

Inchcape East (Acre) Limited

Report and Accounts

For the year ended 31 December 2009

Registered in England and Wales Number 2948466

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Inchcape East (Acre) Limited

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2009

Business review and principal activities

The principal activities of the Company during the year under review were distribution and retailing of cars and commercial vehicles, sales of oils and spare parts together with service repair facilities

The results for the company show a profit after tax of £19,000 (2008 loss of £1,267,000) for the year

The Company ceased trading on 30 January 2009 following the closure of its sole dealership Ipswich Land Rover

From 31 January 2009 the principal activity of the Company is that of a holding company

The Directors do not recommend the payment of a dividend (2008 £nil)

Future outlook

The Company ceased trading on 30 January 2009 and will continue to act as a holding company

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Discussion of these risks and uncertainties, in the context of the Inchcape Group as a whole, is provided on pages 38 - 39 of the Group's 2009 Annual Report which does not form part of this report

Key performance indicators (KPIs)

The Company is part of the Inchcape Group. The development, performance and position of the UK retail division, which includes this Company, is discussed on pages 20 - 21 of the Group's 2009 Annual Report which does not form part of this report

Directors

The Directors who held office during the year were

M P Wheatley
C McCormack
S Lock (resigned 1 December 2009)
M Ronchetti (appointed 1 December 2009)

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 2006 was outstanding at 31 December 2009, or occurred during the year for any Director or connected person (2008 None)

Inchcape East (Acre) Limited

Report of the Directors (continued)

Directors' indemnity

A Qualifying Third Party Indemnity (QTPI), as permitted by the Company's Articles of Association and section 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgement is given against the Director.

Going concern

The Company has ceased trading since the balance sheet date. The financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet date.

Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following the publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group Intranet "the Pulse" and UK in-house magazine "Customer 1st" facilitate communication with employees. Employees are regularly consulted upon matters concerning their employment.

Employees are provided with information on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc SAYE share option scheme, subject to the rules of that scheme. Employees are also offered an Inchcape Employee Advantage Scheme to promote their well-being.

Employment and training policy

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview all those candidates who meet the minimum selection criteria. We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued employment in their role, including consulting them about their requirements, making adjustments and providing alternative suitable positions.

Supplier payment policy

The Company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the Company's suppliers are conducted. Whilst the Company does not follow any single external code or standard, in line with Inchcape Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

Inchcape East (Acre) Limited

Report of the Directors (continued)

Statement of 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 prepared the 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 Company and of the profit or loss of the Company 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, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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.

Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 386 of the Companies Act 1985, the Company elected to dispense with the obligation to appoint auditors annually. This dispensation continues under the Companies Act 2006 and accordingly, PricewaterhouseCoopers LLP have indicated their willingness to remain in office.

Inchcape East (Acre) Limited

Report of the Directors (continued)

Elective resolutions

In addition to the aforementioned election to dispense with the obligation to appoint auditors annually, further elective resolutions passed by the members, remain in force. These resolutions remove the requirement for the company to

- (i) Hold Annual General Meetings, and
- (ii) Lay Report and Financial statements before a General Meeting

By Order of the Board



For and on behalf of
Inchcape UK Corporate Management Limited
Company Secretary

Date 29 October 2010

Independent auditors' report to the members of Inchcape East (Acre) Limited

We have audited the financial statements of Inchcape East (Acre) Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 Company's affairs as at 31 December 2009 and of its 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.

Independent auditors' report to the members of Inchcape East (Acre) Limited (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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in note 1 to the financial statements which explained that the Company has ceased trading. Accordingly, the going concern basis of accounting is no longer appropriate.



Richard Lawson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30/10/10

Inchcape East (Acre) Limited

Profit and loss account For the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Discontinued operations			
Turnover		490	8,088
Cost of sales		(465)	(7,060)
GROSS PROFIT		25	1,028
Distribution costs		(65)	(935)
Administrative expenses		(60)	(726)
Net operating expenses		(125)	(1,661)
Operating loss	2	(100)	(633)
Non-operating exceptional items	9	155	(610)
Interest payable	6	(11)	(37)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		44	(1,280)
Tax (charge)/credit on loss on ordinary activities	7	(25)	13
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		19	(1,267)

There are no recognised gains or losses for the current and preceding financial years other than the profit of £19,000 (2008 loss of £1,267,000) shown above

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

Inchcape East (Acre) Limited

Balance sheet As at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	10	-	23
Investments	11	500	500
		500	523
Current assets			
Stock	12	-	2,361
Debtors	13	1,965	2,222
Cash at bank and in hand		13	-
		1,978	4,583
Current liabilities			
Creditors - amounts falling due within one year	14	(1,355)	(3,884)
Net current assets		623	699
Total assets less current liabilities		1,123	1,222
Provisions for liabilities and charges	15	(19)	(137)
Net assets		1,104	1,085
CAPITAL AND RESERVES			
Called up share capital	17	250	250
Profit and loss account	18	854	835
EQUITY SHAREHOLDER'S FUNDS	19	1,104	1,085

The financial statements on pages 8 to 19 were approved by the Board of Directors on 29 October 2010

Signed on behalf of the Board of Directors



M Ronchetti
Director

Inchcape East (Acre) Limited

Registered No. 2948466

Inchcape East (Acre) Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2009

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The particular accounting policies adopted are as described below. They have all been applied consistently throughout the year and the preceding year.

