

COMPANIES HOUSE COPY

German Swedish & French Car Parts Limited

Report and Financial Statements

Year Ended

31 December 2011

Company Number 3896059



IBDO

German Swedish & French Car Parts Limited

Report and financial statements for the year ended 31 December 2011

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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 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

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

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 2011

The Group continues to remain one of the few large family-owned motor factors and, notably, the Directors believe that the Group is now the largest independent motor factor in England and Wales which is the main territory in which it operates

Turnover on continuing operations for the year ended 31 December 2011 increased to £80.7m, being a 10% increase over 2010. This represents the twelfth successive year of growth – against a national backdrop of no more than 1%

In contrast to motor factors who generated lower sales at reduced margins, the organisation increased revenues whilst also developing enhanced logistical infrastructure and stock portfolios. GSF opened up its second regional distribution centre (RDC) in South Bristol early in 2011 whilst, at the same time, making full preparation for a third such RDC which opened in March 2012. Meanwhile, the business began an enhanced closed-loop logistic operation which saw it become the first UK motor factor to offer a full battery recycling scheme to its customer base.

The operating profit improved by 9.7%. This is even more pleasing in light of the significant investments in new branch infrastructure, vehicles and people suggesting that the underlying profitability is higher still. This investment together with the multi-million pound increase in stock was made without recourse to external funding, thus further emphasising the ability of the Group to generate significant amounts of cash.

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 5 new sites in 2011
- 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 79 to 974 and improving average sales per employee to £82,904 (2010 - £82,036)
- 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 2011 (*continued*)

Financial Highlights

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

	2011 £	2010 £
Turnover	80,748,569	73,422,061
Gross profit	37,953,260	34,575,013
EBITDA	7,053,799	6,595,914
Net cash inflow from operating activities	4,382,747	5,742,564
Return on capital employed (%)	31.7%	25.1%

Gross Profit Margin

The Gross profit margin has reduced very slightly from 47.1% in 2010 to 47% in 2011. Considering the difficulties faced by some motor factors, the management team are satisfied with this result. The organisation's margin remains amongst the highest in UK Aftermarket and the slight deterioration should be seen in the context of the following factors

- 1 The Group is operating in a fiercely competitive market with at least 3 large competitors now being owned by Private Equity Houses or quoted Companies with the financial muscle to operate at lower margins
- 2 The business opened 5 new branches in 2011. Some reduction of group margin can be indexed to their aggressive sales dynamic
- 3 The mix of product sold also incorporated garage equipment and high value repair items which sell at lower margins
- 4 The Group won a significant contract to supply a national Car Dealer Group. The margins achieved are significantly less than those achieved historically in other parts of the business
- 5 Sterling appreciated against the Euro during the latter part of 2011 which improved the Group's foreign exchange gains

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation have increased by 6.9% over 2010 to £7,053,799

As previously discussed the Group opened 5 new branches including one regional distribution centre in Bristol South. These 5 new openings have depressed the EBITDA performance

Furthermore, the Company has prepared an additional 4 new branches for opening in Jan 2012, and the initial costs incurred within these financial statements, with no sales revenue to match, is in excess of £100,000

The average EBITDA over the last 3 years is comfortably over £7m which is a decent return on the capital employed

Operating Costs

For 2011, the company's operating costs increased by 9.7%. This is in line with sales growth of 9.9% and the volume of new sites opened and investment in new people

Taxation

The Company predominantly operates within England and Wales. Not only has the organisation developed job opportunities across the territory through new branches and organic growth but it is pleased to confirm that it has contributed in the region of £12 million of VAT, import duty, Stamp Duty, business rates, income tax on

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2011 (*continued*)

salaries paid, national insurance, and corporation tax to The Treasury in a timely manner

Strategy

The Company plans to increase its EBITDA in the next few years by coupling steady sales growth with cost control.

During the year, the Company opened new sites in Bedford, Bristol South, Gloucester, Middlesbrough and Rochdale and re-sited its Norwich branch to larger premises. The new Bristol South site (coupled with the site in Leeds) is intended to double up as large sales site and regional distribution centre offering same day availability of a wide range of products to local branches. These new sites have impacted upon profitability and so the Company is keen to grow the turnover at these new branches to reach break-even quickly.

