

**German Swedish & French Car
Parts Limited**

Report and Financial Statements

Year Ended

31 December 2012

Company Number 03896059



German Swedish & French Car Parts Limited

**Report and financial statements
for the year ended 31 December 2012**

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Directors

S G West
D J De Silva
D J Atkinson
J Clarke-West

Secretary and registered office

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

Company number

03896059

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 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Results and dividends

The profit and loss account is set out on page 10 and shows the profit for 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 pleased to present their Report together with the audited financial statements for the year ended 31st December 2012

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 31st December 2012 increased to £85.8m, being a 6% increase over 2011. This represents the thirteen successive year of growth albeit at a reduced rate but this must be seen in the context of a dismally flat economy

The Directors embarked upon a bold investment strategy during the year to include the setting up of 9 new sites to increase national coverage, the development of the stock portfolio, a significant increase in marketing spend, the addition of a complete programme of exhausts as well as the introduction of a new tier of approximately 6 Group Operations Managers responsible for the routine inspection of the company's branches

During the year the Company also acquired the minority shareholding in GSF (Chelmsford) Ltd thereby fully owning all its subsidiaries

In spite of these successes, the management team are aware that much remains to be done

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Financial Highlights

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

	2012 £	2011 £
Turnover	85,777,521	80,748,569
Gross profit	39,713,310	37,953,260
EBITDA	4,610,461	7,053,799
Net cash inflow from operating activities	2,775,542	4,382,747

Turnover

The turnover increased by 6%. This was a little disappointing but as austerity continues to bite the general public are extending service intervals and with the high cost of fuel are travelling shorter distances so vehicles are requiring less non-scheduled maintenance. Large competitors are also expanding their network to set up branches in close proximity, which has had a detrimental effect on turnover. It is also suspected that the Jubilee and the Olympic Summer contributed to a slight reduction in the nation's driving.

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 9 new sites in 2012
- 3 Increased sales of garage equipment and tooling
- 4 Market and price research
- 5 Significant investment in marketing
- 6 The on-going roll out of a new telephone system
- 7 Increase in the number of Sales Area Managers
- 8 Finding new product ranges to sell as others decline
- 9 Expanding the range within these key product groups
- 10 Improving the merchandising of retail spaces at our older sites

Gross Profit Margin

The Gross profit margin has reduced from 47.0% in 2011 to 46.5% in 2012. Considering the significant competition in the industry and especially points 3 and 4 below, the Directors are pleased with the result in that it shows significant successes in purchasing, stock handling and the implementation of a sound internal auditing strategy through its Operations Team. The organisation's margin remains amongst the highest in UK Aftermarket and the deterioration should be seen in the context of the following factors

- 1 The Group is operating in a fiercely competitive market with at least 4 large competitors owned by Private Equity Houses or quoted Companies with the financial muscle to operate at lower margins
- 2 The business opened 9 new branches in 2012. 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 This was the first full year in which the Group serviced a National Car Dealer Group. The margins achieved were significantly less than those achieved historically in other parts of the business
- 5 The Group entered into a distribution agreement with a supplier of exhausts to service a national chain

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

- 6 Sterling appreciated against the Euro during most of 2012 which improved the Group's foreign exchange gains and hence margins

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation at £4,610,461 has decreased by 34.6%. This can be attributed to the following reasons,

- 1 As previously discussed the Group opened 9 new branches including one regional distribution centre in Milton Keynes. The administration costs of these 9 new sites was in excess of £2m for the year.
- 2 The Group invested heavily in marketing during the year to promote uniformity in its marketing material and the promotion of its "GSF - we get it" theme.
- 3 The Group invested significantly in the promotion of its own website and the development of its own garage look up software.
- 4 The Group continues to invest heavily in its main distribution warehouse to enhance future efficiencies.
- 5 In these difficult times more of our customers are folding resulting in a larger bad debt expense.