Turnover

Turnover represents the invoiced value of goods and services provided excluding Value Added Tax. The turnover is attributable to the principal activities of the Company, and is wholly derived in the United Kingdom.

Revenue recognition

Revenue from the sale of goods and services sold is measured at the fair value of consideration receivable, net of rebates and any discounts, and includes lease rentals and finance and insurance commission.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically dispatched or when the service has been undertaken and invoiced to the customer. Revenue from commission is recognised when receipt of payment can be assured.

Tangible fixed assets

Depreciation is provided at the following annual rates, in order to write off each asset over its estimated useful life:

Plant and machinery	10% - 33% on cost
Fixtures, fittings and equipment	10% - 33% on cost
Motor vehicles	25% - 33% on cost

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Car stock is valued on a unit basis and includes transport and handling costs. Parts stock is valued on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stocks on consignment and their related obligations are recognised in current assets and creditors respectively on adoption of the consignment stock when the risks and rewards of ownership pass to the Company.

Stocks on consignment are deemed in substance to be assets of the company.

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

1 Accounting policies (Continued)

Financial assets and liabilities

The Company classifies its financial instruments in the following categories: loans and receivables and amortised cost. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity date is more than 12 months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at net realisable value.

Amortised cost includes non-derivative financial assets and liabilities which are held at original cost, less amortisation or provision raised.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term bank deposits.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in future except as otherwise required by FRS 19, Deferred Tax. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Pension and other post retirement benefits

The group contribute to a group personal pension plan for individuals and the contributions are accounted in the period to which they relate.

Cash flow statement

The Company's ultimate parent undertaking is Inchcape plc, a company registered in England and Wales. Accordingly, the Company has taken advantage of the exemption in paragraph 5(a) of FRS 1 (Revised), Cash Flow Statements and not published its own cash flow statement.

Related party transactions

The Directors regard Inchcape plc, a company registered in England and Wales, as the ultimate controlling party. Therefore the Company has applied the exemption in paragraph 3 of FRS 8, Related Party Disclosures. This exemption permits the non-disclosure of transactions and balances with related parties that are wholly owned subsidiary undertakings of Inchcape plc. The Directors consider that there are no other relationships, transactions or balances which are required to be disclosed by FRS 8.

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

1 Accounting policies (Continued)

Group accounts

In accordance with the exemption permitted by Section 400 of the Companies Act 2006 the company is exempt from preparing and delivering to the Registrar of Companies consolidated financial statements

Going concern

The Company has ceased trading since the balance sheet date. The financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet date.

2 Operating loss

The operating loss is stated after charging

	2009 £'000	2008 £'000
Employee costs (note 3)	60	821
Depreciation of tangible fixed assets – owned	7	23
Fees payable to Company's auditors for audit of financial statements	-	3
Rent expense	15	169
Operating lease rentals - plant and machinery	-	2

3 Employees

Staff costs during the year amounted to

	2009 £'000	2008 £'000
Salaries and wages	52	715
Social security costs	7	78
Pension costs	1	11
Other redundancy and termination payments	-	17
	60	821

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

3 Employees (Continued)

The average number of persons employed by the Company throughout the year was as follows

	2009 Number	2008 Number
Retail	1	8
After sales	1	18
Administration and management	1	5
	3	31

4 Directors' emoluments

The Directors received no emoluments in respect of qualifying services to the Company, nor did they have any retirement benefits accruing to them under defined benefit pension schemes (2008 £nil)

5 Pensions and other post retirement benefits

The Company contributes to a group personal pension plan for individuals. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge for the year was £1,000 (2008 £11,000). At 31 December 2009 there were no outstanding or prepaid contributions (2008 £nil).

