

City Motor Holdings Limited

Report and Financial Statements

Year Ended

31 December 2012

Company Number 04301565

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City Motor Holdings Limited

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

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Directors

M R Poole
S Hemlock
OBS 24 LLP

Secretary and registered office

RJP Secretaries Limited, Houndmills Autoplaza, Aldermaston Road South, Basingstoke, Hampshire, RG21 6YL

Company number

04301565

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

City Motor Holdings 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 6 and shows the loss for the year

The directors do not recommend the payment of a dividend for the year under review

Principal activities, review of business and future developments

The principal activities of the company continues to be that of a holding company for a group of companies involved in the retailing and servicing of motor vehicles, the retailing of vehicle parts and other ancillary services

We aim to present a rounded and complete review of the performance and development of the business during the year and its position at the year end. The review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainties that are faced

The group has reported a loss before tax of £191,000 (2011 £617,000). The results reflect the challenging economic environment and continuing pressures on margins. On the 17 December 2012 the ultimate controlling party became Vitris Limited and with the support of this controlling party the directors are confident are improved results in 2013. This is reflected in the results to June 2013 which show a return to profit for the group for the period and ahead of budget for the period.

The directors continue to monitor all profit centres and all cost lines within the business and continue to monitor customer satisfaction.

Key performance indicators

We consider that the key financial performance indicators of the group are as follows

	2012	2011	Method of calculation
Operating (loss) / profit (£'000)	(69)	(321)	Operating profit
Gross margin (%)	15.0	13.4	Gross operating profit divided by turnover
Capital Expenditure (£'000)	66	104	Investment in capital items in the year
Average number of staff	157	165	Average number taken from payroll records

The board also monitors non financial key performance indicators which include

Customer satisfaction, as measured by independent third parties

Employee turnover and absence

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The main one is that of an economic downturn. Management aims to keep abreast of economic conditions. In the case of a severe downturn, policies will be modified to reflect the new market conditions.

The group seeks to manage liquidity risk by ensuring that stock levels are controlled, and by ensuring that sufficient liquidity is available to meet foreseeable needs.

City Motor Holdings Limited

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

Financial instruments

The group uses financial instruments comprising cash and bank borrowings, and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the group's operations. The group is not exposed to currency risk as all financial instruments are denominated in sterling. The group has limited exposure to credit risk as in the majority of transactions with customers, the goods are not released until payment has been received in full.

Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

Employee involvement

The group is committed to an active programme of employee development. Training and development needs are identified in consultation with the individuals concerned and relevant training opportunities made available.

Directors

The directors of the company during the year were

A J Wickins (resigned 17 December 2012)
G R Walker (resigned 17 December 2012)
M R Poole (appointed 17 December 2012)
S Hemlock (appointed 17 December 2012)
OBS 24 LLP (appointed 17 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,
- 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.

City Motor Holdings 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



M R Poole

Director

27 September 2013

City Motor Holdings Limited

Independent auditor's report

To the member of City Motor Holdings Limited

We have audited the financial statements of City Motor Holdings 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 member 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 member 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 member, 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 loss 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.

City Motor Holdings 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



Malcolm Thixton (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

27/9/2013

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

City Motor Holdings Limited

Consolidated profit and loss account for the year ended 31 December 2012

	Note	Continuing operations 2012 £'000	Discontinued operations 2012 £'000	Total 2012 £'000	Total 2011 £'000
Turnover	3	56,340	2,709	59,049	56,338
Cost of sales		47,613	2,563	50,176	48,803
Gross profit		8,727	146	8,873	7,535
Administrative expenses		8,814	187	9,001	7,856
		(87)	(41)	(128)	(321)
Other operating income		59	-	59	-
Group operating loss	4	(28)	(41)	(69)	(321)
Other interest receivable and similar income	7			3	-
Interest payable and similar charges	8			(125)	(296)
Loss on ordinary activities before taxation				(191)	(617)
Taxation on loss on ordinary activities	9			-	(31)
Loss on ordinary activities after taxation				(191)	(648)

