

Bristol Street First Investments Limited

Registered number 251237

Financial statements

For the year ended 28 February 2011



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Directors' report

For the year ended 28 February 2011

The Directors present their annual report and the audited financial statements of the Company for the year ended 28 February 2011. The registered number of the Company is 251237.

Principal activities

The principal activity of the Company is the sale and servicing of motor vehicles.

Review of business and future developments

The Directors consider the trading results for the year ended 28 February 2011 to be satisfactory. The profit and loss account for the year is set out on page 8.

On 29 June 2010 the Company acquired the trade and assets of Ford dealerships in Glasgow and Hamilton from Shields Automotive Limited. On 4 October 2010 the Company acquired the trade and assets of a Ford dealership in Macclesfield from Lookers plc.

On 28 February 2011 part of the trade and certain assets of Motor Nation Used Car Hypermarkets and Dunfermline Autocentre Limited, fellow Vertu Motors plc group companies, were transferred into the Company.

The Company has a number of Key Performance Indicators ("KPI's") by which it monitors its business. These include sales volumes by channel, gross profit per unit and in the after-sales arena, measures such as workshop efficiency and recovery rates.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Vertu Motors plc, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. The Directors monitor the risks in order to limit the adverse effects on the financial performance by reviewing levels of debt finance and the related finance costs.

Liquidity risk

The Company manages and uses its working capital to ensure that it has sufficient funds for ongoing operations and future investments.

Credit risk

It is the Company's policy to invest cash and assets safely and profitably. To control credit risk, counterparty credit limits are set by reference to published credit ratings. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Interest rate risk

The Company is exposed to interest rate risk on its bank overdraft. The Directors do not believe this constitutes a significant risk to the business.

Directors' report (continued)

For the year ended 28 February 2011

Dividends

A dividend of 37 56p per share totaling £8,000,000 was paid to the Company's parent during the year to 28 February 2011 (2010: £Nil)

Directors and Directors' interests

The Directors of the Company during the year and up to the date of signing the financial statements are listed below

R T Forrester
K Anderson
D Crane
M Sherwin

R T Forrester and M Sherwin are also Directors of the ultimate parent undertaking, Vertu Motors plc and their interests in the share capital of group undertakings are disclosed in the financial statements of that Company

Colleagues

The Company seeks to fulfil the career aspirations and potential of all colleagues. We want every colleague to enjoy coming to work, feel motivated in everything that they do and to take pride in their contributions to the Company. As the Company expands, the enthusiasm and dedication of our people is a vital factor in the Company's success.

Values

- **Passion**

We are proud of our Company and dedicated to its purpose. We are enthusiastic, enjoy challenges and are eager for success.

- **Respect**

We are friendly and courteous in all our relationships with colleagues, customers and suppliers.

- **Professionalism**

We are reliable and consistent and we excel in the standards and presentation of our people, products and premises.

- **Integrity**

We are trustworthy and honest in all that we say and do and take responsibility for our own actions.

- **Recognition**

We appreciate the endeavours of our colleagues. We praise their achievements and enjoy celebrating their success.

- **Opportunity**

We have a vision of what can be achieved and provide colleagues with personal development, supportive training and exciting career progression.

- **Commitment**

We are all determined to achieve total customer satisfaction by providing a service built on trust.

Directors' report (continued)

For the year ended 28 February 2011

Employment Policies

The Company's aim is to attract and retain the best people in the automotive retail sector while observing best practice in employment policies and procedures through a commitment to

- o Offering equal opportunities in recruitment and promotion,
- o The continuous development of all colleagues,
- o Encouraging internal promotion,
- o Using progressive, consistent and fair selection methods,
- o Offering family friendly policies and ensuring colleagues are treated with respect and dignity in an environment where no form of intimidation or harassment is tolerated,

All appointments are made solely on the basis of a person's suitability for a particular post and without reference to gender, age, ethnic origin, religion or (except where it directly affects safety or job performance) disability. The principle of equality also applies to career development opportunities and to our operations, human resources practices and management processes.

Employment of disabled people is considered on merit with regard only to the ability of the applicant to carry out the function required. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so. A colleague becoming disabled would where appropriate be offered retraining.

Communication

Whilst individual achievement is always recognised, good teamwork is at the core of how we operate our business. At the heart of this is good communication. Every colleague has a stake in the business and we want everyone to feel that their voice can be heard. The Company utilises many formal and informal channels to achieve this.

