

Whitnash plc

Report and Financial Statements

31 December 2012



Company number 463572

Whitnash plc
For the year ended 31 December 2012

Company information

Company registration number	463572
Registered office	5 Corunna Court Corunna Road Warwick Warwickshire CV34 5HQ
Directors	A C Buckmaster L D Goodwin
Secretary	D T Batey
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

Whitnash plc
For the year ended 31 December 2012

Contents

	Page
Chairman's Statement	2
Report of the Directors	4
Independent Auditors' Report	6
Principal Accounting Policies	7
Consolidated Profit and Loss Account	8
Balance Sheets	9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11

Chairman's Statement

Review of 2012

During the year the principal activity of the Group was the sub leasing of property at Leamington Spa, to three subtenants. This produced other operating income of £1,646,000, which was £135,000 less than the cost of the head lease. The Group is also involved in managing a number of legacy matters inherited from its past when the Company was a member of the Automotive Products Group.

In March 2011 the Company sold all the rights, title and interest in the Automotive Products brand logo, subject to the rights of all existing licensees for €200,000. This means that with effect from 2011 the Company will no longer receive any significant royalty income from the Automotive Products brand logo. Other operating income in 2012 of £3,000, which relates to royalties and licences of the Automotive Products brand name is therefore shown as a discontinued business.

In 2012 there was an operating profit of £610,000 which compares with an operating profit of £37,000 in 2011. The profit is caused by the reversal of the historic bad debt provision of £0.68m. The shortfall of £135,000 from the sublease income being less than the head lease income, as referred to above, does not impact the profit and loss account, as this loss was provided in prior years. It does however impact the cash flows. In the prior year administration expenses were more than offset by profits derived from royalty income and the sale of a licence over the Automotive Products brand logo.

The loss after tax and the finance charge on the Company's preference shares of £903,000 was £296,000 (2011: £697,000).

Cash reserves at the year end fell by £232,000 to £256,000, mainly due to the shortfall of the income from the subleases relative to the costs of the head lease. At the balance sheet date debtors stood at £1,277,000 (2011: £619,000).

Dividends

The Company's distributable reserves were eliminated by the results for 2003 and in the opinion of the Board of Directors it is not realistic to expect dividends on the preference shares to be payable again in the future.

Control of Whitnash

Automotive Products Group Limited (APGL), which in 2006 went into liquidation, remains the holder of 100% of the ordinary shares of the Company. However, as reported in previous years, as a consequence of the failure in 2004 of APGL to pay on demand the full value of the unpaid share capital, and the failure of the Company to pay dividends due on its Preference Shares, the control of the Company has passed to its preference shareholders. This means that the liquidation of APGL has no effect on the Company.

Assets of Whitnash plc

As at the balance sheet date the Group's principal non cash asset was £36.7m owed by Automotive Products Investments Limited (AP Inv) which was fully provided in the financial statements for the year ended 31 December 2003. AP Inv does not have any cash and its only asset is 100% of the equity in Automotive Products International Limited (AP Int). At 31 December 2012 AP Int had cash of £3.06m compared with £2.98m at 31 December 2011. AP Int also has contingent liabilities in relation to the sales agreements of its former subsidiaries. As AP Int has no distributable reserves it can only pass value to AP Inv through a capital reduction, which would have to recognise the interests of any contingent creditors.

Post balance sheet event

In the second quarter of 2013 AP Int carried out a capital reduction which enabled it to distribute £1m to its shareholder AP Inv. AP Inv used these funds to make a partial repayment of its loans to its three creditors which resulted in Whitnash receiving £0.68m in June 2013. As such £0.68m of the historic bad debt provision has been reversed at 31 December 2012.

Chairman's Statement

Contingent liabilities

The Company has lease liabilities over the property at Leamington Spa until 2018, with current annual rent payable of £1.78m. The Company no longer uses any part of the property and the whole of the property is sub-let to three sub-tenants, all of whom are heavily exposed to the automotive sector.