At the date of this report, The Company has opened 5 new sites in 2012 and plans to open another 5 more in order to better serve its customers and will look out for good investment opportunities if they avail themselves. These proposed new sites will bring the total number of outlets to approximately 75 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.

The Group plans to invest heavily in marketing in 2012 with a number of strategic campaigns to include national radio advertising.

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.

Additionally, none of the Company's vehicles are on hire purchase or lease purchase contracts. Indeed, the business purchased over 70 vehicles during 2011 to both increase and renew the fleet. Therefore, standing at over 450 vehicles, if necessary the Company could inject over £1m worth of cash into the business if it sold and leased back its fleet of vehicles.

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.

Preference Shares and Gearing

During the year, the Company decided that the preference shares (owned by family members of the initial Founders of the Company), which have been in issue for over 10 years, be awarded a coupon of 1% per annum of the par value with effect from 1 January 2012. As a result of this largesse, FRS 25 dictates that the preference shares be shown as a financial liability as opposed to equity. This has the consequence of increasing the gearing of the Company but has little other impact. The Chairman and main shareholder of the Company controls the redemption of these preference shares.

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2011 (*continued*)

Long Term Creditors

As further mentioned in note 23, 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

During the year one property was sold to and then leased back from the German and Swedish Pension Fund and another was sold to and leased back from an independent 3rd party

The Directors consider that the Company's return on capital is far in excess of the returns on holding property assets within its balance sheet. Accordingly, it has been divesting its property portfolio over the years. Now, with 15 sites leased from its main shareholders' property management vehicle or pension fund, the Group also reduces reliance upon 3rd party Landlords

At the balance sheet date, the Group only held one property which the directors estimate to be worth more than double the net book value

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 internal audit team has also helped to increase profitability by ensuring that Company Policies are being rolled out and 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

Additionally, the Company has 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

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 64 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

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2011 (*continued*)

opportunities with business security

Debtor days are 32 days (2010 – 31 days) The slight deterioration is probably as a result of winning more trade business, but nevertheless it suggests that GSF is managing its credit risk acceptably

GSF maintains strong supplier relations and develops supplier credit terms in keeping with its industry reputation In spite of increasing stock levels significantly, the Group has actually reduced the amounts owed to trade creditors

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 28

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 £1,200 (2010 £2,970) There were no political contributions

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

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2011 (*continued*)

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,
- 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.

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
16/5/2012

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 2011 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 2011 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.

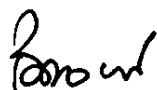
German Swedish & French Car Parts Limited

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

16/5/2012

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 2011

	Note	2011 £	2010 £
Turnover	2	80,748,569	73,422,061
Cost of sales		42,795,309	38,847,048
Gross profit		37,953,260	34,575,013
Administrative expenses		33,230,408	30,257,951
Group operating profit	3	4,722,852	4,317,062
Other interest receivable and similar income	6	4,575	5,061
Interest payable and similar charges	7	(235,758)	(254,625)
Profit on ordinary activities before taxation		4,491,669	4,067,498
Taxation on profit on ordinary activities	8	1,511,535	1,443,492
Profit on ordinary activities after taxation		2,980,134	2,624,006
Minority interest		2,244	44,050
Profit for the financial year	20	2,977,890	2,579,956

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 2011

<i>Company number 3896059</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	11		9,703,506		10,769,605
Tangible assets	12		3,139,597		2,918,414
			<hr/>		<hr/>
			12,843,103		13,688,019
Current assets					
Stocks	14	16,949,214		14,814,961	
Debtors	15	7,866,562		6,866,181	
Cash at bank and in hand		335,949		21,887	
		<hr/>		<hr/>	
			25,151,725	21,703,029	
Creditors: amounts falling due within one year	16	17,081,250		14,423,164	
		<hr/>		<hr/>	
Net current assets			8,070,475		7,279,865
			<hr/>		<hr/>
Total assets less current liabilities			20,913,578		20,967,884
Creditors: amounts falling due after more than one year	17		6,683,620		4,707,260
			<hr/>		<hr/>
			14,229,958		16,260,624
			<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 2011 (*continued*)

