

# COMPANIES HOUSE COPY

## **German Swedish & French Car Parts Limited**

Report and Financial Statements

Year Ended

31 December 2009

Company Number 3896059

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COMPANIES HOUSE

# **German Swedish & French Car Parts Limited**

## **Report and financial statements for the year ended 31 December 2009**

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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 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

### Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year

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

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

In accordance with the requirements of FRS 21 these dividends have not been recognised as at the balance sheet date

### 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

As a result of the challenges imposed by the economic climate, the Directors positioned the Company to grow cautiously in 2009 and placed special emphasis in the latter part of 2008 and throughout 2009 on reducing costs and improving margins wherever possible

This strategy has reaped rewards, in that the Directors are pleased to report that they have steered the Group to its best ever annual profit and an increased market share

Turnover on continuing operations for the year ended 31 December 2009 increased to £68.3m, being an 8.6% increase over 2008. This represents the tenth successive year of growth and with its strong profitability, the Group enters its second decade in a very robust position

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 Finding new product groups to sell as others decline
- 3 Expanding the range within these key product groups
- 4 Adding to floor area at branches by extending mezzanine flooring and racking
- 5 Increasing the average sales per employee - £83,048 (2008 - £78,767) by incentivising staff
- 6 Focusing on improving turnover at new branches opened in the previous few years

### Financial Highlights

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

	2009 £'000	2008 £'000	Growth %
Turnover	68,261	62,873	8.6%
Gross profit	33,425	31,259	6.9%
EBITDA	7,488	5,308	41.1%
Net cash inflow from operating activities	7,235	5,247	37.9%

# **German Swedish & French Car Parts Limited**

## **Report of the directors for the year ended 31 December 2009 (*continued*)**

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### ***Gross profit margin***

The Gross profit margin on continuing operations declined marginally from 49.7% to 49% in 2009. Maintaining a result of this level in the current climate is very encouraging and shows that the Group

- 1 has been able to achieve good margins on the very competitive All Makes range
- 2 has been able to pass on the increased prices from suppliers
- 3 has managed the adverse effects on the sterling exchange rate during the year

### ***Operating costs***

For 2009, the operating costs on continuing operations have decreased by 3% compared to turnover growth of 8.6%, resulting in an operating profit percentage of 7.5% (2008 - 4.4%). This is a commendable result as the reduction in operating costs has never been achieved before in the history of the Group. This has been achieved mainly through improving staff working arrangements and incentives for the common good, and introducing more fuel efficient vans in order to mitigate fuel price rises.

### ***Strategy***

The Company plans to continue its steady growth pattern of recent years with the aid of its customers, employees, suppliers and main shareholders.

During the year, the Company re-sited its Derby and Leeds operations to more prominent locations. It also added to space at its Chadwell and Liverpool sites.

During the year, the Company acquired the remaining minority shareholdings in three of its subsidiaries and sold another two subsidiaries to existing management as the best way forward for continued sales growth. This will also have the added marginal benefit of reducing the corporation tax payable in future years as a consequence of having fewer associated Companies.

### ***Financial arrangements***

The Company is mainly reliant on its main shareholder for funding. However, with the large cash sums being generated by the business, the Company was able to repay a substantial part of these shareholder loans to reduce reliance and to reduce gearing, but is in the fortunate position of calling upon the same source at short notice if necessary.

Furthermore, the Company was able to redeem £3,516,000 of redeemable preference shares as this was deemed to be in the best interests of the Company and its shareholders.

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 the facilities in the next twelve months.

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

### ***Long term creditors***

As further mentioned in note 25, the long term loans are all due to the shareholders or to the German & Swedish 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.

# German Swedish & French Car Parts Limited

## Report of the directors for the year ended 31 December 2009 (*continued*)

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### ***Key performance indicators***

The Company uses key performance indicators of turnover, gross margin, stock holding and debtors. The Directors feel that this together with monthly management accounts and comparison to budget ensures that the Company is being monitored correctly.

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

### ***Environmental management***

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

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

### ***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 53 branches and many thousands of customers, GSF does not have reliance on any customer or customer type but tries to manage this risk by reviewing payment history, setting credit limits and referring to third party credit reference agencies.