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

The notes on pages 10 to 30 form part of these financial statements

City Motor Holdings Limited

Consolidated balance sheet at 31 December 2012

<i>Company number 04301565</i>	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Intangible assets	11		262		290
Tangible assets	12		1,512		1,744
			<u>1,774</u>		<u>2,034</u>
Current assets					
Stocks	14	8,292		6,914	
Debtors	15	2,018		2,568	
Cash at bank and in hand		15		66	
		<u>10,325</u>		<u>9,548</u>	
Creditors: amounts falling due within one year	16	<u>11,021</u>		<u>11,072</u>	
Net current liabilities			<u>(696)</u>		<u>(1,524)</u>
Total assets less current liabilities			<u>1,078</u>		<u>510</u>
Creditors: amounts falling due after more than one year	17		<u>-</u>		<u>9</u>
			<u>1,078</u>		<u>501</u>
Capital and reserves					
Called up share capital	18		1,496		1,050
Share premium account	19		322		-
Profit and loss account	19		(740)		(549)
Shareholder's funds	20		<u>1,078</u>		<u>501</u>

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



M R Poole
Director

The notes on pages 10 to 30 form part of these financial statements

City Motor Holdings Limited

Company balance sheet at 31 December 2012

<i>Company number 04301565</i>	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible assets	12		293		343
Fixed asset investments	13		250		250
			<u>543</u>		<u>593</u>
Current assets					
Debtors	15	1,297		234	
Cash at bank and in hand		10		-	
		<u>1,307</u>		<u>234</u>	
Creditors: amounts falling due within one year	16	1,468		822	
		<u>1,468</u>		<u>822</u>	
Net current liabilities			(161)		(588)
Total assets less current liabilities			382		5
Creditors: amounts falling due after more than one year	17		-		9
			<u>382</u>		<u>(4)</u>
Capital and reserves					
Called up share capital	18		1,496		1,050
Share premium account	19		322		-
Profit and loss account	19		(1,436)		(1,054)
Shareholder's funds/(deficit)	20		<u>382</u>		<u>(4)</u>

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



M R Poole
Director

The notes on pages 10 to 30 form part of these financial statements

City Motor Holdings Limited

Consolidated cashflow statement for the year ended 31 December 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Net cash inflow from operating activities	26		275		317
Returns on investments and servicing of finance					
Interest paid bank loans		(8)		(19)	
Interest paid other loans		(115)		(266)	
Interest paid hire purchase		(2)		(11)	
		<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance			(125)		(296)
Taxation					
Corporation tax paid			(25)		(111)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(66)		(104)	
Receipts from sale of tangible fixed assets		-		62	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure and financial investment			(66)		(42)
Acquisitions and disposals					
Sale of business operations			139		-
			<u> </u>		<u> </u>
Cash inflow/(outflow) before use of financing			198		(132)
Financing					
Loans repaid		-		(500)	
Capital element of finance leases repaid		(16)		(73)	
(Decrease)/Increase in stocking loans		(95)		53	
		<u> </u>		<u> </u>	
Net cash outflow from financing			(111)		(520)
Increase/(Decrease) in cash	27		<u> </u> 87		<u> </u> (652)

The notes on pages 10 to 30 form part of these financial statements

City Motor Holdings 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 consolidation

The consolidated financial statements incorporate the results of City Motor Holdings Limited and all of its subsidiary undertakings as at 31 December 2012 using the acquisition of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Going concern

The group has net current liabilities and the directors have prepared the financial statements on the going concern basis as the group has received an indication from its shareholder and immediate controlling party, Vitiris Limited, that it will provide such financial support as the group requires for its continued operations for a period of not less than 12 months from the date these financial statements are approved.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Sales of motor vehicles, parts, accessories and fuel are recognised on the earlier of full payment or delivery to the customer. Service work is recognised on the completion of the agreed work.

Goodwill

Goodwill arising on an acquisition of a subsidiary or a business 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 is 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

Depreciation

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

Leasehold property improvements	- Length of lease
Plant and machinery	- 12.5% - 25% per annum
Motor vehicles	- 20% per annum
Fixtures and fittings	- 12.5% per annum
Computer equipment	- 20% per annum
Forecourt equipment	- 12.5% - 25% per annum

City Motor Holdings Limited

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

1 Accounting policies *(continued)*

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

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.