	Note	2011 £	2011 £	2010 £	2010 £
Capital and reserves					
Called up share capital	19		95,404		5,106,204
Capital redemption reserve	20		7,615,435		5,280,435
Profit and loss account	20		6,474,823		5,831,933
Shareholders' funds	21		14,185,662		16,218,572
Minority interests			44,296		42,052
			14,229,958		16,260,624

The financial statements were approved by the board of directors and authorised for issue on 16/5/2012


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 2011

<i>Company number 3896059</i>	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	11		10,376,473		11,572,204
Tangible assets	12		3,130,243		2,902,113
Fixed asset investments	13		315		15,395
			<u>13,507,031</u>		<u>14,489,712</u>
Current assets					
Stocks	14	16,823,782		14,703,538	
Debtors	15	7,760,643		6,764,853	
Cash at bank and in hand		270,724		21,887	
		<u>24,855,149</u>		<u>21,490,278</u>	
Creditors: amounts falling due within one year	16	<u>17,636,380</u>		<u>15,101,721</u>	
Net current assets			<u>7,218,769</u>		<u>6,388,557</u>
Total assets less current liabilities			<u>20,725,800</u>		<u>20,878,269</u>
Creditors: amounts falling due after more than one year	17		<u>6,683,620</u>		<u>4,697,260</u>
			<u>14,042,180</u>		<u>16,181,009</u>
Capital and reserves					
Called up share capital	19		95,404		5,106,204
Capital redemption reserve	20		7,615,435		5,280,435
Profit and loss account	20		6,331,341		5,794,370
Shareholders' funds	21		<u>14,042,180</u>		<u>16,181,009</u>

The financial statements were approved by the board of directors and authorised for issue on 16/5/2012


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 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	24	4,367,667	5,742,564
Returns on investments and servicing of finance	25	(231,183)	(249,564)
Taxation	25	(1,294,568)	(1,865,155)
Capital expenditure and financial investment	25	(1,337,608)	(1,808,485)
Dividends paid	25	-	(381,142)
Cash inflow before use of financing		1,504,308	1,438,218
Financing	25	(948,093)	907,800
Increase in cash	26	556,215	2,346,018

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 2011

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 2011 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 5 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 2011 (*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

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

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 2011 *(continued)*

2 Turnover

	2011 £	2010 £
Analysis by geographical market		
United Kingdom	78,442,923	71,772,583
Europe	1,417,826	1,135,785
Rest of the world	887,820	513,693
	<u>80,748,569</u>	<u>73,422,061</u>

Turnover is wholly attributable to the principal activity of the group

3 Operating profit

	2011 £	2010 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	1,164,848	1,120,253
Amortisation of positive goodwill	1,166,099	1,158,599
Profit on disposal of tangible fixed assets	(133,343)	(92,453)
Hire of plant and machinery - operating leases	81,705	98,266
Hire of other assets - operating leases	1,899,957	1,777,402
Auditors' remuneration		
- fees payable to the group's auditor for the audit of the group's annual accounts	43,750	43,500
- auditing of accounts of subsidiaries of the company under the legislation of Great Britain	4,000	1,700
- other taxation services	11,850	11,850
	<u>11,850</u>	<u>11,850</u>

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

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

4 Employees

Staff costs (including directors) consist of

	Group 2011 £	Group 2010 £
Wages and salaries	18,850,290	17,310,694
Social security costs	1,666,990	1,414,960
Other pension costs	143,965	436,076
	<u>20,661,245</u>	<u>19,161,730</u>

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

	Group 2011 Number	Group 2010 Number
Sales	360	275
Administration	82	84
Distribution	532	536
	<u>974</u>	<u>895</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

5 Directors' remuneration

	2011 £	2010 £
Directors' emoluments	582,416	516,676
Company contributions to money purchase pension schemes	8,517	186,644