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 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. Some of the expenditure has to be viewed as one-offs, hence the EBITDA should increase in 2013. During the year, the Company opened new sites in Basingstoke, Barnstaple, Finchley, Harlow, Milton Keynes, Oxford, Shrewsbury, Taunton and Torquay which have yet to reach sales maturity. At the date of this report, the Company has opened one new site in 2013 and re-sited 2 branches in Liverpool and Nottingham with a further 2 earmarked for relocation in the first half of 2013 as the existing sites were too small operationally. It also continues to enhance its existing portfolio with Cardiff and Trafford Park branches currently undergoing the full makeover experience.

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 continues to purchase vehicles outright so standing at approximately 480 vehicles, the Company could, if necessary, 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.

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2012 (continued)

Preference Shares and Gearing

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

Long Term Creditors

As further mentioned in note 22, 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

With approximately 70 sites and an annual commitment of £2.2m (see note 21) the Group has invested in the services of a chartered surveyor to manage its Estates. This should result in some significant savings in rent and rates in coming years. Now, also with 16 sites leased from its main shareholders' property management vehicle or Pension Fund, the Group 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 five times 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.

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 work with industry players to streamline the handling of waste products.

GSF also continues to investigate ways of reducing its carbon footprint, by buying fuel efficient vehicles.

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.

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2012 (continued)

Credit risk

The main credit risk arises from trade debtors. With 70 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 28 days (2011 – 32 days) – this improvement is doubly pleasing in the light of adding 9 extra branches during the year and 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. Creditor days are 77 days for 2012 (78 days for 2011).

Currency Risk

Approximately 35% 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 27.

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 £2,200 (2011 £1,200). 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.

German Swedish & French Car Parts Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

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 (resigned 31 December 2012)

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 2012 (*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

27 Feb 2013

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 2012 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 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

BDO LS

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

27 June 2013

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 2012

	Note	2012 £	2011 £
Turnover	2	85,777,521	80,748,569
Cost of sales		45,929,839	42,795,309
		<hr/>	<hr/>
Gross profit		39,847,682	37,953,260
Administrative expenses (before goodwill amortisation)		36,604,034	32,064,309
Goodwill amortisation		1,217,297	1,166,099
		<hr/>	<hr/>
Administrative expenses		37,821,331	33,230,408
		<hr/>	<hr/>
Group operating profit	3	2,026,351	4,722,852
Other interest receivable and similar income	6	1,755	4,575
Interest payable and similar charges	7	(292,626)	(235,758)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,735,480	4,491,669
Taxation on profit on ordinary activities	8	705,635	1,511,535
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,029,845	2,980,134
Minority interest		-	2,244
		<hr/>	<hr/>
Profit for the financial year	19	1,029,845	2,977,890
		<hr/>	<hr/>

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 34 form part of these financial statements

German Swedish & French Car Parts Limited

Consolidated balance sheet at 31 December 2012

<i>Company number 03896059</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	10		8,486,913		9,703,506
Tangible assets	11		4,097,244		3,139,597
			<u>12,584,157</u>		<u>12,843,103</u>
Current assets					
Stocks	13	19,181,852		16,949,214	
Debtors	14	7,589,139		7,866,562	
Cash at bank and in hand		36,453		335,949	
		<u>26,807,444</u>		<u>25,151,725</u>	
Creditors amounts falling due within one year	15	17,334,614		17,081,250	
		<u>17,334,614</u>		<u>17,081,250</u>	
Net current assets			9,472,830		8,070,475
Total assets less current liabilities			22,056,987		20,913,578
Creditors: amounts falling due after more than one year	16		6,841,480		6,683,620
			<u>6,841,480</u>		<u>6,683,620</u>
			<u>15,215,507</u>		<u>14,229,958</u>
Capital and reserves					
Called up share capital	18		95,404		95,404
Capital redemption reserve	19		7,615,435		7,615,435
Profit and loss account	19		7,504,668		6,474,823
			<u>15,215,507</u>		<u>14,185,662</u>
Shareholders' funds	20		15,215,507		14,185,662
Minority interests			-		44,296
			<u>15,215,507</u>		<u>14,229,958</u>