One subtenant, which was bought out of administration in 2009, has a sub-lease through to 2018 with an option to break in 2014, but at a discount of £165k p.a. to the terms of the head lease. At the year end there was a provision of £893k in the financial statements to reflect the shortfall for the period to the end of the head lease in May 2018 after the relevant part of this provision had been released in the accounts for 2012.

Another subtenant has a sub-lease until 2015 with an option for an extension to the end of the head lease in 2018.

The third sub-lease, which is for an annual rental of £0.3m, has no break clause.

There has been a legal dispute in Italy that dates back to 1979 when a subsidiary was purchased. The Company has historically been advised that, for a number of reasons, it should not be liable for any significant amount from this dispute and in January 2008 the matter finally came to Court where the claim against the Company was rejected in its entirety. Subsequently the claimant has appealed but the hearing is not expected until 2014.

Future of the Group and going concern

The objective of the Company's directors is to realise value from its assets and to reach appropriate agreements with its prospective creditors.

The directors believe that the principal risk to the Company is in relation to the lease at Leamington Spa if one or more of the subtenants were to terminate their sub-lease or be unable to continue to pay the rent before the end of the head lease in 2018.

In relation to the lease at Leamington Spa, on the assumption that the sub tenants continue to pay their rent on time and that the Group's landlord continues to accept late payment on the above basis and with the recent receipt of £0.68m from AP Inv, the Group has sufficient resources to be able to meet its rent obligations to the Landlord until at least 30 June 2014. Therefore the Company's directors believe that it is appropriate for these financial statements to be prepared on the going concern basis. In the longer term due to the shortfall of the rental income compared with rental expense the Company will need to realise further value from the loan to AP Inv in order to meet its obligations under the head lease.

In previous informal discussions, the landlord indicated a range of values for which it believed the Company would be liable under the terms of the lease if the Company were to go into a wind-up. These values were such that, if they proved to be appropriate, there would be no value for Preference Shareholders in any winding up unless and at least until significant value were to emerge from the amount owed to the Company by AP Inv, whose value derives from the assets of its subsidiary AP Int, which could develop in the future. The value in AP Int principally depends upon the value of any valid claims which may be made under the warranties and indemnities in relation to the former share purchase agreements. However, the directors believe the future prosperity of the Company is likely to be largely dependent on whether all the sub-tenants at the Leamington Spa site continue as sub-tenants until the end of the head lease in 2018 or otherwise on the Company's negotiations with the landlord of that site.



A C Buckmaster

Date *June 26* 2013

Whitnash plc

For the year ended 31 December 2012

Report of the Directors

The directors present their report together with the audited financial statements of the Group and Company for the year ended 31 December 2012. At the balance sheet date the Group comprised the Company and one remaining dormant subsidiary.

Principal activity, review of the business and future developments

The principal activity of the Company and Group in the year under review was that of managing the sub-leases over the Leamington Spa site. A review of the business and the state of the Group's affairs appears in the Chairman's Statement on pages 2 to 3.

Group results and dividends

The consolidated loss for the year after taxation amounted to £296,000 (2011: £697,000). A preference share dividend of £903,000 (2011: £903,000) was accrued as a finance charge but not proposed or paid.

Board of directors

The membership of the Board at 31 December 2012 is set out below. Both directors served on the Board throughout the year.

A C Buckmaster

L D Goodwin

Substantial shareholding

The entire issued ordinary and deferred share capital of the Company is owned by APGL which in 2006 went into liquidation. With effect from 31 March 2004 APGL is no longer entitled to vote at shareholder meetings.

Payment policy

It is the policy of the Company to pay its suppliers in accordance with agreed terms. At 31 December 2012 trade purchases outstanding for the Company and Group were both equivalent to nil days (2011: nil).

Financial risk management objectives and policies

The directors believe that the principal risk to the Company is in relation to the lease at Leamington Spa if one or more of the subtenants were to terminate their sub-lease or be unable to continue to pay the rent before the end of the head lease in 2018.

The Group holds cash to fund its activities, but does not have any funding facilities. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

The rental income does not meet expenditure, therefore it is necessary to wait until after the Company has received the income due from its tenants before payment is made to the Landlord. This principle has been accepted by the Landlord in the past.