There were 2 directors in the group's defined contribution pension scheme during the year (2010 - 2)

The total amount payable to the highest paid director in respect of emoluments was £149,033 (2010 - £148,096) Company pension contributions of £Nil (2010 - £Nil) were made to a money purchase scheme on his behalf

6 Other interest receivable and similar income

	2011 £	2010 £
Bank deposits	4,575	5,061

7 Interest payable and similar charges

	2011 £	2010 £
Bank loans and overdrafts	7,160	9,278
Loan note interest payable	228,598	245,347
	<u>235,758</u>	<u>254,625</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

8 Taxation on profit on ordinary activities

	2011 £	2010 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	1,542,641	1,481,250
Adjustment in respect of previous periods	(51,375)	(67,758)
	<hr/>	<hr/>
Total current tax	1,491,266	1,413,492
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(254)	(12,385)
Adjustment in respect of previous periods	10,665	42,385
Effect of change in tax rate	9,858	-
	<hr/>	<hr/>
Movement in deferred tax provision	20,269	30,000
	<hr/>	<hr/>
Taxation on profit on ordinary activities	1,511,535	1,443,492
	<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.

	2011 £	2010 £
Profit on ordinary activities before tax	4,491,669	4,067,498
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2010 - 28%)	1,167,834	1,138,899
Effect of		
Expenses not deductible for tax purposes	347,052	324,577
Depreciation for period in excess of capital allowances	248	17,774
Adjustment to tax charge in respect of previous periods	(51,375)	(67,758)
Effect of changes in tax rate during the year	27,507	-
	<hr/>	<hr/>
Current tax charge for the year	1,491,266	1,413,492
	<hr/>	<hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

9 Dividends

	2011 £	2010 £
Ordinary shares		
Interim paid £Nil (2010 - £13 40) per share	-	381,142

10 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 £2,871,971 (2010 - £2,295,745) which is dealt with in the financial statements of the parent company.

11 Intangible fixed assets

Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 January 2011	23,287,029
Additions	100,000
	<hr/>
At 31 December 2011	23,387,029
	<hr/>
<i>Amortisation</i>	
At 1 January 2011	12,517,424
Provided for the year	1,166,099
	<hr/>
At 31 December 2011	13,683,523
	<hr/>
<i>Net book value</i>	
At 31 December 2011	9,703,506
	<hr/>
At 31 December 2010	10,769,605
	<hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

11 Intangible fixed assets (*continued*)

Company

	Goodwill £
<i>Cost</i>	
At 1 January 2011	21,423,895
Additions	100,000
	<hr/>
At 31 December 2011	21,523,895
	<hr/>
<i>Amortisation</i>	
At 1 January 2011	9,851,691
Provided for the year	1,295,731
	<hr/>
At 31 December 2011	11,147,422
	<hr/>
<i>Net book value</i>	
At 31 December 2011	10,376,473
	<hr/>
At 31 December 2010	11,572,204
	<hr/>

German Swedish & French Car Parts Limited

Note forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

12 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 2011	374,838	1,065,126	3,510,001	4,217,721	137,558	9,305,244
Additions	-	223,613	725,359	666,240	22,497	1,637,709
Disposals	(313,638)	-	(188,563)	(30,062)	-	(532,263)
At 31 December 2011	61,200	1,288,739	4,046,797	4,853,899	160,055	10,410,690
<i>Depreciation</i>						
At 1 January 2011	85,663	572,554	2,561,069	3,064,871	102,673	6,386,830
Provided for the year	6,656	126,905	491,799	522,897	16,591	1,164,848
Disposals	(73,843)	-	(177,769)	(28,973)	-	(280,585)
At 31 December 2011	18,476	699,459	2,875,099	3,558,795	119,264	7,271,093
<i>Net book value</i>						
At 31 December 2011	42,724	589,280	1,171,698	1,295,104	40,791	3,139,597
At 31 December 2010	289,175	492,572	948,932	1,152,850	34,885	2,918,414