The financial statements were approved by the board of directors and authorised for issue on 27 June 2013


S G West
Director

The notes on pages 14 to 34 form part of these financial statements

German Swedish & French Car Parts Limited

Company balance sheet at 31 December 2012

<i>Company number 03896059</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	10		9,045,023		10,376,473
Tangible assets	11		4,097,244		3,130,243
Fixed asset investments	12		340		315
			<hr/>		<hr/>
			13,142,607		13,507,031
Current assets					
Stocks	13	19,181,852		16,823,782	
Debtors	14	7,589,139		7,760,643	
Cash at bank and in hand		36,453		270,724	
		<hr/>		<hr/>	
		26,807,444		24,855,149	
Creditors: amounts falling due within one year	15	18,241,341		17,636,380	
		<hr/>		<hr/>	
Net current assets			8,566,103		7,218,769
			<hr/>		<hr/>
Total assets less current liabilities			21,708,710		20,725,800
Creditors: amounts falling due after more than one year	16		6,841,480		6,683,620
			<hr/>		<hr/>
			14,867,230		14,042,180
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18		95,404		95,404
Capital redemption reserve	19		7,615,435		7,615,435
Profit and loss account	19		7,156,391		6,331,341
			<hr/>		<hr/>
Shareholders' funds	20		14,867,230		14,042,180
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on 27 Feb 2013


S G West
Director

The notes on pages 14 to 34 form part of these financial statements

German Swedish & French Car Parts Limited

Consolidated cashflow statement for the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	23	2,775,542	4,382,747
Returns on investments and servicing of finance	24	(264,958)	(231,183)
Taxation	24	(1,233,419)	(1,294,568)
Capital expenditure and financial investment	24	(2,306,466)	(1,352,688)
Acquisitions and disposals	24	(45,000)	-
Cash (outflow)/inflow before use of financing		(1,074,301)	1,504,308
Financing	24	(1,023,140)	(948,093)
(Decrease)/increase in cash	25	(2,097,441)	556,215

The notes on pages 14 to 34 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 2012

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 2012 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, and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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
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 2012 (*continued*)

1 Accounting policies (*continued*)

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

Turnover

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

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

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

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

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

2 Turnover

	2012 £	2011 £
Analysis by geographical market		
United Kingdom	83,579,999	78,442,923
Europe	1,212,269	1,417,826
Rest of the world	985,253	887,820
	<u>85,777,521</u>	<u>80,748,569</u>

Turnover is wholly attributable to the principal activity of the group

3 Operating profit

	2012 £	2011 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	1,366,813	1,164,848
Amortisation of positive goodwill	1,217,297	1,166,099
Profit on disposal of tangible fixed assets	(3,952)	(133,343)
Hire of other assets - operating leases	2,058,223	1,899,957
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the group's annual accounts	43,750	43,750
Fees payable to the company's auditor or an associate of the company's auditor for other services		
- the audit of the company's subsidiaries	4,000	4,000
- taxation compliance services	11,000	11,850
- other assurance services	2,500	2,500
	<u>4,000</u>	<u>4,000</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 2012 (*continued*)

4 Employees

Staff costs (including directors) consist of

	Group 2012 £	Group 2011 £
Wages and salaries	20,758,643	18,719,344
Social security costs	1,770,233	1,666,990
Other pension costs	142,729	143,965
	<u>22,671,605</u>	<u>20,530,299</u>

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

	Group 2012 Number	Group 2011 Number
Sales	422	360
Administration	86	82
Distribution	585	516
	<u>1,093</u>	<u>958</u>

5 Directors' remuneration

	2012 £	2011 £
Directors' emoluments	565,288	582,416
Company contributions to money purchase pension schemes	7,577	8,517
	<u>572,865</u>	<u>590,933</u>