#### ***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 30.

#### ***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***

The Company plans to open approximately 6 new sites during the next twelve months in order to better serve its customers and will look out for good investment opportunities that come its way which will easily fit the GSF.

# **German Swedish & French Car Parts Limited**

## **Report of the directors for the year ended 31 December 2009 (continued)**

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model These proposed new sites will bring the total number of outlets to approximately 60

The Directors are aware that the sector in which the Company operates is growing relatively slowly at approximately 2%, but since the Group's turnover is only a small fraction of the total parts aftermarket, the Directors are confident that they can make great strides within the sector by systematically developing all areas of its business using latest developments in I T , logistics and warehousing

### **Charitable and political contributions**

During the year the group made charitable contributions of £1,445 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

### **Directors**

The directors of the company during the year were

S G West  
M E Forde (resigned 18 August 2009)  
D J De Silva  
D J Atkinson  
J Clarke-West  
E G O'Malley (appointed 2 February 2009)

# German Swedish & French Car Parts Limited

## Report of the directors for the year ended 31 December 2009 (*continued*)

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### 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.

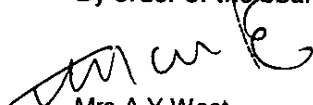
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

### 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.

### By order of the board



Mrs A Y West

### Secretary

Date 24 June 2010

# **German Swedish & French Car Parts Limited**

## **Independent auditor's report**

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### **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 2009 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 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**

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

### **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 2009 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## German Swedish & French Car Parts Limited


### Independent auditor's report *(continued)*

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#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

Date 25 June 2010

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 2009

	Note	Continuing operations 2009 £'000	Discontinued operations 2009 £'000	Total 2009 £'000	Total 2008 £'000
<b>Turnover</b>	3	68,261	1,083	69,344	65,929
Cost of sales		34,836	659	35,495	33,564
<b>Gross profit</b>		33,425	424	33,849	32,365
Administrative expenses		28,231	441	28,672	29,482
<b>Group operating profit/(loss)</b>	4	5,194	(17)	5,177	2,883
Other income	7			-	12
Other interest receivable and similar income	8			8	-
Interest payable and similar charges	9			(167)	(851)
<b>Profit on ordinary activities before taxation</b>				5,018	2,044
Taxation on profit on ordinary activities	10			1,660	891
<b>Profit on ordinary activities after taxation</b>				3,358	1,153
Minority interest				53	16
<b>Profit for the financial year</b>	21			3,305	1,137

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

The notes on pages 13 to 35 form part of these financial statements

# German Swedish & French Car Parts Limited

## Consolidated balance sheet at 31 December 2009

<i>Company number 3896059</i>	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>Fixed assets</b>					
Intangible assets	12		11,928		13,004
Tangible assets	13		2,348		2,984
			<u>14,276</u>		<u>15,988</u>
<b>Current assets</b>					
Stocks	15	11,500		11,708	
Debtors	16	6,471		6,135	
Cash at bank and in hand		19		933	
		<u>17,990</u>		<u>18,776</u>	
<b>Creditors: amounts falling due within one year</b>	17	13,615		10,416	
		<u>13,615</u>		<u>10,416</u>	
<b>Net current assets</b>			4,375		8,360
<b>Total assets less current liabilities</b>			18,651		24,348
<b>Creditors: amounts falling due after more than one year</b>	18		3,751		9,136
			<u>3,751</u>		<u>9,136</u>
			<u>14,900</u>		<u>15,212</u>

The notes on pages 13 to 35 form part of these financial statements

# German Swedish & French Car Parts Limited

## Consolidated balance sheet at 31 December 2009 (continued)

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>Capital and reserves</b>					
Called up share capital	20		5,728		9,244
Capital redemption reserve	21		4,658		1,142
Profit and loss account	21		4,255		4,466
<b>Shareholders' funds</b>	22		14,641		14,852
<b>Minority interests</b>			259		360
			14,900		15,212

The financial statements were approved by the board of directors and authorised for issue on 24 June 2010

S G West  
Director

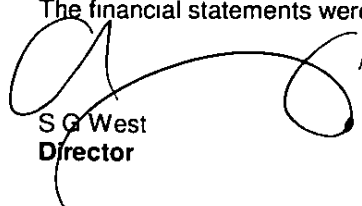
The notes on pages 13 to 35 form part of these financial statements