German Swedish & French Car Parts Limited

Note forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

12 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 2011	374,838	1,019,797	3,292,388	3,884,184	137,558	8,708,765
Additions	-	223,613	725,359	666,240	22,497	1,637,709
Disposals	(313,638)	-	(181,211)	(30,062)	-	(524,911)
At 31 December 2011	61,200	1,243,410	3,836,536	4,520,362	160,055	9,821,563
<i>Depreciation</i>						
At 1 January 2011	85,677	527,225	2,353,052	2,738,025	102,673	5,806,652
Provided for the year	6,656	126,905	484,852	522,897	16,591	1,157,901
Disposals	(73,843)	-	(170,417)	(28,973)	-	(273,233)
At 31 December 2011	18,490	654,130	2,667,487	3,231,949	119,264	6,691,320
<i>Net book value</i>						
At 31 December 2011	42,710	589,280	1,169,049	1,288,413	40,791	3,130,243
At 31 December 2010	289,161	492,572	939,336	1,146,159	34,885	2,902,113

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

13 Fixed asset investments

Company

	Group undertakings £
<i>Cost</i>	
At 1 January 2011	476,663
Disposals	(15,080)
	<hr/>
At 31 December 2011	461,583
	<hr/>
<i>Provisions</i>	
At 1 January 2011 and 31 December 2011	461,268
	<hr/>
<i>Net book value</i>	
At 31 December 2011	315
	<hr/>
At 31 December 2010	15,395
	<hr/>

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 (South West) Limited	Ordinary	100%
Autoparts (Northern) Limited	Ordinary	100%
GSF (Chelmsford) Limited	Ordinary	75%
TDCS Limited	Ordinary	100%

During the year the Company disposed of its investments in German & Swedish (Reading) Limited, GSF (South London) Limited and GSF (Glasgow) Limited

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.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

14 Stocks

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Finished goods and goods for resale	16,949,214	14,814,961	16,823,782	14,703,538

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

15 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	7,092,735	6,174,517	7,006,516	6,084,880
Prepayments and accrued income	648,596	546,164	631,038	534,473
Deferred taxation	125,231	145,500	123,089	145,500
	7,866,562	6,866,181	7,760,643	6,764,853

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

	Group Deferred taxation £	Company Deferred taxation £
At 1 January 2011	145,500	145,500
Charged to profit and loss account	(20,269)	(22,411)
At 31 December 2011	125,231	123,089

Deferred taxation

	Group 2011 £	Group 2010 £
The amount of deferred tax provided for is as follows		
Accelerated capital allowances	125,231	175,500
Sundry timing differences	-	(30,000)
	125,231	145,500

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

16 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans and overdrafts (secured)	-	242,153	-	338,473
Loan notes	1,978,640	2,573,640	1,973,640	2,573,640
Trade creditors	9,139,833	9,654,982	9,122,584	9,633,476
Amounts owed to group undertakings	-	-	636,346	658,195
Corporation tax	567,736	371,038	564,876	371,038
Other taxation and social security	1,705,183	947,939	1,661,756	905,532
Preference shares	2,681,347	-	2,681,347	-
Other creditors	186,679	3,697	173,999	3,697
Accruals and deferred income	821,832	629,715	821,832	617,670
	17,081,250	14,423,164	17,636,380	15,101,721

During the period, the company amended its articles of association, resulting in an alteration to the rights of the preference shares

The preference shares are now entitled to a fixed dividend of 1% per annum of the nominal value of the shares with effect from 1 January 2012

As such, in accordance with FRS 25, the preference shares have been reclassified as a financial liability as opposed to an equity instrument

In any further distributions, including the return of assets on liquidation or otherwise, any available surplus is distributed to preference shareholders in precedence over holders of the ordinary shares

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

17 Creditors amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Loan notes	6,683,620	4,697,260	6,683,620	4,697,260
Other loans	-	10,000	-	-
	6,683,620	4,707,260	6,683,620	4,697,260