6 Interest payable

	2009 £'000	2008 £'000
Interest payable on bank loans and overdrafts	11	37

7 Taxation

a) Taxation credit for the year

The taxation charge/(credit) based on the results for the year is made up as follows

	2009 £'000	2008 £'000
UK Corporation Tax at 28% (2008 28.5%)	-	-
Over provision in previous year	-	-
	-	-
Deferred tax origination and reversal of timing differences	25	(13)
Tax charge/(credit) for the year	25	(13)

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

7 Taxation (Continued)

b) Factors affecting tax charge for the year:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%)
The differences are explained below

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before tax	44	(1,280)
Tax at 28% (2008 28.5%)	12	(365)
Factors affecting charge for the year		
Non-deductible expense	4	1
Depreciation in excess of capital allowances / (accelerated capital allowances)	4	7
Tax losses brought forward	(20)	357
Current tax charge for the year (as above)	-	-

c) Factors that may affect future tax charges

The anticipated future effective rate of tax for the Company will be slightly above or below the UK nominal rate (2008 28.5%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense

8 Dividends

No dividends were paid in 2009 or 2008

9 Non-operating exceptional items

The Ipswich Land Rover dealership was closed on 30 January 2009. This resulted in non-operating exceptional costs of £610,000 in the prior year and a credit of £155,000 in 2009, split between the following categories

	2009 £'000	2008 £'000
Redundancies and termination payments (note 15)	68	137
Parts stock write-down	(5)	23
Stock write-down	(179)	345
Fixed asset impairment	(20)	86
Bad debt provision	(19)	19
Total restructuring (credit)/charge	(155)	610

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

10 Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2009	135	175	14	324
Disposals	(103)	(7)	-	(110)
Transfers to group companies	(9)	(25)	(14)	(48)
At 31 December 2009	23	143	-	166
Depreciation				
At 1 January 2009	125	163	13	301
Charged in the year	2	4	1	7
Reversal of impairment losses	-	(15)	(5)	(20)
Disposals	(98)	(7)	-	(105)
On transfers to group companies	(6)	(2)	(9)	(17)
At 31 December 2009	23	143	-	166
Net book value				
At 31 December 2009	-	-	-	-
At 31 December 2008	10	12	1	23

11 Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 January 2009 and 31 December 2009	500

The Company has investments in the following subsidiary undertakings, all of which are registered in England and Wales

	% of shares held	Aggregate of share capital and reserves £'000	Retained profit /(loss) for the year £'000
Inchcape East (Brook) Limited	100%	2,598	285
Inchcape East (Vale) Limited	100%	1,962	(81)

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

12 Stock

	2009 £'000	2008 £'000
Finished goods - purchased stock	-	2,361

13 Debtors

	2009 £'000	2008 £'000
Trade debtors	-	170
Amounts owed by group undertakings	1,965	1,976
Deferred taxation (note 16)	-	25
Prepayments and accrued income	-	51
	1,965	2,222

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

14 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	822	1,234
Deposits received	-	2
Trade creditors	-	2,266
Amounts owed to group undertakings	519	204
Other taxation and social security	-	65
Accruals and deferred income	14	113
	1,355	3,884

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Inchcape East (Acre) Limited

Notes to the financial statements (Continued)

For the year ended 31 December 2009

15 Provisions for liabilities and charges

	Restructuring Provision £'000
As at 1 January 2009	137
Charged to the profit and loss account	68
Utilised during the year	(186)
As at 31 December 2009	19

In the light of prevailing market conditions a decision was made to close a number of sites including Ipswich Land Rover. In 2008 a provision of £137,000 was recognised for the redundancy and associated closure costs. During the current year the provision was increased by £68,000 and £186,000 was utilised. The remaining provision of £19,000 is expected to be fully utilised by 31 December 2010.

16 Deferred taxation

	£'000
As at 1 January 2009	25
Deferred tax credit for the year (note 7)	(25)
As at 31 December 2009 (note 13)	-

Deferred taxation can be analysed as

	2009 £'000	2008 £'000
Depreciation in excess of capital allowances	-	25

17 Called up share capital

	2009 £'000	2008 £'000
Authorised		
250,000 ordinary shares of £1 each	250	250
Allotted, called up and fully paid		
250,000 ordinary share of £1 each	250	250

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

18 Reserves

	Profit and loss £'000
As at 1 January 2009	835
Retained profit for the year	19
As at 31 December 2009	854

19 Reconciliation of movements in shareholder's funds

	2009 £'000	2008 £'000
Retained profit/(loss) for the year	19	(1,267)
Opening shareholder's funds	1,085	2,352
Closing shareholder's funds	1,104	1,085

20 Commitments under operating leases

Annual commitments under operating leases, analysed over the period when the lease expires are as follows

	Plant and machinery		Land and buildings	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Within one year	-	4	-	15
	-	4	-	15

21 Contingent liabilities

The Company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £12,987 (2008: £nil).

Inchcape East (Acre) Limited

Notes to the financial statements (Continued) For the year ended 31 December 2009

22 Parent undertaking and controlling party

The Company's immediate parent is Inchcape East (Holdings) Limited, a company registered in England and Wales

The Directors regard the ultimate parent undertaking to be Inchcape plc, a company registered in England and Wales

Both the smallest and the largest group of which the Company is a member and for which Group Financial statements are drawn up is that of Inchcape plc. Copies of the Report and Financial statements for that company are available from

The Company Secretary
Inchcape plc
22A St James's Square
London
SW1Y 5LP