There were 3 directors in the group's defined contribution pension scheme during the year (2011 - 3)

The total amount payable to the highest paid director in respect of emoluments was £140,992 (2011 - £149,033) Company pension contributions of £Nil (2011 - £Nil) were made to a money purchase scheme on his behalf

6 Other interest receivable and similar income

	2012 £	2011 £
Bank deposits	1,755	4,575
	<u>1,755</u>	<u>4,575</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

7 Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts	13,618	7,160
Loan note interest payable	251,732	228,598
Other interest payable	27,276	-
	<u>292,626</u>	<u>235,758</u>

8 Taxation on profit on ordinary activities

	2012 £	2011 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	768,434	1,542,641
Adjustment in respect of previous periods	(46,424)	(51,375)
	<u>722,010</u>	<u>1,491,266</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(31,729)	(254)
Adjustment in respect of previous periods	5,986	10,665
Effect of change in tax rate	9,368	9,858
	<u>(16,375)</u>	<u>20,269</u>
Movement in deferred tax provision		
	<u>705,635</u>	<u>1,511,535</u>
Taxation on profit on ordinary activities		

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

8 Taxation on profit on ordinary activities (*continued*)

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.

	2012 £	2011 £
Profit on ordinary activities before tax	1,735,480	4,491,669
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24% (2011 - 26%)	416,515	1,167,834
Effect of		
Expenses not deductible for tax purposes	306,074	347,052
Depreciation for period in excess of capital allowances	30,267	248
Adjustment to tax charge in respect of previous periods	(46,424)	(51,375)
Effect of changes in tax rate during the year	15,578	27,507
Current tax charge for the year	722,010	1,491,266

9 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 £825,050 (2011 - £2,871,971) which is dealt with in the financial statements of the parent company.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

10 Intangible fixed assets

Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 January 2012	23,387,029
Additions	704
	<hr/>
At 31 December 2012	23,387,733
	<hr/>
<i>Amortisation</i>	
At 1 January 2012	13,683,523
Provided for the year	1,217,297
	<hr/>
At 31 December 2012	14,900,820
	<hr/>
<i>Net book value</i>	
At 31 December 2012	8,486,913
	<hr/>
At 31 December 2011	9,703,506
	<hr/>

Company

	Goodwill £
<i>Cost</i>	
At 1 January 2012 and 31 December 2012	21,523,895
	<hr/>
<i>Amortisation</i>	
At 1 January 2012	11,147,422
Provided for the year	1,331,450
	<hr/>
At 31 December 2012	12,478,872
	<hr/>
<i>Net book value</i>	
At 31 December 2012	9,045,023
	<hr/>
At 31 December 2011	10,376,473
	<hr/>

German Swedish & French Car Parts Limited

Note forming part of the financial statements
for the year ended 31 December 2012 (continued)

11 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 2012	61,200	1,288,739	4,046,797	4,853,899	160,055	10,410,690
Additions	-	397,431	840,905	1,056,640	44,585	2,339,561
Disposals	-	-	(256,002)	(44,119)	-	(300,121)
At 31 December 2012	61,200	1,686,170	4,631,700	5,866,420	204,640	12,450,130
<i>Depreciation</i>						
At 1 January 2012	18,476	699,459	2,875,099	3,558,795	119,264	7,271,093
Provided for the year	1,224	154,999	551,094	632,306	27,190	1,366,813
Disposals	-	-	(244,478)	(40,542)	-	(285,020)
At 31 December 2012	19,700	854,458	3,181,715	4,150,559	146,454	8,352,886
<i>Net book value</i>						
At 31 December 2012	41,500	831,712	1,449,985	1,715,861	58,186	4,097,244
At 31 December 2011	42,724	589,280	1,171,698	1,295,104	40,791	3,139,597