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

17 Creditors: amounts falling due after more than one year (*continued*)

Maturity of debt

	Loans and overdrafts 2011 £	Loans and overdrafts 2010 £
In one year or less, or on demand	1,978,640	2,815,793
In more than one year but not more than two years	4,266,340	1,986,340
In more than two years but not more than five years	607,280	910,920
In more than five years	1,810,000	1,810,000
	6,683,620	4,707,260

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

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Loans	1,810,000	1,810,000	1,810,000	1,810,000

18 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 £143,965 (2010 - £436,076). 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 2011 (*continued*)

19 Share capital

	2011 £	2010 £
<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
'C' ordinary shares of £1 each	7,400	-
Preference shares of £1 each	-	5,016,347
	<hr/>	<hr/>
	95,404	5,106,204
	<hr/>	<hr/>

During the year the Company redeemed 1,853 Ordinary 'B' shares at par and issued 7,400 'C' shares at par value

The 'A' Ordinary Shares shall entitle the holders to receive notice of every General Meeting of the Company and to attend, speak and vote at any General Meeting of the Company, whereupon each holder of 'A' Ordinary Shares who is present in person or by proxy or (being a corporation) by a representative, shall have one vote for each 'A' Ordinary Share held by him

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 'C' Ordinary Shares shall entitle the holders to receive notice of every General Meeting of the Company and to attend, speak and vote at any General Meeting of the Company, whereupon each holder of 'C' Ordinary Shares who is present in person or by proxy or (being a corporation) by a representative, shall have one vote for each 'C' Ordinary Share held by him

During the year the Company redeemed 2,335,000 Preference Shares at par value

The Company amended its articles of association, resulting in an alteration of the rights attached to the Preference Shares. This resulted in the 2,681,347 Preference Shares being reclassified as debt due within one year (see note 16)

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 *(continued)*

20 Reserves

Group

	Capital redemption reserve £	Profit and loss account £
At 1 January 2011	5,280,435	5,831,933
Profit for the year	-	2,977,890
Shares redeemed	2,335,000	(2,335,000)
	<u>7,615,435</u>	<u>6,474,823</u>
At 31 December 2011	<u>7,615,435</u>	<u>6,474,823</u>

Company

	Capital redemption reserve £	Profit and loss account £
At 1 January 2011	5,280,435	5,794,370
Profit for the year	-	2,871,971
Shares redeemed	2,335,000	(2,335,000)
	<u>7,615,435</u>	<u>6,331,341</u>
At 31 December 2011	<u>7,615,435</u>	<u>6,331,341</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

21 Reconciliation of movements in shareholders' funds

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Profit for the year	2,977,890	2,579,956	2,871,971	2,295,745
Dividends	-	(381,142)	-	(381,142)
	<u>2,977,890</u>	<u>2,198,814</u>	<u>2,871,971</u>	<u>1,914,603</u>
Issue of shares	7,400	-	7,400	-
Shares redeemed	(2,336,853)	(622,200)	(2,336,853)	(622,200)
Reclassification of preference share capital (see note 16)	(2,681,347)	-	(2,681,347)	-
	<u>(2,032,910)</u>	<u>1,576,614</u>	<u>(2,138,829)</u>	<u>1,292,403</u>
Net (deductions from)/additions to shareholders' funds				
Opening shareholders' funds	16,218,572	14,641,958	16,181,009	14,888,606
	<u>14,185,662</u>	<u>16,218,572</u>	<u>14,042,180</u>	<u>16,181,009</u>
Closing shareholders' funds				

22 Commitments under operating leases

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

	Other 2011 £	Other 2010 £
Operating leases which expire		
Within one year	417,140	298,348
In two to five years	442,650	578,825
After five years	1,203,912	921,362
	<u>2,063,702</u>	<u>1,798,535</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

22 Commitments under operating leases (*continued*)

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

	Other 2011 £	Other 2010 £
Operating leases which expire		
Within one year	417,140	298,348
In two to five years	442,650	578,825
After five years	1,179,912	858,612
	<u>2,039,702</u>	<u>1,735,785</u>