Credit risk

In the opinion of the directors the Group's principal credit exposure relates to its subtenants at the Leamington Spa site. Whilst wherever possible the Group takes steps to ensure it trades only with recognised, credit worthy third parties from the outset of any transactions, all three subtenants are heavily exposed to the automotive sector which continues to trade in difficult circumstances.

Report of the Directors - continued

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Report of the Directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 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 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 financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 that disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

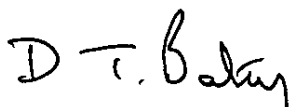
In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to reappoint Grant Thornton UK LLP will be put to the forthcoming Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD



D T Batey
Secretary

26 June 2013

Registered Office

5 Corunna Court
Corunna Road
Warwick
CV34 5HQ

Company Number

463572



Report of the independent auditor to the members of Whitnash Plc

We have audited the financial statements of Whitnash plc for the year ended 31 December 2012 which comprise principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement as set out on page 5, 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 (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 website 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 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.

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.

David White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

27 June 2013

Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The principal accounting policies of the Group are set out below and remain unchanged from the prior year.

Going concern

The Group has prepared forecasts to 30 June 2014, which include the repayment of £0.68m received from AP Investments Limited and assume that the sub tenants continue to pay their rent on time, that demonstrate that the Group has sufficient resources to be able to meet its rent obligations to the Landlord and its other financial commitments for the foreseeable future. Therefore the Company's directors believe that it is appropriate for these financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Basis of consolidation

The consolidated profit and loss account, balance sheet and statement of cash flows incorporate the financial statements of the subsidiary undertaking for the year ended 31 December 2012.

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to present its own profit and loss account. The result for the year is disclosed in note 5.

Investments

Investments are stated at cost less provisions for any impairment in value.

Leases

For all operating leases, where substantially all risks and rewards of ownership remain with the lessor, the rental payments are charged to the profit and loss account on a straight line basis over the terms of the lease.

Deferred tax

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Whitnash plc

Consolidated Profit and Loss Account For the year ended 31 December 2012

	<i>Notes</i>	<i>2012</i> <i>Continuing</i> <i>£000</i>	<i>2012</i> <i>Discontinued</i> <i>£000</i>	<i>2012</i> <i>Total</i> <i>£000</i>	<i>2011</i> <i>Total</i> <i>£000</i>
Other operating income	1	2,325	3	2,328	1,412
Administrative expenses		(1,718)	-	(1,718)	(1,375)
Operating (loss)/profit	1	<u>607</u>	<u>3</u>	<u>610</u>	<u>37</u>
Profit on sale of licence of trademarks		-	-	-	169
Interest payable		(3)	-	(3)	-
(Loss)/profit before finance charges regarding non-equity shares		<u>604</u>	<u>3</u>	<u>607</u>	<u>206</u>
Finance charge regarding non-equity shares	4	(903)	-	(903)	(903)
(Loss)/profit on ordinary activities before taxation		<u>(299)</u>	<u>3</u>	<u>(296)</u>	<u>(697)</u>
Taxation	3	-	-	-	-
(Loss)/profit on ordinary activities after tax and transferred from reserves	11	<u>(299)</u>	<u>3</u>	<u>(296)</u>	<u>(697)</u>

There were no recognised gains or losses other than the loss for the financial year

The accompanying principal accounting policies and notes form an integral part of these financial statements