German Swedish & French Car Parts Limited

Note forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

11 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 2012	61,200	1,243,410	3,836,536	4,520,362	160,055	9,821,563
Additions	-	397,431	831,827	1,053,851	44,585	2,327,694
Disposals	-	-	(224,038)	-	-	(224,038)
At 31 December 2012	61,200	1,640,841	4,444,325	5,574,213	204,640	11,925,219
<i>Depreciation</i>						
At 1 January 2012	18,490	654,130	2,667,487	3,231,949	119,264	6,691,320
Provided for the year	1,224	154,999	545,161	631,060	27,190	1,359,634
Disposals	-	-	(222,979)	-	-	(222,979)
At 31 December 2012	19,714	809,129	2,989,669	3,863,009	146,454	7,827,975
<i>Net book value</i>						
At 31 December 2012	41,486	831,712	1,454,656	1,711,204	58,186	4,097,244
At 31 December 2011	42,710	589,280	1,169,049	1,288,413	40,791	3,130,243

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

12 Fixed asset investments

Company

	Group undertakings £
<i>Cost</i>	
At 1 January 2012	461,583
Additions	45,025
	<hr/>
At 31 December 2012	506,608
	<hr/>
<i>Provisions</i>	
At 1 January 2012	461,268
Additional provision in the year	45,000
	<hr/>
At 31 December 2012	506,268
	<hr/>
<i>Net book value</i>	
At 31 December 2012	340
	<hr/>
At 31 December 2011	315
	<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

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
GSF (Chelmsford) Limited	England and Wales	Ordinary	100%	Wholesaler and retailer of motor spares and accessories

During the year the company acquired 25 shares in GSF (Chelmsford) Limited for consideration of £45,000. This acquisition increased the company's interest in the subsidiary to 100%. The trade and assets and liabilities of GSF (Chelmsford) Limited were hived up into GSF Car Parts Limited on 31 December 2012. GSF (Chelmsford) Limited became dormant from this date.

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

13 Stocks

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Finished goods and goods for resale	<u>19,181,852</u>	<u>16,949,214</u>	<u>19,181,852</u>	<u>16,823,782</u>

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

14 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	6,586,328	7,092,735	6,586,328	7,006,516
Prepayments and accrued income	861,205	648,596	861,205	631,038
Deferred taxation	<u>141,606</u>	<u>125,231</u>	<u>141,606</u>	<u>123,089</u>
	<u>7,589,139</u>	<u>7,866,562</u>	<u>7,589,139</u>	<u>7,760,643</u>

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

	Group Deferred taxation £	Company Deferred taxation £
At 1 January 2012	125,231	125,231
Utilised in year	<u>16,375</u>	<u>16,375</u>
At 31 December 2012	<u>141,606</u>	<u>141,606</u>

Deferred taxation

	Group 2012 £	Group 2011 £
The amount of deferred tax provided for is as follows		
Accelerated capital allowances	<u>141,606</u>	<u>125,231</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

15 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank overdrafts (secured)	1,797,945	-	1,797,945	-
Loan notes	903,640	1,978,640	903,640	1,973,640
Trade creditors	9,560,032	9,139,833	9,560,032	9,122,584
Amounts owed to group undertakings	-	-	897,940	636,346
Corporation tax	56,327	567,736	56,327	564,876
Other taxation and social security	1,828,626	1,705,183	1,828,626	1,661,756
Preference shares	2,575,347	2,681,347	2,575,347	2,681,347
Other creditors	9,212	186,679	9,212	173,999
Accruals and deferred income	603,485	821,832	612,272	821,832
	17,334,614	17,081,250	18,241,341	17,636,380

During the previous period, the company amended its articles of association, resulting in an alteration to the rights of the preference shares. The preference shares are 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 were 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. During the year the company redeemed 106,000 preference shares at par.