Consignment vehicles in respect of which finance charges are levied are regarded as being effectively under the control of the group and in accordance with Financial Reporting Standard 5, are included within stocks on the balance sheet as the group has the significant risks and rewards of ownership even though legal title has not yet passed. The corresponding liability is included in creditors.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rate and laws that have been enacted or substantially enacted by the balance sheet date.

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

- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

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

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

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

City Motor Holdings Limited

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

2 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 31 December 2011 is shown below

	Continuing £'000	Discontinued £'000	Total £'000
Turnover	49,084	7,254	56,338
Cost of sales	41,909	6,894	48,803
	<hr/>	<hr/>	<hr/>
Gross profit	7,175	360	7,535
Administrative expenses	7,485	371	7,856
	<hr/>	<hr/>	<hr/>
Operating loss	(310)	(11)	(321)
	<hr/>	<hr/>	<hr/>

3 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom

4 Operating loss

	2012 £'000	2011 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	207	123
Amortisation of positive goodwill	28	34
Hire of other assets - operating leases	1,399	1,240
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	39	44
	<hr/>	<hr/>

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

City Motor Holdings Limited

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

5 Employees

Staff costs (including directors) consist of

	Group 2012 £'000	Group 2011 £'000
Wages and salaries	4,298	4,087
Social security costs	466	488
	<u>4,764</u>	<u>4,575</u>

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

	Group 2012 Number	Group 2011 Number
Administration	49	44
Other	108	121
	<u>157</u>	<u>165</u>

6 Directors' remuneration

	2012 £'000	2011 £'000
Directors' emoluments	72	157

7 Other interest receivable and similar income

	2012 £'000	2011 £'000
Loans to group companies	3	-

City Motor Holdings Limited

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

8 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank loans and overdrafts	8	19
All other loans (excluding loans from group companies)	115	193
Loans from group companies	-	73
Finance leases and hire purchase contracts	2	11
	<u>125</u>	<u>296</u>

City Motor Holdings Limited

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

9 Taxation on loss on ordinary activities

	2012 £'000	2011 £'000
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	-	2
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	28
Adjustment in respect of previous periods	-	1
	<hr/>	<hr/>
Movement in deferred tax provision	-	29
	<hr/>	<hr/>
Taxation on loss on ordinary activities	-	31
	<hr/>	<hr/>

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

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(191)	(617)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 24.50% (2011 - 26.50%)	(47)	(164)
Effect of		
Expenses not deductible for tax purposes	55	26
Adjustment to tax charge in respect of previous periods	-	2
Group relief	-	97
Movement on unutilised tax losses	(26)	18
Fixed asset timing differences	18	(42)
Movement on unprovided accelerated capital allowances	-	23
Intercompany loan write-offs	-	45
Related party loan write-off	-	(3)
	<hr/>	<hr/>
Current tax charge for the year	-	2
	<hr/>	<hr/>

Factors that may affect future tax charges

The group has estimated tax losses carried forward amounting to £132,000 (2011 - £132,000) that are available to be carried forward against future profits of the trade.

The group has unrecognised deferred tax assets in relation to fixed asset timing differences amounting to £15,000 (2011 - £12,000), trading tax losses carried forward amounting to £31,000 (2011 - £34,000) and non trading tax losses amounting to £30,000 (2011 - £33,000).

City Motor Holdings Limited

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

10 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £382,000 (2011 - £419,000) which is dealt with in the financial statements of the parent company.

11 Intangible fixed assets

Group

	Goodwill £'000
<i>Cost or valuation</i>	
At 1 January 2012 and 31 December 2012	609
<i>Amortisation</i>	
At 1 January 2012	319
Provided for the year	28
At 31 December 2012	347
<i>Net book value</i>	
At 31 December 2012	262
At 31 December 2011	290