Payment of Creditors

The Company does not operate a defined code of practice regarding the payment of its creditors. The largest proportion of trade creditors in value terms relate to supplies provided by the vehicle manufacturers who have granted retail franchises to the Company. Under the terms of the franchise agreements, supplies of vehicles and parts are provided on predetermined credit arrangements to the Company and the supplier effects payments by application of a direct debit on the due date. The Company agrees with other major suppliers appropriate payment terms when agreeing the price and other terms of purchase. Trade creditors of the Company at 28 February 2011 were equivalent to 69 (2010: 41) days purchases.

Events after the Balance Sheet date

On 30 June 2011 the Company received a dividend of £1,070,000 from its wholly owned subsidiary Boydslaw 103 Limited.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Directors' report (continued)

For the year ended 28 February 2011

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, and each Director has taken all the steps that they ought to have taken as a Director, in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Approved by the Board and signed on its behalf by



M Sherwin
Director
21 July 2011

Vertu House
Kingsway North
Team Valley
Gateshead
Tyne and Wear
NE11 0JH

Statement of Directors' responsibilities

For the year ended 28 February 2011

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 year. 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.

Independent auditors' report to the members of Bristol Street First Investments Limited

We have audited the financial statements of Bristol Street First Investments Limited for the year ended 28 February 2011 which comprises the profit and loss account, 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 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.

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 28 February 2011 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

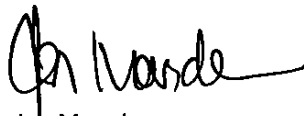
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Bristol Street First Investments 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



Ian Marsden

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

21 July 2011

Profit and Loss Account

For the year ended 28 February 2011

	Note	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Turnover			
Continuing operations		478,066	446,483
Acquisitions		15,312	-
		<u>493,378</u>	<u>446,483</u>
Cost of sales			
Continuing operations		(430,650)	(399,667)
Acquisitions		(13,646)	-
		<u>(444,296)</u>	<u>(399,667)</u>
Gross profit			
Continuing operations		47,416	46,816
Acquisitions		1,666	-
		<u>49,082</u>	<u>46,816</u>
Distribution costs			
Continuing operations		(29,205)	(28,907)
Acquisitions		(1,602)	-
		<u>(30,807)</u>	<u>(28,907)</u>
Administrative expenses			
Continuing operations		(13,787)	(13,211)
Acquisitions		(702)	-
		<u>(14,489)</u>	<u>(13,211)</u>
Operating profit	3	3,786	4,698
Interest receivable and similar income	7	747	713
Interest payable and similar charges	6	(476)	(225)
Profit on ordinary activities before taxation		<u>4,057</u>	<u>5,186</u>
Tax on profit on ordinary activities	8	(1,708)	(215)
Profit for the financial year	19	<u>2,349</u>	<u>4,971</u>

All amounts arise from continuing operations

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

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

Balance Sheet

As at 28 February 2011

		28 February 2011 £'000	28 February 2010 £'000
	Note		
Fixed assets			
Intangible assets	10	138	183
Investment in subsidiary	11	640	2,731
Tangible assets	13	3,778	1,790
		<u>4,556</u>	<u>4,704</u>
Current assets			
Stocks	14	145,334	119,025
Debtors	15	59,829	58,172
Cast at bank and in hand		-	3,865
Total current assets		<u>205,163</u>	<u>181,062</u>
Creditors amounts falling due within one year	16	(173,068)	(143,464)
Net current assets		<u>32,095</u>	<u>37,598</u>
Total assets less current liabilities		<u>36,651</u>	<u>42,302</u>
Net assets		<u>36,651</u>	<u>42,302</u>
Capital and reserves			
Called up share capital	18	21,301	21,301
Profit and loss account	19	15,350	21,001
Total shareholders' funds	20	<u>36,651</u>	<u>42,302</u>

The notes on pages 10 to 19 form part of the financial statements

These financial statements were approved by the board of Directors on 21 July 2011 and were signed on its behalf by



M Sherwin
Director

Notes to the financial statements

For the year ended 28 February 2011

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year and the preceding financial year, are set out below

The Company is a wholly-owned subsidiary of Vertu Motors plc and is included in the consolidated financial statements of Vertu Motors plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

Intangible assets

The financial statements have been prepared in accordance with FRS10, 'Goodwill and intangible assets'. Accordingly, in respect of acquisitions of unincorporated businesses post 1 January 1998, the goodwill arising, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful life