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

16 Creditors: amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Loan notes	6,841,480	6,683,620	6,841,480	6,683,620

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

16 Creditors amounts falling due after more than one year (continued)

Maturity of debt

	Bank loans and overdrafts 2012 £	Bank loans and overdrafts 2011 £	Shareholder loans and preference shares 2012 £	Shareholder loans and preference shares 2011 £
In one year or less, or on demand	1,797,945	-	3,478,987	4,659,987
In more than one year but not more than two years	-	-	903,640	4,266,340
In more than two years but not more than five years	-	-	1,726,340	607,280
In more than five years	-	-	4,211,500	1,810,000
	-	-	6,841,480	6,683,620

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

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Loans	4,211,500	1,810,000	4,211,500	1,810,000

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 of the date of this report

17 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 £142,729 (2011 - £143,965). 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 2012 (*continued*)

18 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
'A' ordinary shares of £1 00 each	88,004	88,004
'B' ordinary shares of £1 00 each	-	-
'C' ordinary shares of £1 00 each	7,400	7,400
	<u>95,404</u>	<u>95,404</u>

The 'A' Ordinary Shares 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 them

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 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 them

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

19 Reserves

Group

	Capital redemption reserve £	Profit and loss account £
At 1 January 2012	7,615,435	6,474,823
Profit for the year	-	1,029,845
	<hr/>	<hr/>
At 31 December 2012	7,615,435	7,504,668
	<hr/>	<hr/>

Company

	Capital redemption reserve £	Profit and loss account £
At 1 January 2012	7,615,435	6,331,341
Profit for the year	-	825,050
	<hr/>	<hr/>
At 31 December 2012	7,615,435	7,156,391
	<hr/>	<hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

20 Reconciliation of movements in shareholders' funds

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Profit for the year	1,029,845	2,977,890	825,050	2,871,971
Issue of shares	-	7,400	-	7,400
Shares redeemed	-	(2,336,853)	-	(2,336,853)
Reclassification of preference share capital (see note 15)	-	(2,681,347)	-	(2,681,347)
	<u>1,029,845</u>	<u>(2,032,910)</u>	<u>825,050</u>	<u>(2,138,829)</u>
Net additions to / (deductions from) shareholders' funds	1,029,845	(2,032,910)	825,050	(2,138,829)
Opening shareholders' funds	14,185,662	16,218,572	14,042,180	16,181,009
	<u>14,185,662</u>	<u>16,218,572</u>	<u>14,042,180</u>	<u>16,181,009</u>
Closing shareholders' funds	15,215,507	14,185,662	14,867,230	14,042,180
	<u>15,215,507</u>	<u>14,185,662</u>	<u>14,867,230</u>	<u>14,042,180</u>

21 Commitments under operating leases

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

	Land and buildings 2012 £	Land and buildings 2011 £
Operating leases which expire		
Within one year	384,945	417,140
In two to five years	702,037	442,650
After five years	1,183,193	1,203,912
	<u>2,270,175</u>	<u>2,063,702</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

21 Commitments under operating leases *(continued)*

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

	Land and buildings 2012 £	Land and buildings 2011 £
Operating leases which expire		
Within one year	384,945	417,140
In two to five years	702,037	442,650
After five years	1,183,193	1,179,912
	<u>2,270,175</u>	<u>2,039,702</u>

22 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
Related party					
S G West	-	-	127,162	-	2,770,147
Mrs A Cowley	-	-	20,150	-	1,279,550
M E Forde	-	-	-	-	910,920
German and Swedish Pension Fund	-	175,799	63,350	-	1,810,000
Mrs A West	-	-	7,000	-	913,800
J Clarke-West	-	-	6,322	-	841,050
Delphic Property Management LLP	-	190,047	-	-	-
GSF (Chelmsford) Limited	671,749	11,971	-	178,456	-

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

22 Related party disclosures *(continued)*

Related party transactions and balances (continued)

