Cowley	-	-	10,841	-	270,000
M E Forde	-	-	-	-	1,518,200
German and Swedish Pension Fund	-	136,264	63,350	-	1,810,000
Delphic Property Management LLP	-	59,525	-	-	-
GSF (Chelmsford) Limited	762,839	-	-	85,108	-
2009					
S G West	-	-	164,414	-	2,172,700
Mrs A Cowley	-	-	5,427	-	240,000
M E Forde	-	-	-	-	1,518,200
German and Swedish Pension Fund	-	145,293	-	-	1,810,000
Delphic Property Management LLP	-	4,000	-	-	-
GSF (Chelmsford) Limited	674,956	-	-	66,879	-

Loans and transactions concerning directors and officers of the company

Included in loans (notes 17 and 18) are amounts of £3,672,700 (2009 - £2,172,700) loaned from S G West and £270,000 (2009 - £240,000) loaned from Mrs A Cowley, daughter of S G West. Also included is a loan of £1,518,200 (2009 - £1,818,200) from M E Forde.

Included in loans (note 18) is an amount of £1,810,000 (2009 - £1,810,000) loaned from the German and Swedish pension fund in which S G West and J Clarke-West have a beneficial interest.

The group has paid rent to Delphic Property Management LLP, a partnership owned by J Clarke-West, Mrs A Cowley and Mrs A Y West, wife of S G West.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by German, Swedish & French Car Parts Limited where 100% of the voting rights in the company are controlled within that group.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

25 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	4,317,062	5,179,226
Amortisation of intangible fixed assets	1,158,599	1,158,599
Depreciation of tangible fixed assets	1,120,253	1,133,356
Profit on sale of tangible fixed assets	(92,453)	(75,516)
Increase in stocks	(3,315,265)	(267,283)
Increase in debtors	(422,699)	(572,494)
Increase in creditors	2,977,067	788,749
Profit on disposal of subsidiary	-	(109,045)
	<hr/>	<hr/>
Net cash inflow from operating activities	5,742,564	7,235,592
	<hr/>	<hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

26 Analysis of cash flows for headings netted in the cash flow statement

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	5,061	7,798
Interest paid bank loans	(9,278)	(8,488)
Interest paid other loans	(245,347)	(158,473)
	<u>(249,564)</u>	<u>(159,163)</u>
Taxation		
Corporation tax paid	<u>(1,865,155)</u>	<u>(1,517,067)</u>
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	(210,000)	(40,001)
Payments to acquire tangible fixed assets	(1,732,873)	(602,360)
Receipts from sale of tangible fixed assets	134,388	112,740
	<u>(1,808,485)</u>	<u>(529,621)</u>
Acquisitions and disposals		
Sale of business operations	-	547,500
Cash disposed of with business operation	-	(424,106)
	<u>-</u>	<u>123,394</u>
Financing		
Share capital redeemed	(622,200)	(3,516,000)
New loans	3,030,000	140,000
Loans repaid	(1,500,000)	(5,225,500)
Capital element of finance leases repaid	-	(10,872)
Dividends paid to minority interests	-	(40,000)
	<u>907,800</u>	<u>(8,652,372)</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

27 Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
Increase/(decrease) in cash	2,346,018	(3,499,237)
Cash (outflow)/inflow from changes in debt	(1,530,000)	5,096,372
Movement in net debt	816,018	1,597,135
Opening net debt	(8,317,184)	(9,914,319)
Closing net debt	(7,501,166)	(8,317,184)

28 Analysis of net debt

	At 1 January 2010 £	Cash flow £	At 31 December 2010 £
Cash at bank and in hand	18,564	3,323	21,887
Bank overdrafts	(2,584,848)	2,342,695	(242,153)
		2,346,018	
Debt due within one year	(2,000,000)	(573,640)	(2,573,640)
Debt due after one year	(3,750,900)	(956,360)	(4,707,260)
Total	(8,317,184)	816,018	(7,501,166)

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

29 Financial Instruments

The Group holds or issues financial instruments to finance its operations and enters into forward currency contracts to mitigate currency risks arising from purchases in foreign currencies

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Group's operations

At 31 December, the Group had outstanding forward currency commitments totalling £1,000,000 (2009 - £2,350,000) in relation to the purchase of foreign currencies on forward contracts. These commitments comprise purchases of US Dollars totalling £500,000 at a rate of 1.6 \$/£ which were due to mature before February 2011 (2009 - US Dollar commitments totalling £1,750,000 at rates between 1.66 and 1.86 \$/£) and Euro commitments totalling £500,000 at a rate of 1.19 €/£ which were due to mature before 28 February 2011 (2009 - Euro commitments totalling £600,000 at a rate of 1.15 €/£)

In the opinion of the directors, the fair value of the above contracts is not materially different to the contracted value