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Fordthorne Limited

Directors' report and financial statements

Registered number 433521

28 February 2011

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2011

Principal activities

The principal business of the company is vehicle rental under the Budget Rent A Car franchise

Business review

The results for the year are shown in the profit and loss account on page 5 and show a loss before tax for the financial year of £19,937 *(2010 profit of £3,403)*

The results for the year were affected by two main factors Firstly turnover declined by 19% mainly as a result of reduced activity from two major customers However the effects of this decline were partially offset by a small decrease in the size of the rental fleet Secondly, for a number of years the Company has purchased its rental vehicles, rather than obtaining them on short term leases This enables the Company to make a profit on the eventual disposal of the vehicles This strategy has continued during the year, but has been affected by reduced demand in the used car market Profits generated on the disposal of these vehicles fell by 33%

The directors would like to extend their thanks to the Company's staff for their efforts during the year

Dividends

The directors do not recommend the payment of a dividend *(2010 £Nil)*

Directors

The directors who held office during the year were as follows

W M Barritt
R C Pugsley

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

RJ Evans
Secretary

Ford House
281 Penarth Road
Cardiff
CF11 8YZ

22nd November 2011

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 proper 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of Fordthorne Limited

We have audited the financial statements of Fordthorne Limited for the year ended 28 February 2011 set out on pages 5 to 12 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Practice Board's (APB'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 APB's web-site at www frc org uk/apb/scope/private cfm

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 loss for the year then ended,
- have been properly prepared in accordance with UK 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 auditor's report to the members of Fordthorne 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

K Maguire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

24TH November 2011

Profit and loss account

for the year ended 28 February 2011

	Note	2011 £	2010 £
Turnover	*1*	**143,033**	177,476
Cost of sales		**(79,376)**	(79,305)
Gross profit		**63,657**	98,171
Administrative expenses		**(83,594)**	(93,403)
Operating (loss)/profit	*2-4*	**(19,937)**	4,768
Interest payable and similar charges	*5*	**-**	(1,365)
(Loss)/profit on ordinary activities before taxation		**(19,937)**	3,403
Tax on (loss)/profit on ordinary activities	*6*	**5,542**	(726)
(Loss)/profit on ordinary activities after taxation, being (loss)/profit for the financial year	*13*	**(14,395)**	2,677

The above results represent the total recognised gains and losses of the company in both financial years, and relate entirely to continuing operations

There is no material difference between the result as disclosed in the profit and loss account and the result as given by an unmodified historical cost basis

Balance sheet
at 28 February 2011

	Note	2011 £	2010 £
Current assets			
Stock	7	**208,209**	223,730
Debtors	8	**41,166**	35,234
Cash		**100**	100
		249,475	259,064
Creditors. amounts falling due within one year	9	**(296,146)**	(291,340)
Net current liabilities, being total assets less current liabilities and net liabilities		**(46,671)**	(32,276)
Capital and reserves			
Called up share capital	11	**15,000**	15,000
Profit and loss account	13	**(61,671)**	(47,276)
Deficit on shareholder's funds	12	**(46,671)**	(32,276)

These financial statements were approved by the board of directors on 22nd November 2011 and were signed on its behalf by

R C Pugsley

RC Pugsley
Director

Notes

(forming part of the financial statements)

1 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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The financial statements have been prepared on a going concern basis, notwithstanding the fact that the company has net liabilities of £46,671 at 28 February 2011 *(2010 £32,276)*, because the shareholder, Penarth Commercial Properties Limited, has indicated its willingness to continue to support the company for the foreseeable future The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these accounts, they have no reason to believe that it will not do so

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking whose parent has prepared a consolidated cash flow statement which incorporates the cash flows of the company and which is available to the public

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease" The asset is recorded in the balance sheet as an asset and is depreciated over its estimated useful life Where hire fleet vehicles are acquired under "finance lease" arrangements, they are generally held for less than a year, after which they are resold, and are consequently shown as stock within current assets Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Stock

Stock comprises vehicles in the hire fleet These vehicles are generally held for less than a year and are stated at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, in full, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers Income is recognised when all significant risks and rewards of ownership have been transferred to the customer, which is generally on the provision of services by the company All turnover and (loss)/profit on ordinary activities before taxation is derived from the UK and arises solely from the principal activity of the company