# German Swedish & French Car Parts Limited

## Company balance sheet at 31 December 2009

<i>Company number 3896059</i>	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>Fixed assets</b>					
Intangible assets	12		12,651		13,907
Tangible assets	13		2,284		2,705
Fixed asset investments	14		15		29
			<u>14,950</u>		<u>16,641</u>
<b>Current assets</b>					
Stocks	15	11,143		10,699	
Debtors	16	6,187		6,338	
Cash at bank and in hand		19		145	
		<u>17,349</u>		<u>17,182</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>13,669</u>		<u>9,760</u>	
<b>Net current assets</b>			<u>3,680</u>		<u>7,422</u>
<b>Total assets less current liabilities</b>			<u>18,630</u>		<u>24,063</u>
<b>Creditors: amounts falling due after more than one year</b>	18		<u>3,741</u>		<u>9,101</u>
			<u>14,889</u>		<u>14,962</u>
<b>Capital and reserves</b>					
Called up share capital	20		5,728		9,244
Capital redemption reserve	21		4,658		1,142
Profit and loss account	21		4,503		4,576
<b>Shareholders' funds</b>	22		<u>14,889</u>		<u>14,962</u>

The financial statements were approved by the board of directors and authorised for issue on 24 June 2010

  
S G West  
Director

The notes on pages 13 to 35 form part of these financial statements

## German Swedish & French Car Parts Limited

### Consolidated cashflow statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	26	7,235	5,247
Returns on investments and servicing of finance	27	(159)	(839)
Taxation	27	(1,517)	(644)
Capital expenditure and financial investment	27	(529)	(943)
Acquisitions and disposals	27	124	-
		<hr/>	<hr/>
Cash inflow before use of financing		5,154	2,821
Financing	27	(8,653)	560
		<hr/>	<hr/>
(Decrease)/increase in cash	28	(3,499)	3,381
		<hr/>	<hr/>

The notes on pages 13 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 2009

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### 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 2009 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

#### *Goodwill*

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

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

#### *Turnover*

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

#### *Depreciation*

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

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

#### *Stocks*

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

# German Swedish & French Car Parts Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (*continued*)

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### 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.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet is translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account.

#### *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:

Deferred tax balances are not discounted.

#### *Leased assets*

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

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

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

#### *Pension costs*

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

#### *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 2009 (*continued*)

## 2 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 31 December 2008 is shown below

Further details on discontinued operations are given in note 23

	Continuing £'000	Discontinued £'000	Total £'000
Turnover	62,873	3,056	65,929
Cost of sales	31,614	1,950	33,564
Gross profit	31,259	1,106	32,365
Administrative expenses	28,467	1,015	29,482
Operating profit	2,792	91	2,883

## 3 Turnover

	2009 £'000	2008 £'000
Analysis by geographical market		
United Kingdom	67,153	63,183
Europe	1,677	2,286
Rest of the world	514	460
	<b>69,344</b>	<b>65,929</b>

Turnover is wholly attributable to the principal activity of the group

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 4 Operating profit/(loss)

	2009 £'000	2008 £'000
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	1,132	1,318
Amortisation of positive goodwill	1,159	1,199
Profit on disposal of tangible fixed assets	(76)	-
Hire of plant and machinery - operating leases	127	75
Hire of other assets - operating leases	1,621	1,631
Auditors' remuneration		
- fees payable to the group's auditor for the audit of the group's annual accounts	44	39
- auditing of accounts of subsidiaries of the company under the legislation of Great Britain	2	3
- other taxation services	12	12
	<u>          </u>	<u>          </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

## 5 Employees

Staff costs (including directors) consist of

	Group 2009 £'000	Group 2008 £'000
Wages and salaries	16,084	16,733
Social security costs	1,391	1,373
Other pension costs	551	100
	<u>          </u>	<u>          </u>
	18,026	18,206
	<u>          </u>	<u>          </u>

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

	Group 2009 Number	Group 2008 Number
Sales	322	297
Administration	73	77
Warehouse	440	463
	<u>          </u>	<u>          </u>
	835	837
	<u>          </u>	<u>          </u>