Whitnash plc

Balance Sheets As at 31 December 2012

	Notes	2012 £000	Group 2011 £000	2012 £000	Company 2011 £000
Fixed assets					
Investments	6	-	-	-	-
Current assets					
Debtors amounts falling due within one year	7	1,277	619	1,277	619
Cash at bank		256	488	256	488
		<u>1,533</u>	<u>1 107</u>	<u>1,533</u>	<u>1 107</u>
Creditors amounts falling due within one year	8a	472	518	472	518
Provisions for liabilities and charges	8b	185	155	185	155
		<u>876</u>	<u>434</u>	<u>876</u>	<u>434</u>
Net current assets		876	434	876	434
Total assets less current liabilities		197	434	197	434
Debt: amounts falling due after more than one year	9a	(19,253)	(18,350)	(19,253)	(18 350)
Provisions for liabilities and charges	9b	(728)	(893)	(728)	(893)
		<u>(19,105)</u>	<u>(18,809)</u>	<u>(19,105)</u>	<u>(18 809)</u>
Net liabilities		(19,105)	(18,809)	(19,105)	(18 809)
Capital and reserves					
Called up share capital - equity	10	35,063	35,063	35,063	35,063
Share premium account	11	3,600	3,600	3,600	3 600
Profit and loss account	11	(57,768)	(57,472)	(57,768)	(57,472)
		<u>(19,105)</u>	<u>(18 809)</u>	<u>(19,105)</u>	<u>(18,809)</u>
Shareholders' deficit	12	(19,105)	(18 809)	(19,105)	(18,809)

The financial statements were approved by the Board of Directors on **JUNE 26th** 2013 and signed on its behalf by



A C Buckmaster
Director

The accompanying principal accounting policies and notes form an integral part of these financial statements

Whitnash plc
For the year ended 31 December 2012

Consolidated Statement of Cash Flows

	2012	2011	
	£000	£000	
Operating (loss)/ profit	610	37	
Decrease/(increase) in debtors	(658)	(84)	
(Decrease)/increase in creditors	(46)	108	
Release in provisions for liabilities and charges	(135)	(45)	
Net cash (outflow)/inflow from operating activities	(229)	16	
Returns on investment and servicing of finance			
Profit on sale of licence of trademarks	-	169	
Interest paid	(3)	-	
Net cash (outflow)/ inflow from returns on investments and servicing of finance	(3)	169	
(Decrease)/increase in cash in the year	(232)	185	
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year	(232)	185	
Net funds at 1 January	488	303	
Net funds at 31 December	256	488	
Reconciliation of movements in net funds			
	<i>At 1 January 2012</i>	<i>Cash flow</i>	<i>At 31 December 2012</i>
	£000	£000	£000
Cash at bank	488	(232)	256
Net funds	488	(232)	256

The accompanying principal accounting policies and notes form an integral part of these financial statements

Whitnash plc
For the year ended 31 December 2012

Notes to the Financial Statements

1. Other operating income and operating profit

During the year other operating income was predominantly derived from managing the sub-leases over the Leamington Spa site. In January 2011 the Company sold a licence over the Automotive Products brand logo for £100,000 payable half in 2011 and half in 2012. Subsequently the Company sold all the rights, title and interest in the Automotive Products brand logo which means that with effect from 2011 the Company will no longer receive any significant royalty income from the Automotive Products brand logo. Income of £3,000 (2011-£110,000) which relates to royalties and licences of the Automotive Products brand name is therefore shown as a discontinued business.

Operating profit is arrived at after charging/(crediting)

	2012	2011
	£000	£000
Audit fees	8	8
Operating leases - property rental expenditure (note 13)	1,780	1,347
Release of lease provision (note 13)	(135)	(45)
Operating leases - property rental income (note 13)	(1,646)	(1,302)
Reversal of bad debt provision	(679)	-
	<u> </u>	<u> </u>

2. Employees and directors

The Group had no employees in both the years ended 31 December 2012 and 31 December 2011.

The directors received total remuneration for the year of £23,640 (2011 £20,536).

3. Taxation on ordinary activities

(a) Analysis of charge in the year

	2012	2011
	£000	£000
UK Corporation tax based on the results for the year	-	-
Over-provision	-	-
	<u> </u>	<u> </u>
Total current tax	<u> </u>	<u> </u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24% (2011 26%). The differences are reconciled below.