Notes *(continued)*

2 (Loss)/ profit on ordinary activities before taxation

	2011 £	2010 £
(Loss)/ profit on ordinary activities before taxation is stated after charging		
Audit services		
Fees payable to the company auditor for the audit of company accounts	**750**	750
Fees payable to the company auditor and associates for other services		
- tax services	**750**	750
- other services	**900**	-

3 Remuneration of directors

No director received emoluments from the company *(2010 £Nil)*

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees 2011	2010
Sales and services	**3**	3

The aggregate payroll costs of these persons were as follows

	2011 £	2010 £
Wages and salaries	**48,868**	47,311
Social security costs	**4,030**	3,881
	52,898	51,192

5 Interest payable and similar charges

	2011 £	2010 £
Finance charges in respect of finance leases	**-**	1,365

Notes *(continued)*

6 Tax on (loss)/ profit on ordinary activities

Analysis of the (credit)/ charge in the year

	2011 £	2010 £
Current tax		
UK corporation tax on profits for the year	-	683
Group relief	(5,582)	-
Total current tax (credit)/charge	(5,582)	683
Deferred tax		
Deferred tax charge for the year (note 10)	40	43
Tax (credit)/charge on ordinary activities	(5,542)	726

Factors affecting the tax charge for the current year

The current tax credit for the year is equal to *(2010 lower than)* the standard rate of corporation tax in the UK of 28 % *(2010 28%)* The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(19,937)	3,403
(Loss)/profit on ordinary activities before tax multiplied by standard rate of corporation tax of 28% *(2010 28%)*	(5,582)	953
Effects of:		
Tax rate differences	-	(227)
Capital allowances in excess of depreciation	-	(43)
Total current tax (credit)/charge (see above)	(5,582)	683

7 Stock

	2011 £	2010 £
Rental fleet	208,209	223,730

Notes *(continued)*

8 Debtors

	2011 £	2010 £
Amounts owed by group undertakings in respect of group relief	37,234	31,652
Other debtors	2,870	1,634
Deferred tax asset (note 10)	520	560
Prepayments	542	1,388
	41,166	35,234

The deferred tax asset is recoverable in more than one year

9 Creditors: amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	286,943	287,055
Accruals and deferred income	9,203	3,602
Corporation tax	-	683
	296,146	291,340

Notes *(continued)*

10 Deferred taxation

In accordance with FRS 19 Deferred tax, full provision has been made for deferred taxation as follows

	Asset £
At beginning of year	560
Charged to profit and loss account for the year	(40)
At end of year (see note 8)	**520**

The amounts provided for deferred taxation are set out below

	2011 Asset £	2010 Asset £
Other timing differences	**520**	560

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above

11 Called up share capital

	2011 £	2010 £
Authorised, allotted, called up and fully paid		
15,000 ordinary shares of £1 each	**15,000**	15,000

12 Reconciliation of movement in shareholder's funds

	2011 £	2010 £
(Loss)/profit for the financial year	**(14,395)**	2,677
Opening deficit on shareholder's funds	**(32,276)**	(34,953)
Closing deficit on shareholder's funds	**(46,671)**	(32,276)

Notes *(continued)*

13 Profit and loss account

	2011 £
At start of year	(47,276)
Loss for the financial year	(14,395)
At end of year	**(61,671)**

14 Commitments

There were no unprovided capital commitments at the end of either financial year

The company had no annual commitments under non-cancellable operating leases at the end of either financial year

15 Contingent liabilities

The company is contingently liable, together with its ultimate parent and certain fellow subsidiary undertakings, for an unlimited multilateral guarantee in respect of the net position of the group's bank overdrafts and cash balances The net liability at 28 February 2011 was £1,323,037 *(2010 £1,098,066),* none of which has been provided for in these financial statements *(2010 £Nil)*

16 Related party transactions

As the company is a wholly owned subsidiary of Penarth Commercial Properties Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group

17 Ultimate parent company and controlling party

The company's ultimate parent and controlling party is Penarth Commercial Properties (Holdings) Limited, a company registered in Wales Its immediate parent undertaking is Penarth Commercial Properties Limited, a company registered in Wales

The largest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties (Holdings) Limited The smallest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties Limited The consolidated accounts of these companies are available to the public and may be obtained from Ford House, 281 Penarth Road, Cardiff