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided at rates calculated to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over their estimated useful lives at the following rates

Freehold property	2%
Plant, vehicles and equipment	4 – 10 years

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In respect of work in progress and finished goods, cost includes overheads, transportation, and duty costs where appropriate. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks

Notes to the financial statements (continued)

For the year ended 28 February 2011

1. Principal accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment

Cash Flow

The Company is a wholly owned subsidiary company of a group headed by Vertu Motors plc, and is included in the consolidated financial statements of that Company, which are publicly available. Consequently, the Company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement

Turnover

Turnover for the sale of goods and services is measured at the fair value of consideration receivable, net of rebates, value added tax and any discounts

Turnover is recognised to the extent that it is probable that the 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 despatched or when a service has been undertaken

The Company is managed as one business and one geographical segment. The business comprises dealership operations where dealerships operate a number of different business streams such as new vehicle sales, used vehicle sales and aftersales operations. Management is organised based on the dealership operations as a whole rather than the specific business streams. Therefore, no further segmental analysis is shown, other than that disclosed within the body of these financial statements

Notes to financial statements (continued)

For the year ended 28 February 2011

1. Principal accounting policies (continued)

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed in note 4 represents contributions payable by the Company to the fund.

The Company participates in a group operated defined benefit pension scheme providing benefits based on final pensionable pay for all members. This scheme was closed to new entrants and to future accrual in May 2003. Contributions are made to this scheme by Bristol Street First Investments Limited, Bristol Street Fourth Investments Limited, Vertu Motors (VMC) Limited, Motor Nation Car Hypermarkets Limited, Bristol Street Commercials (Italia) Limited and Bristol Street Group Limited. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

We are unable to split the assets and liabilities of the scheme between the respective companies and therefore the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full in the financial statements of Vertu Motors plc. The contributions paid by the Company have been recognised in these financial statements as they are due.

2. Directors' Emoluments

No Director received remuneration from the Company in respect of the year ended 28 February 2011 (2010: £Nil).

The emoluments of the directors are paid by the parent Company which makes no recharge to the Company. All of the Directors' services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent Company. Accordingly, the above details include no emoluments in respect of these Directors.

3. Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Wages and salaries (note 4)	23,879	23,060
Depreciation of tangible fixed assets – owned assets	659	775
Amortisation of intangible fixed assets	45	36
Profit on disposal of tangible fixed assets	(8)	(19)
Auditors' remuneration – statutory audit	142	101
Operating lease payments – land and buildings	1,677	1,253
Operating lease payments – plant and machinery	79	109

Notes to the financial statements (continued)

For the year ended 28 February 2011

4. Wages and salaries

	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Wages and salaries	21,848	21,208
Social security costs	1,797	1,620
Other pension costs	234	232
	23,879	23,060

5. Employee numbers

The average monthly number of persons, (including Directors), employed by the Company, analysed by category, was as follows

	Year ended 28 February 2011 Number	Year ended 28 February 2010 Number
By activity.		
Sales and distribution	426	392
Service, parts and bodyshop	475	434
Administration	209	182
	1,110	1,008

6. Interest payable and similar charges

	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Bank interest payable	476	225
	476	225

7. Interest receivable and similar charges

	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Vehicle stocking interest	747	713
	747	713

Notes to the financial statements (continued)

For the year ended 28 February 2011

8 Tax on profit on ordinary activities

a) Analysis of tax

	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Current tax		
UK Corporation tax on profits for the year	1,027	375
Adjustments in respects of prior year	755	(6)
Total current tax	1,782	369
Deferred tax		
Origination and reversal of timing differences	(23)	15
Adjustments in respect of prior years	(51)	(169)
Total deferred tax credit (note 17)	(74)	(154)
Tax on profit on ordinary activities	1,708	215

b) Factors affecting taxation charge in the year

	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Profit on ordinary activities, before taxation	4,057	5,186
Profit on ordinary activities multiplied by the standard tax in the UK of 28%	1,136	1,452
Non-deductible expenses	48	9
Non-qualifying depreciation	1	1
Adjustments in respect of prior years	756	(6)
Group relief for no consideration	-	(925)
Other permanent relief	(110)	(147)
Timing differences	(49)	(15)
Current tax charge for the year	1,782	369

The Government announced in June 2010 that it intended to reduce the rate of corporation tax from 28% to 24% over four years, and Finance Act 2010, which was substantively enacted in July 2010, included provisions to reduce the rate of corporation tax to 27% with effect from 1 April 2011. Accordingly, deferred tax balances have been revalued to the lower rate of 27% in these accounts.