	2012	2011
	£000	£000
Loss on ordinary activities before taxation	(975)	(697)
	<u> </u>	<u> </u>
Loss on ordinary activities at the standard rate of 24% (2011 26%)	(234)	(181)
Expenses not deductible for tax purposes	234	395
Utilisation of tax losses brought forward	-	(214)
	<u> </u>	<u> </u>
Total current tax (note 3(a))	<u> </u>	<u> </u>

Whitnash plc
For the year ended 31 December 2012

Notes to the Financial Statements

4 Finance charge regarding non-equity shares

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
5 0% £1 Cumulative preference shares	25	25
6 5% £1 Cumulative second preference shares	203	203
9 0% £1 Cumulative preference shares	675	675
	<u>903</u>	<u>903</u>

Annual dividend payments on non-equity shares are, subject to the conditions included in note 9, payable in respect of the six months ending 31 March and 30 September. No dividend has been paid since 31 March 2003 as the Company has insufficient distributable reserves. Notwithstanding an accrual for preference dividends has been made in accordance with FRS 25.

5. Loss of the Company

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The loss of the Company for the year was £975,000 (2011: £697,000).

6. Fixed asset investments – Company

Investments in subsidiary undertakings comprise

	<i>Cost</i>	<i>Provision</i>	<i>Net book</i>	<i>Amount owed</i>	<i>Net investment</i>
	<i>£000</i>	<i>£000</i>	<i>amount</i>	<i>to subsidiary</i>	<i>in subsidiary</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2012					
and 31 December 2012	750	(700)	50	(50)	-

The Company's wholly owned subsidiary undertaking Automotive Products (Exports) Limited is registered in England and Wales and is dormant.

7. Debtors

Amounts falling due within one year

	<i>Group and Company</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts due from related parties	679	-	-
Other debtors	168	192	-
VAT debtor	9	-	-
Prepayments	421	427	-
	<u>1,277</u>	<u>619</u>	<u>-</u>

Notes to the Financial Statements

8. Creditors

(a) Amounts falling due within one year

	<i>Group and Company</i>	
	2012	2011
	£000	£000
Taxation	3	53
Accruals	469	465
	472	518

(b) Provisions for liabilities and charges

Provision of £184,940 (2011 £154,940) has been made for the likely shortfall that is expected to arise by 31 December 2013 between the rent payable under the head lease and the rent to be received from the sub-tenants

9(a). Debt: amounts falling due after one year

Preference shares

The Company has various classes of shares of which the preference share have been reclassified as debt in accordance with FRS 25. The directors believe that the coupon rate at the date of issue of each of the preference shares was equivalent to that of a debt investment and hence there is no residual equity interest as a compound instrument. The authorised and issued share capital, together with their rights, are set out below.

Rights of preference shareholders

5.0% Cumulative preference shares of £1 each

- (a) Entitle holders, in priority to holders of all other classes of share but only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 5.0% per annum per share payable half yearly in equal amounts on 31 March and 30 September
- (b) On a return of capital on a winding up or otherwise, entitle holders, in priority to holders of all other classes of share, to be repaid paid-up capital together with a premium of 15p per share and a sum equal to any arrears or deficiency of dividend
- (c) Entitle holders to receive notice of and to attend and vote at a General Meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is at least six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the Company or for the reduction of its capital or for the variation or abrogation of the holders' special rights

Notes to the Financial Statements

9(a). Debt amounts falling due after one year (continued)

Rights of preference shareholders (continued)

6.5% Cumulative second preference shares of £1 each

- (a) Entitle holders, subject to the prior rights of the 5.0% cumulative preference shares of £1 each and only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 6.5% per annum per share payable half yearly in equal amounts on 31 March and 30 September
- (b) On a return of capital on a winding up or otherwise, entitle holders, subject to the prior rights of the 5.0% cumulative preference shares of £1 each, to be repaid paid-up capital together with a sum equal to any arrears or deficiency of dividend
- (c) Entitle holders to receive notice of and to attend and vote at a General Meeting of the Company only if, at the date of the notice convening the meeting, payment of the dividend to which they are entitled is at least six months in arrears, or if a resolution is to be considered at the meeting for the winding up of the Company or for the reduction of its capital or for the variation or abrogation of the holders' special rights