23 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	-	-	149,048	-	3,312,700
Mrs A Cowley	-	-	16,200	-	1,070,000
M E Forde	-	-	-	-	1,214,560
German and Swedish Pension Fund	-	154,296	63,350	-	1,810,000
Mrs A West	-	-	-	-	700,000
J Clarke-West	-	-	-	-	640,000
Delphic Property Management LLP	-	165,620	-	-	-
GSF (Chelmsford) Limited	783,779	-	-	69,177	-
2010					
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
Mrs A West	-	-	-	-	-
J Clarke-West	-	-	-	-	-
Delphic Property Management LLP	-	59,525	-	-	-
GSF (Chelmsford) Limited	762,839	-	-	85,108	-

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (continued)

23 Related party disclosures (continued)

Loans and transactions concerning directors and officers of the company

Included in loans (notes 16 and 17) are amounts of £3,222,700 (2010 - £3,672,700) loaned from Mr S G West and £1,070,000 (2010 - £270,000) loaned from Mrs A Cowley. Also included is a loan of £1,214,560 (2010 - £1,518,200) from Mr M E Forde.

At the year end there were also amounts included in loans due to Mrs A West of £700,000 (2010 - £Nil) and Mr J Clarke-West of £640,000 (2010 - £Nil).

Included in loans (note 18) is an amount of £1,810,000 (2010 - £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.

In addition to the loan amount due to S G West, there was a further amount payable at the year end of £90,000 (2010 - £Nil), included within accruals.

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.

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

	2011 £	2010 £
Operating profit	4,707,772	4,317,062
Amortisation of intangible fixed assets	1,166,099	1,158,599
Depreciation of tangible fixed assets	1,164,848	1,120,253
Profit on sale of tangible fixed assets	(133,343)	(92,453)
Increase in stocks	(2,134,253)	(3,315,265)
Increase in debtors	(1,020,650)	(422,699)
Increase in creditors	617,194	2,977,067
Net cash inflow from operating activities	4,367,667	5,742,564

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

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

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	4,575	5,061
Interest paid bank loans	(7,160)	(9,278)
Interest paid other loans	(228,598)	(245,347)
	<u>(231,183)</u>	<u>(249,564)</u>
Taxation		
Corporation tax paid	(1,294,568)	(1,865,155)
	<u></u>	<u></u>
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	(100,000)	(210,000)
Payments to acquire tangible fixed assets	(1,637,709)	(1,732,873)
Receipts from sale of tangible fixed assets	385,021	134,388
Receipts from sale of fixed asset investments	15,080	-
	<u>(1,337,608)</u>	<u>(1,808,485)</u>
Financing		
Share capital issued	7,400	(622,200)
Share capital redeemed	(2,336,853)	-
New loans	2,140,000	3,030,000
Loans repaid	(758,640)	(1,500,000)
	<u>(948,093)</u>	<u>907,800</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

26 Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Increase in cash	556,215	2,346,018
Cash outflow from changes in debt	(1,381,360)	(1,530,000)
Movement in net debt	(825,145)	816,018
Opening net debt	(7,501,166)	(8,317,184)
Closing net debt	(8,326,311)	(7,501,166)

27 Analysis of net debt

	At 1 January 2011 £	Cash flow £	Other non- cash items £	At 31 December 2011 £
Cash at bank and in hand	21,887	314,062	-	335,949
Bank overdrafts	(242,153)	242,153	-	-
		556,215		
Debt due within one year	(2,573,640)	(46,360)	641,360	(1,978,640)
Debt due after one year	(4,707,260)	(1,335,000)	(641,360)	(6,683,620)
Total	(7,501,166)	(825,145)	-	(8,326,311)

German Swedish & French Car Parts Limited

**Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)**

28 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 £500,000 (2010 - £1,000,000) in relation to the purchase of foreign currencies on forward contracts. These commitments comprise purchases of US Dollars totalling £Nil (2010 - US Dollar commitments totalling £500,000 at a rate of 1.6 \$/£) and Euro commitments totalling £500,000 at a rate of 1.16 €/£ which were due to mature before 31 January 2012 (2010 - Euro commitments totalling £500,000 at a rate of 1.19 €/£)

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