City Motor Holdings Limited

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

12 Tangible fixed assets

Group

	Leasehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Forecourt equipment £'000	Total £'000
<i>Cost or valuation</i>							
At 1 January 2012	1,870	598	2	687	402	19	3,578
Additions	-	43	-	14	9	-	66
Disposals	(132)	-	-	(12)	-	(19)	(163)
At 31 December 2012	1,738	641	2	689	411	-	3,481
<i>Depreciation</i>							
At 1 January 2012	607	429	2	600	183	13	1,834
Provided for the year	74	61	-	26	45	1	207
Disposals	(46)	-	-	(12)	-	(14)	(72)
At 31 December 2012	635	490	2	614	228	-	1,969
<i>Net book value</i>							
At 31 December 2012	1,103	151	-	75	183	-	1,512
At 31 December 2011	1,263	169	-	87	219	6	1,744

City Motor Holdings Limited

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

12 Tangible fixed assets (continued)

Company

	Leasehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost or valuation</i>						
At 1 January 2012	104	20	2	130	310	566
Additions	-	-	-	4	9	13
At 31 December 2012	104	20	2	134	319	579
<i>Depreciation</i>						
At 1 January 2012	22	20	2	84	95	223
Provided for the year	6	-	-	14	43	63
At 31 December 2012	28	20	2	98	138	286
<i>Net book value</i>						
At 31 December 2012	76	-	-	36	181	293
At 31 December 2011	82	-	-	46	215	343

City Motor Holdings Limited

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

12 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 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
<i>Net book value</i>				
Fixtures and fittings	28	40	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation charged</i>				
Fixtures and fittings	12	10	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

City Motor Holdings Limited

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

13 Fixed asset investments

Company

	Group undertakings £'000
<i>Cost or valuation</i>	
At 1 January 2012 and 31 December 2012	1,179
<i>Provisions</i>	
At 1 January 2012 and 31 December 2012	929
<i>Net book value</i>	
At 31 December 2011 and 31 December 2012	250

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	Nature of business
<i>Subsidiary undertakings</i>			
Gowrings of Newbury Limited	Ordinary	100%	Vehicle retailing and servicing
Rowes Motor Company Limited	Ordinary	100%	Petrol forecourt operation
Portfield Sports Cars Limited	Ordinary	100%	Vehicle retailing and servicing
City Basingstoke Limited	Ordinary	100%	Vehicle retailing and servicing
Viking Basingstoke Limited	Ordinary	100%	Vehicle retailing and servicing
Houndmills Autoplaza Limited	Ordinary	100%	Vehicle retailing and servicing

City Motor Holdings Limited

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

14 Stocks

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
New and used vehicles	7,304	5,852	-	-
Consignment vehicles	681	666	-	-
Parts and other stocks	307	396	-	-
	<u>8,292</u>	<u>6,914</u>	<u>-</u>	<u>-</u>

Consignment stock

Consignment stock exclude new vehicles held by the manufacturer to the order of the group, which are not capable of bearing a finance charge and amount to £486,000 (2011 £321,000)

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

15 Debtors

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade debtors	762	1,278	36	-
Amounts owed by group undertakings	86	-	574	109
Corporation tax recoverable	4	4	-	-
Other debtors	575	553	254	125
Prepayments and accrued income	591	733	433	-
	<u>2,018</u>	<u>2,568</u>	<u>1,297</u>	<u>234</u>

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

At year end £100,000 is owed from a previous director and is disclosed in other debtors

City Motor Holdings Limited

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

16 Creditors' amounts falling due within one year

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Bank loans and overdrafts (secured)	201	339	-	71
Other loans	2,263	2,858	-	500
Trade creditors	6,444	5,385	615	-
Amounts owed to group undertakings	-	376	-	-
Corporation tax	-	25	-	25
Other taxation and social security	463	439	116	204
Obligations under finance lease and hire purchase contracts	9	16	9	16
Consignment liabilities	681	666	-	-
Other creditors	523	583	500	-
Accruals and deferred income	437	385	228	6
	11,021	11,072	1,468	822

The bank overdraft is secured by a debenture and an unlimited guarantee given by City Motor Holdings and its subsidiaries and Gowrings of Reading Limited dated 3 August 2009

Within other loans are vehicle stocking loans totalling £2,263,000 (2011 £2,358,000) which are secured by a floating charge over the new and used stock, a further £Nil (2011 £500,000) is secured by a fixed and floating charge over all the assets of the group

Consignment liabilities are secured on the assets to which they relate

Obligations under finance lease and hire purchase contracts are secured against the relevant assets to which they relate