9.0% Cumulative preference shares of £1 each

- (a) Entitle holders, subject to the prior rights of each of the 5.0% cumulative preference shares of £1 each and the 6.5% second cumulative preference shares of £1 each and only if and insofar as the directors are of the opinion that the profits of the Company justify the payment, to a fixed cumulative preferential dividend at a rate of 9% per annum per share payable half yearly in equal amounts on 31 March and 30 September
- (b) On a return of capital on a winding up or otherwise, entitle holders, subject to the prior rights of each of the 5.0% cumulative preference shares of £1 each and the 6.5% second cumulative preference shares of £1 each, to be repaid paid-up capital together with a premium (representing the excess over par of the average market value of the shares, in the six months preceding presentation of the petition of the Company's winding up or, as the case may be, that date which itself precedes by thirty days despatch of the notice convening a General Meeting at which the Company's winding up or other giving rise to a return of capital is to be proposed) and a sum equal to any arrears or deficiency of dividend

	2012 and 2011 Number	2012 £000	2011 £000
Authorised			
5.0% £1 Cumulative preference shares	1,000,000	1,000	1,000
6.5% £1 Cumulative second preference shares	3,500,000	3,500	3,500
9.0% £1 Cumulative preference shares	7,500,000	7,500	7,500
		12,000	12,000
Issued			
5.0% £1 Cumulative preference shares	500,000	500	500
6.5% £1 Cumulative second preference shares	3,125,000	3,125	3,125
9.0% £1 Cumulative preference shares	7,500,000	7,500	7,500
		11,125	11,125
Accrued dividends - not yet proposed		8,128	7,225
		19,253	18,350

Notes to the Financial Statements

9 (b). Provisions for liabilities and charges falling due after one year

Provision of £728,000 (2011 £893,000) has been made for the likely shortfall that is expected to arise after 31 December 2013 between the rent payable under the head lease and the rent to be received from the sub-tenants

10. Equity share capital

The dividend due to Preference Shareholders payable on 30 September 2003 was not paid and remains unpaid. Consequently, on 31 March 2004 all classes of Preference Shareholder became entitled to vote at any General Meeting. In January 2004 the Company demanded payment from Automotive Products Group Limited of the £15m unpaid share capital. As Automotive Products Group Limited was unable to pay all of this sum, it was agreed that £506,000 would be paid and that the balance would be deferred until the later of 100 years (i.e. 2104) and such time as Automotive Products Group Limited has discharged its liabilities to its UK pension schemes. Consequently, as defined under the Articles of the Company, Automotive Products Group Limited, which is the holder of 100% of the Company's issued ordinary and deferred shares, is no longer entitled to the privilege of voting at any General Meeting. Automotive Products Group Limited went into liquidation on 10 February 2006.

	<i>2012 and 2011 Number</i>	<i>2012 £000</i>	<i>2011 £000</i>
Authorised Equity			
Ordinary shares of 25p each	131,749,598	32,937	32,937
Ordinary shares of US\$0.10 each	10	-	-
Deferred shares of 25p each	60,250,402	15,063	15,063
		<u>48,000</u>	<u>48,000</u>
Issued Equity			
Ordinary shares of 25p each	80,000,000	20,000	20,000
Ordinary shares of US\$0.10 each	10	-	-
Deferred shares of 25p each	60,250,402	15,063	15,063
		<u>35,063</u>	<u>35,063</u>

The Ordinary shares of US\$0.10 each have the same rights as ordinary shares.

Following reorganisation of the Company's share capital in April 1995 the issued ordinary shares that existed at that time were converted into deferred shares. No additional consideration was generated on the restructuring and there is no finance cost attached to these deferred shares. The deferred shares have the following rights:

- (a) No entitlement to a share in the profits or assets of the Company unless holders of all other classes of shares in the Company have received £100m in respect of each share held.
- (b) No right to receive notice, attend, or vote at any General Meeting of the Company.