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 6 Directors' remuneration

	2009 £'000	2008 £'000
Directors' emoluments	537	713
Company contributions to money purchase pension schemes	84	5
	<u>          </u>	<u>          </u>

There were 2 directors in the group's defined contribution pension scheme during the year (2008 - 2)

The total amount payable to the highest paid director in respect of emoluments was £173,749 (2008 - £216,787) Company pension contributions of £Nil (2008 - £Nil) were made to a money purchase scheme on his behalf

## 7 Other income

	2009 £'000	2008 £'000
Rent receivable	-	12
	<u>          </u>	<u>          </u>

## 8 Other interest receivable and similar income

	2009 £'000	2008 £'000
Bank deposits	8	-
	<u>          </u>	<u>          </u>

## 9 Interest payable and similar charges

	2009 £'000	2008 £'000
Bank loans and overdrafts	9	178
Loan note interest payable	158	672
Other interest payable	-	1
	<u>          </u>	<u>          </u>
	167	851
	<u>          </u>	<u>          </u>

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 10 Taxation on profit on ordinary activities

	2009 £'000	2008 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	1,738	1,058
Adjustment in respect of previous periods	(1)	(102)
	<hr/>	<hr/>
Total current tax	1,737	956
<i>Deferred tax</i>		
Origination and reversal of timing differences	(77)	(65)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	<u>1,660</u>	<u>891</u>

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

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	<u>5,018</u>	<u>2,044</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 28%)	1,405	572
Effect of		
Expenses not deductible for tax purposes	276	411
Depreciation for period in excess of capital allowances	66	87
Adjustment to tax charge in respect of previous periods	(1)	(102)
Difference in tax rates in subsidiary undertaking	(9)	(9)
Marginal relief	-	(3)
	<hr/>	<hr/>
Current tax charge for the year	<u>1,737</u>	<u>956</u>

## 11 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £3,443,000 (2008 - £305,000) 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 2009 (*continued*)

### 12 Intangible fixed assets

#### Group

	Goodwill on consolidation £'000
<i>Cost</i>	
At 1 January 2009	23,204
Additions	83
	<hr/>
At 31 December 2009	<b>23,287</b>
	<hr/>
<i>Amortisation</i>	
At 1 January 2009	10,200
Provided for the year	1,159
	<hr/>
At 31 December 2009	<b>11,359</b>
	<hr/>
<i>Net book value</i>	
At 31 December 2009	<b>11,928</b>
	<hr/>
At 31 December 2008	13,004
	<hr/>

## German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

### 12 Intangible fixed assets (*continued*)

#### Company

	Goodwill £'000
<i>Cost</i>	
At 1 January 2009	21,182
Transfers	32
	<hr/>
At 31 December 2009	21,214
	<hr/>
<i>Amortisation</i>	
At 1 January 2009	7,275
Provided for the year	1,288
	<hr/>
At 31 December 2009	8,563
	<hr/>
<i>Net book value</i>	
At 31 December 2009	12,651
	<hr/>
At 31 December 2008	13,907
	<hr/>

# German Swedish & French Car Parts Limited

Note forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 13 Tangible fixed assets

### Group

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost</i>						
At 1 January 2009	442	793	3,297	3,300	230	8,062
Additions	-	52	269	273	9	603
Disposals	(28)	-	(318)	(22)	(131)	(499)
Disposal of subsidiaries	-	(18)	(78)	(162)	(1)	(259)
At 31 December 2009	414	827	3,170	3,389	107	7,907
<i>Depreciation</i>						
At 1 January 2009	76	406	2,085	2,285	226	5,078
Provided for the year	10	80	586	453	3	1,132
Disposals	(11)	-	(296)	(22)	(131)	(460)
Disposal of subsidiaries	-	(6)	(67)	(117)	(1)	(191)
At 31 December 2009	75	480	2,308	2,599	97	5,559

# German Swedish & French Car Parts Limited

Note forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 13 Tangible fixed assets (*continued*)

### Group (*continued*)

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Net book value</i>						
At 31 December 2009	339	347	862	790	10	2,348
At 31 December 2008	366	387	1,212	1,015	4	2,984



# German Swedish & French Car Parts Limited

Note forming part of the financial statements  
for the year ended 31 December 2009 (continued)