City Motor Holdings Limited

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

17 Creditors: amounts falling due after more than one year

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Obligations under finance lease and hire purchase contracts	-	9	-	9
	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>
Maturity of debt				
Group	Loans and overdrafts 2012 £'000	Loans and overdrafts 2011 £'000	Finance leases 2012 £'000	Finance leases 2011 £'000
In one year or less, or on demand	2,464	3,197	9	16
	<u>2,464</u>	<u>3,197</u>	<u>9</u>	<u>16</u>
In more than one year but not more than two years	-	-	-	9
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
Company	Loans and overdrafts 2012 £'000	Loans and overdrafts 2011 £'000	Finance leases 2012 £'000	Finance leases 2011 £'000
In one year or less, or on demand	-	571	9	16
	<u>-</u>	<u>571</u>	<u>9</u>	<u>16</u>
In more than one year but not more than two years	-	-	-	9
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>

City Motor Holdings Limited

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

18 Share capital

	2012 £'000	2011 £'000
<i>Allotted, called up and fully paid</i>		
946,428 A ordinary shares of £1 each	946	500
500,000 B ordinary shares of £1 each	500	500
250,000 D ordinary shares of 20p each	50	50
	<hr/>	<hr/>
	1,496	1,050
	<hr/>	<hr/>

In addition to the above shares there is one £1 C redeemable preference share authorised and in issue at year end

On 17 December 2012 446,428 £1 A ordinary shares were issued at a premium of 72p per share

The rights of each class of share is as follows.

Rights to dividends

The A ordinary shares are entitled to a dividend of 40% of distributable profits

The B ordinary shares are entitled to a dividend of 40% of distributable profits

The redeemable C preference share is entitled to a special dividend which is dependent on the successful outcome of a current VAT claim

The D ordinary shares are entitled to a dividend of 20% of distributable profits

Rights on winding up

Upon winding up the redeemable C preference share shall be entitled to the first payment of arrears on shares in relation to the VAT claim, followed by the A, B and D ordinary shares ranking *pari passu*

If the B ordinary shares have not been converted to deferred shares then £200,000 will be paid to the A ordinary shareholders and the remainder to the B ordinary shareholders

If the B ordinary shares have been converted to deferred shares then up to £10,000,000 will be payable per share on A ordinary shares. The deferred shareholders will then be entitled to £0.01 per share held

Voting rights

A and B ordinary shareholders are entitled to one per vote per share

The redeemable C preference shares and D ordinary shares do not hold any voting rights

In the event of a Management Buyout the B ordinary shares will be converted into deferred shares

The redeemable C preference share can be redeemed at the company's option once the VAT claim has been received and the special dividend paid

City Motor Holdings Limited

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

19 Reserves

Group

	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	-	(549)
Premium on shares issued during the year	322	-
Loss for the year	-	(191)
	<u>322</u>	<u>(740)</u>
At 31 December 2012	<u>322</u>	<u>(740)</u>

Company

	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	-	(1,054)
Premium on shares issued during the year	322	-
Loss for the year	-	(382)
	<u>322</u>	<u>(1,436)</u>
At 31 December 2012	<u>322</u>	<u>(1,436)</u>

20 Reconciliation of movements in shareholder's funds/(deficit)

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Loss for the year	(191)	(648)	(382)	(419)
Issue of shares	446	-	446	-
Premium on shares issued during the year	322	-	322	-
	<u>577</u>	<u>(648)</u>	<u>386</u>	<u>(419)</u>
Net additions to/(deductions from) shareholder's funds/(deficit)	577	(648)	386	(419)
Opening shareholder's funds/(deficit)	501	1,149	(4)	415
	<u>1,078</u>	<u>501</u>	<u>382</u>	<u>(4)</u>
Closing shareholder's funds/(deficit)	<u>1,078</u>	<u>501</u>	<u>382</u>	<u>(4)</u>

City Motor Holdings Limited

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

21 Contingent liabilities

Guarantees and cross-guarantees exist between the company and other subsidiaries of City Motor Holdings Limited and Gownings of Reading Limited in respect of the group bank overdraft. At 31 December 2012, the group net overdraft was £334,000 (2011 £642,000)