On 23 March 2011 the government announced that it intends to further reduce the rate of corporation tax to 26% with effect from 1 April 2011 and then by 1% per annum to 23% by 1 April 2014. As this legislation was not substantively enacted by 28 February 2011, the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts. If the deferred tax assets and liabilities of the company were all to reverse after 1 April 2014, the effect of the changes from 27% to 23% would be to reduce the net deferred tax asset. To the extent that the deferred tax reverses more quickly than this the impact on the net deferred tax asset will be reduced.

Notes to the financial statements (continued)

For the year ended 28 February 2011

9. Dividends per share

The dividend paid in the year to 28 February 2011 was 37.56p per share, totalling £8,000,000 (2010: £Nil)

10. Intangible assets

	Goodwill £'000
Cost	
At 1 March 2010	493
At 28 February 2011	493
Accumulated amortisation	
At 1 March 2010	310
Amortisation charge	45
At 28 February 2011	355
Net book value	
At 28 February 2011	138
At 28 February 2010	183

The goodwill arising on the acquisition of unincorporated businesses is being amortised over 20 years

11. Investments in subsidiary undertakings

	2011 £'000	2010 £'000
Cost and net book value		
At 1 March 2010	2,731	-
Additions	6	2,731
Assets transferred	(2,097)	-
At 28 February 2011	640	2,731

Investments in subsidiary undertakings represent 100% of the share capital of Boydslaw 103 Limited

Boydslaw 103 Limited holds 100% of the share capital of Dunfermline Autocentre Limited. On 28 February 2011 the trade and assets of Dunfermline Autocentre Limited were transferred to the Company and thereafter Dunfermline Autocentre Limited ceased to trade. As a consequence, the carrying value of the investment in Boydslaw 103 Limited has been reduced to reflect the fair value of the assets transferred.

On 30 June 2011 a dividend of £1,070,000 was received from Boydslaw 103 Limited and £640,000 of this dividend received will be applied against the remaining investment value shown above, with the remaining £430,000 being credited to profit and loss.

Notes to the financial statements (continued)

For the year ended 28 February 2011

12. Acquisitions

On 29 June 2011 the Company acquired the trade and assets of Ford dealerships in Glasgow and Hamilton from Shields Automotive Limited. On 4 October 2010 the Company acquired the trade and assets of a Ford dealership in Macclesfield from Lookers plc. Consideration for both of these acquisitions was settled in cash and a summary of the net assets acquired is set out below

	Fair Value £'000
Tangible fixed assets	155
Stocks	2,078
Prepayments and accrued income	41
Accruals and deferred income	(20)
Net assets acquired	<u>2,254</u>
Goodwill	-
Consideration – settled in cash	<u>2,254</u>

13. Tangible assets

	Freehold Property £'000	Plant, vehicles and equipment £'000	Total £'000
Cost			
At 1 March 2010	-	7,122	7,122
Acquisitions	-	155	155
Additions	-	338	338
Disposals	-	(326)	(326)
Transfers	1,966	668	2,634
At 28 February 2011	<u>1,966</u>	<u>7,957</u>	<u>9,923</u>
Accumulated depreciation			
At 1 March 2010	-	5,332	5,332
Charge for the financial year	-	659	659
Disposals	-	(325)	(325)
Transfers	18	461	479
At 28 February 2011	<u>18</u>	<u>6,127</u>	<u>6,145</u>
Net book value			
At 28 February 2011	<u>1,948</u>	<u>1,830</u>	<u>3,778</u>
At 28 February 2010	-	1,790	1,790

Included in the cost or valuation of freehold property is freehold land of £710,000 which is not depreciated

Transfers relate to the hive up of part of the trade and certain assets from other members of the Vertu Motors plc group of companies on 28 February 2011. The following net assets were transferred at book value, being equivalent to fair value, on that date

	£'000
Tangible Fixed Assets	2,175
Stock	9,006
Debtors	1,764
Deferred tax asset	33
Creditors falling due within one year	(8,404)
Bank overdraft	(1,960)
Net assets transferred	<u>2,614</u>

Notes to financial statements (continued)

For the year ended 28 February 2011

13 Tangible Assets (continued)

The remaining asset transfers relate to property improvements being transferred into Vertu Motors (Property) Limited. All transfers were made at no profit or loss.