## 13 Tangible fixed assets (continued)

Company	Freehold land and buildings £'000	Leasehold land and buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost</i>						
At 1 January 2009	415	726	2,911	2,790	203	7,045
Additions	-	57	273	281	9	620
Disposals	-	-	(249)	(14)	(106)	(369)
At 31 December 2009	415	783	2,935	3,057	106	7,296
<i>Depreciation</i>						
At 1 January 2009	65	359	1,824	1,894	198	4,340
Provided for the year	10	77	535	409	3	1,034
Disposals	-	-	(241)	(15)	(106)	(362)
At 31 December 2009	75	436	2,118	2,288	95	5,012
<i>Net book value</i>						
At 31 December 2009	340	347	817	769	11	2,284
At 31 December 2008	350	367	1,087	896	5	2,705

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (continued)

## 13 Tangible fixed assets (continued)

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
<i>Net book value</i>				
Motor vehicles	-	16	-	16
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Depreciation charged</i>				
Motor vehicles	-	11	-	11
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 14 Fixed asset investments

### Company

	Group undertakings £'000
<i>Cost or valuation</i>	
At 1 January 2009	29
Additions	39
Transfers to goodwill	(32)
	<u>          </u>
At 31 December 2009	36
	<u>          </u>
<i>Provisions</i>	
Provided for the year and at 31 December 2009	21
	<u>          </u>
<i>Net book value</i>	
At 31 December 2009	15
	<u>          </u>
At 31 December 2008	29
	<u>          </u>

The company acquired 20 shares in German & Swedish (Reading) Limited for consideration of £16,000, 10 shares in Autoparts (Northern) Limited for consideration of £8,000, 20 shares in GSF (South London) Limited for consideration of £16,000, and 24 shares in GSF (Glasgow) Limited for consideration of £1. In each case these acquisitions increased the company's interest in the subsidiaries to 100%.

The trade, assets and liabilities of German & Swedish (Reading) Limited, GSF (South London) Limited, GSF (Glasgow) Limited were hived up into German Swedish & French Car Parts Limited on 31 December 2009. The investment in these subsidiaries was transferred into goodwill on this date.

Autoparts (Northern) Limited was closed on 28 February 2009 and the investment value was written off.

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (continued)

## 14 Fixed asset investments (continued)

On 11 May 2009 German Swedish & French Car Parts Limited sold its entire majority shareholding in Edenrace Limited and German Swedish & French Car Pars (N I) Limited for consideration of £547,500

*Subsidiary undertakings, associated undertakings and other investments*

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

	Class of share capital held	Proportion of share capital held
German & Swedish (Reading) Limited	Ordinary	100%
	Preference	100%
German & Swedish (South West) Limited	Ordinary	60%
Autoparts (Northern) Limited	Ordinary	100%
GSF (Chelmsford) Limited	Ordinary	75%
GSF (South London) Limited	Ordinary	100%
GSF (Glasgow) Limited	Ordinary	100%
TDCS Limited	Ordinary	100%

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

## 15 Stocks

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Finished goods and goods for resale	11,500	11,708	11,143	10,699

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

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (continued)

## 16 Debtors

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade debtors	5,775	5,505	5,409	4,754
Amounts owed by group undertakings	-	-	100	1,018
Other debtors	-	-	1	-
Prepayments and accrued income	497	531	478	467
Other debtors	23	-	23	-
Deferred taxation	176	99	176	99
	<u>6,471</u>	<u>6,135</u>	<u>6,187</u>	<u>6,338</u>

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

	Group Deferred taxation £'000	Company Deferred taxation £'000
At 1 January 2009	99	99
Credited to profit and loss account	77	77
	<u>176</u>	<u>176</u>
At 31 December 2009	176	176

### Deferred taxation

	Group 2009 £'000	Group 2008 £'000
The amount of deferred tax provided for is as follows		
Accelerated capital allowances	142	99
Sundry timing differences	34	-
	<u>176</u>	<u>99</u>