22 Discontinued operations

On 30 April 2012 the group disposed of its forecourt operation operated by Rowes Motor Company Limited

The loss on disposal of its forecourt operation operated by Rowes Motor Company Limited has been calculated as follows

	£'000	£'000
Cash proceeds (net of legal expenses of £17k)		122
Net assets disposed of		
Tangible fixed assets	91	
Stocks	74	
	<u> </u>	
		165
		<u> </u>
Loss on disposal		(43)
		<u> </u>

The net inflow of cash in respect of the sale of its forecourt operation operated by Rowes Motor Company Limited is as follows

	£'000
Cash consideration	122
	<u> </u>
Net inflow of cash	122
	<u> </u>

City Motor Holdings Limited

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

23 Commitments under operating leases

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

	Land and buildings 2012 £'000	Land and buildings 2011 £'000
Operating leases which expire		
After five years	1,397	1,240

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

	Land and buildings 2012 £'000	Land and buildings 2011 £'000
Operating leases which expire		
After five years	1,397	1,240

City Motor Holdings Limited

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

24 Related party disclosures

Controlling parties

Until the 17 December 2012 the ultimate controlling party was Friday Investments Limited, a company incorporated in Jersey. On this date the immediate controlling party became Vitris Limited, a company incorporated in England & Wales. On the same day the ultimate parent undertaking became Rcapital Limited.

The directors do not consider there to be an ultimate controlling party.

The company is a wholly owned subsidiary of Vitris Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Vitris Limited or other wholly owned subsidiaries within the group.

Related party transactions and balances

	Sales to related party £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000	Interest payable £'000
2012					
Gowrings of Reading Limited	1,101	1,117	-	-	-
CWC (2007) Limited	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2011					
Gowrings of Reading Limited	1,488	1,646	-	289	20
CWC (2007) Limited	-	-	-	-	44
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The companies disclosed above were related until 17 December 2012 when the ownership of the group was transferred to Vitris Limited. Transactions after this date have therefore not been disclosed.

Loans and transactions concerning directors and officers of the company

As disclosed in note 15 to the accounts 100,000 (2011: £100,000) is due from a previous director, D A Morgan. The maximum outstanding during the year was £100,000. No interest has been charged on this loan during the year.

25 Ultimate parent company and parent undertaking of larger group

The ultimate parent company at 31 December 2012 was considered by the directors to be Rcapital Limited, a company which is incorporated in England & Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Vitris Limited, incorporated in England & Wales. The consolidated accounts of this company are available to the public and may be obtained from Houndmills Autoplaza, Basingstoke, RG 21 6YL. No other group accounts include the results of the company.

City Motor Holdings Limited

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

26 Reconciliation of operating loss to net cash inflow from operating activities

	2012 £'000	2011 £'000
Operating loss	(69)	(321)
Amortisation of intangible fixed assets	28	34
Depreciation of tangible fixed assets	207	123
Loss/(profit) on sale of tangible fixed assets	26	(5)
(Increase)/decrease in stocks	(1,452)	1,812
Decrease in debtors	550	400
Increase/(decrease) in creditors	985	(1,726)
	<hr/>	<hr/>
Net cash inflow from operating activities	275	317
	<hr/>	<hr/>

27 Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
Increase/(decrease) in cash	87	(652)
Cash inflow from changes in debt	111	631
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	198	(21)
Inception of finance leases	-	(111)
Debt settled on share issue	500	-
	<hr/>	<hr/>
Movement in net debt	698	(132)
Opening net debt	(3,156)	(3,024)
	<hr/>	<hr/>
Closing net debt	(2,458)	(3,156)
	<hr/>	<hr/>

City Motor Holdings Limited

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

28 Analysis of net debt

	At 1 January 2012 £'000	Cash flow £'000	Other non- cash items £'000	At 31 December 2012 £'000
Cash at bank and in hand	66	(51)	-	15
Bank overdrafts	(339)	138	-	(201)
		<u>87</u>		
Debt due within one year	(2,858)	95	500	(2,263)
Finance leases	(25)	16	-	(9)
		<u>111</u>		
Total	<u>(3,156)</u>	<u>198</u>	<u>500</u>	<u>(2,458)</u>