	Sales to related parties	Purchases from related parties	Interest paid to related party	Amounts owed by related parties	Amounts owed to related parties
Related party 2011					
S G West	-	-	149,048	-	3,470,747
Mrs A Cowley	-	-	16,200	-	1,279,550
M E Forde	-	-	-	-	1,214,560
German and Swedish Pension Fund	-	154,296	63,350	-	1,810,000
Mrs A West	-	-	-	-	913,800
J Clarke-West	-	-	-	-	849,550
Delphic Property Management LLP	-	165,620	-	-	-
GSF (Chelmsford) Limited	783,779	13,355	-	69,177	-

Loans and transactions concerning directors and officers of the company

S G West and J Clarke-West are related parties by virtue of the fact that they are directors of the company Mrs A Cowley is the daughter of S G West

Mrs A West is the company secretary

M E Forde is a former director of the company

S G West, J Clarke-West and Mrs A Y West are all Trustees and have a beneficial interest in the German and Swedish Pension fund

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 £Nil (2011 £90,000), 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

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

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

	2012 £	2011 £
Operating profit	2,026,351	4,722,852
Amortisation of intangible fixed assets	1,217,297	1,166,099
Depreciation of tangible fixed assets	1,366,813	1,164,848
Profit on sale of tangible fixed assets	(17,994)	(133,343)
Decrease/(increase) in stocks	(2,232,638)	(2,134,253)
Decrease/(increase) in debtors	293,798	(1,020,650)
Increase in creditors	121,915	617,194
	<hr/>	<hr/>
Net cash inflow from operating activities	2,775,542	4,382,747
	<hr/>	<hr/>

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

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	1,755	4,575
Interest paid bank loans	(13,618)	(7,160)
Interest paid loan notes	(225,819)	(228,598)
Interest paid other	(27,276)	-
	<hr/>	<hr/>
	(264,958)	(231,183)
	<hr/>	<hr/>
Taxation		
Corporation tax paid	(1,233,419)	(1,294,568)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	-	(100,000)
Payments to acquire tangible fixed assets	(2,339,561)	(1,637,709)
Receipts from sale of tangible fixed assets	33,095	385,021
	<hr/>	<hr/>
	(2,306,466)	(1,352,688)
	<hr/>	<hr/>
Acquisitions and disposals		
Purchase of subsidiary	(45,000)	-
	<hr/>	<hr/>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

24 Analysis of cash flows for headings netted in the cash flow statement (*continued*)

	2012 £	2011 £
Financing		
Share capital issued	-	7,400
Share capital redeemed	-	(2,336,853)
New loans	-	2,140,000
Loans repaid	(917,140)	(758,640)
Redemption of preference shares	(106,000)	-
	<u>(1,023,140)</u>	<u>(948,093)</u>

25 Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
(Decrease)/increase in cash	(2,097,441)	556,215
Cash inflow/(outflow) from changes in debt	<u>1,023,140</u>	<u>(4,062,707)</u>
Movement in net debt	(1,074,301)	(3,506,492)
Opening net debt	<u>(11,007,658)</u>	<u>(7,501,166)</u>
Closing net debt	<u>(12,081,959)</u>	<u>(11,007,658)</u>

26 Analysis of net debt

	At 1 January 2012 £	Cash flow £	Other non- cash items £	At 31 December 2012 £
Cash at bank and in hand	335,949	(299,496)	-	36,453
Bank loans and overdrafts	-	(1,797,945)	-	(1,797,945)
		<u>(2,097,441)</u>		
Debt due within one year	(4,659,987)	1,023,140	157,860	(3,478,987)
Debt due after one year	(6,683,620)	-	(157,860)	(6,841,480)
	<u>(11,007,658)</u>	<u>(1,074,301)</u>	<u>-</u>	<u>(12,081,959)</u>

German Swedish & French Car Parts Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

27 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 £2,000,000 (2011 - £500,000) in relation to the purchase of foreign currencies on forward contracts. These commitments comprise purchases of US Dollars totalling £2,000,000 at a rate of 1.61 (2011 - £Nil) and Euro commitments totalling £Nil (2011 - Euro commitments totalling £500,000 at a rate of 1.16 €/£)

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