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 17 Creditors amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank loans and overdrafts (secured)	2,585	-	2,878	-
Loan notes	2,000	1,700	2,000	1,700
Trade creditors	5,948	4,857	5,913	4,740
Corporation tax	820	600	791	564
Other taxation and social security	968	1,598	837	1,220
Obligations under finance lease and hire purchase contracts	-	11	-	11
Other creditors	2	-	-	-
Accruals and deferred income	1,292	1,650	1,250	1,525
	<u>13,615</u>	<u>10,416</u>	<u>13,669</u>	<u>9,760</u>

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

## 18 Creditors' amounts falling due after more than one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Loan notes	3,741	9,101	3,741	9,101
Other loans	10	35	-	-
	<u>3,751</u>	<u>9,136</u>	<u>3,741</u>	<u>9,101</u>

### Maturity of debt

	Loans and overdrafts 2009 £'000	Loans and overdrafts 2008 £'000	Finance leases 2009 £'000	Finance leases 2008 £'000
In one year or less, or on demand	<u>4,585</u>	<u>1,700</u>	<u>-</u>	<u>11</u>
In more than one year but not more than two years	726	8,529	-	-
In more than two years but not more than five years	1,215	-	-	-
In more than five years	<u>1,810</u>	<u>607</u>	<u>-</u>	<u>-</u>
	<u>3,751</u>	<u>9,136</u>	<u>-</u>	<u>-</u>

# German Swedish & French Car Parts Limited

## Notes forming part of the financial statements for the year ended 31 December 2009 (continued)

### 18 Creditors: amounts falling due after more than one year (continued)

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

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Loans	1,810	607	1,810	607

### 19 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £551,000 (2008 - £100,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 20 Share capital

	2009 £'000	2008 £'000
<i>Allotted, called up and fully paid</i>		
'A' Ordinary shares of £1 each	88	88
'B' Ordinary shares of £1 each	2	2
Preference shares of £1 each	5,638	9,154
	<u>5,728</u>	<u>9,244</u>

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

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

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

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

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 20 Share capital (*continued*)

During the year the Company redeemed 3,516,000 preference shares of £1 each for par value

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

## 21 Reserves

### Group

	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2009	1,142	4,466
Profit for the year	-	3,305
Shares redeemed	3,516	(3,516)
	<u>4,658</u>	<u>4,255</u>
At 31 December 2009	<u>4,658</u>	<u>4,255</u>

### Company

	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2009	1,142	4,576
Profit for the year	-	3,443
Shares redeemed	3,516	(3,516)
	<u>4,658</u>	<u>4,503</u>
At 31 December 2009	<u>4,658</u>	<u>4,503</u>

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 22 Reconciliation of movements in shareholders' funds

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Profit for the year	3,305	1,137	3,443	305
Shares redeemed	(3,516)	(121)	(3,516)	(121)
Net (deductions from)/additions to shareholders' funds	(211)	1,016	(73)	184
Opening shareholders' funds	14,852	13,836	14,962	14,778
Closing shareholders' funds	14,641	14,852	14,889	14,962

## 23 Discontinued operations

On 11 May 2009 the group disposed of Edenrace Limited and German Swedish & French Car Parts (N I ) Limited to a company in which family members of S G West have an interest

The profit on disposal of Edenrace Limited and German Swedish & French Car Parts (N I ) Limited has been calculated as follows

	£'000	£'000
Cash proceeds		548
Net assets disposed of		
Tangible fixed assets	68	
Stocks	476	
Debtors	314	
Cash	424	
Creditors	(678)	
Share of net assets attributable to minority interests	(165)	
		439
Profit on disposal		109



# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (continued)

## 23 Discontinued operations (continued)

The net inflow of cash in respect of the sale of Edenrace Limited and German Swedish & French Car Parts (NI) Limited is as follows

	£'000
Cash consideration	548
Cash transferred on disposal	424
	<hr/>
Net inflow of cash	124
	<hr/>

On 28 February 2009 Autoparts (Northern) Limited, a wholly owned subsidiary, ceased to trade. All assets and liabilities were settled at their book value, with the exception of the freehold land and buildings which were sold in excess of their carrying value.