14 Stocks

	2011 £'000	2010 £'000
Vehicle stocks	140,639	115,135
Parts, accessories and other stocks	4,695	3,890
	145,334	119,025

Vehicle stocks include new vehicles invoiced not yet paid and held by manufacturers to the order of the Group of £121,582,000 (2010: £105,002,000). A corresponding liability is held within trade creditors.

15 Debtors

	2011 £'000	2010 £'000
Trade debtors	7,797	3,721
Amounts owed by Group undertakings	46,405	47,605
Value added tax	3,336	3,920
Deferred tax asset (note 17)	132	25
Prepayments and accrued income	2,159	2,901
	59,829	58,172

Amounts owed by Group undertakings are unsecured, interest free and carry no fixed repayment date.

16 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	157,775	137,477
Bank overdraft	7,001	-
Other creditors	1,421	1,782
Corporation tax	1,568	1,363
Social security and other taxes	170	116
Accruals and deferred income	5,133	2,726
	173,068	143,464

The bank facility is secured on the assets of the Company and the Group.

17 Deferred Tax

	Deferred Tax Asset £'000
At 1 March 2010	(25)
Credited to profit and loss account	(74)
Transfer of deferred tax asset	(33)
At 28 February 2011	(132)

Total deferred tax (asset)/liability

	2011 £'000	2010 £'000
Accelerated capital allowances	(36)	57
Other short term timing differences	(96)	(82)
Total asset	(132)	(25)

Notes to the financial statements (continued)

For the year ended 28 February 2011

18. Called up share capital

	2011 £'000	2010 £'000
Authorised:		
21,301,333 ordinary shares of £1 each	<u>21,301</u>	<u>21,301</u>
Allotted and fully paid:		
21,301,333 ordinary shares of £1 each	<u>21,301</u>	<u>21,301</u>

19. Profit and loss account

	£'000
At 1 March 2010	21,001
Profit for the financial year	2,349
Dividends paid	<u>(8,000)</u>
At 28 February 2011	<u>15,350</u>

20. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	2,349	4,971
Dividends paid	<u>(8,000)</u>	-
Net (reduction in) / addition to shareholders' funds	<u>(5,651)</u>	4,971
Opening shareholders' funds	<u>42,302</u>	<u>37,331</u>
Closing shareholders' funds	<u>36,651</u>	<u>42,302</u>

21. Commitments under operating leases

At 28 February 2011, the Company had annual commitments under non-cancellable operating leases as set out below

	Plant and machinery 28 February 2011 £'000	Plant and machinery 28 February 2010 £'000
Operating leases which expire:		
Within 1 year	861	941
Within 2 to 5 years	<u>198</u>	<u>160</u>
	<u>1,059</u>	<u>1,101</u>

22. Contingencies

Gains

Additional amounts may be receivable from HM Revenue and Customs, "HMRC", in respect of overpayments in Value Added Tax in previous years. These will not be recognised until they have been agreed.

Notes to the financial statements (continued)

For the year ended 28 February 2011

23. Pensions

The Company is a member of a Group pension scheme, providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement Benefits', the Scheme has been accounted for in these financial statements as if it were a defined contribution scheme. Valuation of the surplus or deficit at a Group level in accordance with FRS17 'Retirement Benefits', has not been performed, however, the last full actuarial valuation was carried out at 5 April 2006 and was updated, for IAS19 'Employee Benefits' purposes, to 28 February 2011 by a qualified independent actuary. Therefore, the surplus or deficit as calculated in accordance with IAS19 'Employee Benefits' has been presented in the financial statements of Vertu Motors plc. At 28 February 2011, the Scheme had a surplus, on an IAS19 basis, of £2,295,000 (2010 deficit, on an IAS19 basis, of £495,000).

24. Ultimate parent company and controlling party

The Company's parent company is Bristol Street Group Limited.

The Company's ultimate controlling party is Vertu Motors plc.

Vertu Motors plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Vertu Motors plc can be obtained from The Company Secretary, Vertu Motors plc, Vertu House, Kingsway North, Team Valley, Gateshead, Tyne and Wear, NE11 0JH.

25. Contingent liability

Along with other members of the Vertu Motors plc group of companies, the Company is party to cross guarantee arrangements in respect of the Group's borrowings. At 28 February 2011 the Group had drawn £10,000,000 of borrowings.

26. Events after the balance sheet date

On 30 June 2011 the Company received a dividend of £1,070,000 from its wholly owned subsidiary Boydslaw 103 Limited.