Whitnash plc
For the year ended 31 December 2012

Notes to the Financial Statements

11. Profit and loss and share premium accounts

	<i>Group and Company Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 January 2012	3,600	(57,472)
Loss for the year	-	(296)
At 31 December 2012	<u>3,600</u>	<u>(57,768)</u>

12. Reconciliation of movements in consolidated shareholders' deficit

	<i>2012 £000</i>	<i>2011 £000</i>
Loss for the year	(296)	(697)
Shareholders' deficit at 1 January	(18,809)	(18,112)
Shareholders' deficit at 31 December	<u>(19,105)</u>	<u>(18,809)</u>

13. Operating leases and contingent liabilities

At 31 December 2012 the Group and the Company had an annual commitment for the lease of land and buildings of £1 78m (2011 £1 78m)

The Company previously granted sub leases to three independent third parties that produced annual rental income equivalent to the cost of the head lease. In January 2009 one sub-tenant was placed into administration. Subsequently the administrator sold the majority of the business of the company in question. The new owner now occupies the premises under a new sub-lease through to the end of the head lease in 2018, with an option to break in November 2014. The terms of the revised lease leave a shortfall between the rent in the head lease and the sub-lease of approximately £165k p a. A provision of £893k has been made in these accounts to reflect the shortfall for the full period to the end of the head lease in May 2018.

The rental income from the second sub lease should broadly match the rent in the head lease until the rent review of the head lease in 2013.

The third sub-lease, which is for an annual rental of £0 3m, has no break clause.

The Company also has contingent liabilities in relation to four properties where the leases were assigned to independent third parties in 1990/91. All the material leases expire by 2014. An actual liability will only crystallise if an assignee were to default and it is believed that in most if not all cases there is a strong company in the chain of assignees. It is therefore considered unlikely that any material actual liability will materialise.

There has been a legal dispute in Italy that dates back to 1978 when a subsidiary was purchased. The Company has historically been advised that for a number of reasons it should not be liable for any significant amount from this dispute and in January 2008 the matter finally came to Court where the claim against the Company was rejected in its entirety. Subsequently the claimant has appealed. The potential value of the claim is approximately £0 7m.

Notes to the Financial Statements

14. Related party transactions

The Company has taken advantage of the exemption from disclosure of transactions with other Group companies or investees of the Group which is available to more than 90% owned subsidiary undertakings under FRS 8

The Group and Company had the following balances owed by members of the Automotive Products Group Limited

	2012	2011
	£000	£000
Automotive Products Group Limited (unpaid share capital)	14,427	14,427
Automotive Products Investments Limited	36,679	36,679
Automotive Products International Finance Limited	346	346

Automotive Products Group Limited, which is in liquidation, is a related party by virtue of its holding of the Company's equity share capital. Automotive Products Group Limited holds 100% of the share capital of Automotive Products Investments Limited and Automotive Products International Finance Limited which is in liquidation. Automotive Products Investments Limited owns 100% of the share capital of Automotive Products International Limited.

Mr A C Buckmaster, a director of the Company, is also a director of Automotive Products Investments Limited and Automotive Products International Limited.

Mr D T Batey, the company secretary, is also a partner at Batey Jackson & Co, who provide accountancy services to the Company at a cost of £20,360 (2011: £17,602).

Other than in relation to Automotive Products Investments Limited none of the balances detailed above are expected to be recovered and all have been fully provided in these financial statements. In relation to Automotive Products Investments Limited it is possible that a small part of this loan could be repaid at some stage in the future if value is realised from that company's investment in Automotive Products International Limited, but the loan has been fully provided in these financial statements.

15. Ultimate parent undertaking and controlling party

At 31 December 2012, although the ultimate parent undertaking was Automotive Products Group Limited, with effect from 31 March 2004 it ceased to be the controlling party for the reasons set out in note 10.

Consequently, the Company is no longer under the control of Automotive Products Group Limited or any other single entity. The controlling parties are therefore the preference shareholders.

16. Post Balance Sheet Event

In the second quarter of 2013 Automotive Products International Limited carried out a capital reduction which enabled it to distribute £1m to its shareholder Automotive Products Investments Limited. Automotive Products Investments used these funds to make a partial repayment of its loans to its three creditors which resulted in Whitnash receiving £0.68m in June 2013. As such £0.68m of the historic bad debt provision has been reversed at 31 December 2012.