## 24 Commitments under operating leases

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

	Land and buildings 2009 £'000	Land and buildings 2008 £'000
Operating leases which expire		
Within one year	192	113
In two to five years	423	512
After five years	891	922
	<hr/>	<hr/>
	1,506	1,547
	<hr/>	<hr/>

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

	Land and buildings 2009 £'000	Land and buildings 2008 £'000
Operating leases which expire		
Within one year	192	94
In two to five years	398	465
After five years	763	735
	<hr/>	<hr/>
	1,353	1,294
	<hr/>	<hr/>

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 25 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 to related parties
S G West	-	-	164	2,173
Mrs A Cowley	-	-	5	240
M E Forde	-	-	-	1,518
German and Swedish Pension Fund	-	145	-	1,810
<b>2008</b>				
S G West	-	-	410	7,073
Mrs A Cowley	-	-	1	100
M E Forde	-	-	121	1,818
German and Swedish Pension Fund	178	140	139	1,810

### *Loans and transactions concerning directors and officers of the company*

Included in loans (notes 17 and 18) are amounts of £2,172,700 (2008 - £7,072,700) loaned from S G West and £240,000 (2008 - £100,000) loaned from Mrs A Cowley, daughter of S G West. Also included is a loan of £1,518,200 (2008 - £1,818,200) from M E Forde.

Included in loans (note 18) is an amount of £1,810,000 (2008 - £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 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.

## 26 Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating profit/(loss)	5,177	2,883
Amortisation of intangible fixed assets	1,159	1,199
Depreciation of tangible fixed assets	1,132	1,318
Profit on sale of tangible fixed assets	(76)	-
Increase in stocks	(268)	(542)
(Increase)/decrease in debtors	(573)	588
Increase/(decrease) in creditors	793	(199)
Profit on disposal of subsidiary	(109)	-
Net cash inflow from operating activities	<b>7,235</b>	<b>5,247</b>

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 27 Analysis of cash flows for headings netted in the cash flow statement

	2009 £'000	2008 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	8	-
Interest paid bank loans	(9)	(178)
Interest paid other loans	(158)	(673)
Income from investments	-	12
	<u>(159)</u>	<u>(839)</u>
<b>Taxation</b>		
Corporation tax paid	<u>(1,517)</u>	<u>(644)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire intangible fixed assets	(40)	-
Payments to acquire tangible fixed assets	(603)	(1,188)
Receipts from sale of tangible fixed assets	114	245
	<u>(529)</u>	<u>(943)</u>
<b>Acquisitions and disposals</b>		
Sale of business operations	548	-
Cash disposed of with business operation	(424)	-
	<u>124</u>	<u>-</u>
<b>Financing</b>		
Share capital redeemed	(3,516)	(121)
New loans	140	1,700
Loans repaid	(5,226)	(1,000)
Capital element of finance leases repaid	(11)	(19)
Dividends paid to minority interests	(40)	-
	<u>(8,653)</u>	<u>560</u>

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

## 28 Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
(Decrease)/increase in cash	(3,499)	3,381
Cash inflow/(outflow) from changes in debt	5,096	(681)
Movement in net debt	1,597	2,700
Opening net debt	(9,914)	(12,614)
Closing net debt	(8,317)	(9,914)

## 29 Analysis of net debt

	At 1 January 2009 £'000	Cash flow £'000	Other non- cash items £'000	At 31 December 2009 £'000
Cash at bank and in hand	933	(914)	-	19
Bank overdrafts	-	(2,585)	-	(2,585)
		(3,499)		
Debt due within one year	(1,700)	560	(860)	(2,000)
Debt due after one year	(9,136)	4,525	860	(3,751)
Finance leases	(11)	11	-	-
		5,096		
Total	(9,914)	1,597	-	(8,317)

## 30 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 in US Dollars totalling £2,350,000 (2008 - £1,750,000) in relation to the purchase of foreign currencies on forward contracts. These commitments comprise purchases of US Dollars totalling £1,750,000 at rates between 1.66 and

# German Swedish & French Car Parts Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*continued*)

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## 30 Financial Instruments (*continued*)

1.86 \$/£ which are due to mature before 31 August 2010 (2008 - US Dollar commitments totalling £1,750,000 at rates between 1.86 and 1.92 \$/£), and Euro commitments totalling £600,000 at a rate of 1.15€/£ which matured by 31 March 2010

## 31 Post balance sheet events

On 20 January 2010, S G West loaned £3,000,000 to the company

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

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