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Financial Statements Lind AG Limited

For the year ended 31 December 2012



Registered number: 02727708

Company Information

Directors	G M Dacre R B Dacre
Company secretary	G M Dacre
Registered number	02727708
Registered office	Brook Farm Five Oak Green Road Tonbridge Kent TN11 0QN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB
Bankers	Bank of Scotland 3 Queen Street Norwich NR2 4SG

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Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company continued to be that of operating a motor dealership

Business review, key performance indicators and future developments

The company uses a range of performance measures to monitor business performance. The directors consider that, consistent with the size and non-complex nature of the business, the key performance indicators are those that communicate the financial performance of the business as a whole and are as follows

	12 months ended 31 December 2012	17 months ended 31 December 2011
Turnover (£)	24,324,674	29,498,837
Gross profit (£)	3,109,215	3,961,429
Operating profit (£)	302,604	227,587

Over the course of 2012 the business traded through a recovering but stagnant economy. Encouragingly the like for like 12 month calendar year performance moved forward significantly as a result of the new 911 and Boxster models and with Cayenne model line-up continuing to be in high demand. The dealership concluded the year in the top 10 of all Porsche Centres in the UK on the comparative Balanced Scorecard which endorses that the dealership represents the highest standards in retail excellence and customer service.

Results

The profit for the year, after taxation, amounted to £118,836 (2011 - £26,821)

Financial risk management objectives and policies

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Trade debtors are closely monitored to keep the risk of bad debts to a minimum level. Levels of stock are also regularly scrutinised to reduce the risk of slow moving stocks being held.

Principal risks and uncertainties

Business risks

The company operates within a niche area of the mature, and highly-competitive, UK car market. As with many retail businesses, the company's performance is sensitive to consumers' spending patterns, their overall level of disposable income and, more recently, the general tightening of credit facilities within the economy. In the longer term, the impact of consumer trends towards products they perceive as more environmentally friendly may also be an important consideration. On the supply side, the volume of sales can be affected by the availability of new vehicles from the manufacturer, along with the timing of new model launches.

Directors' Report

For the year ended 31 December 2012

Directors

The directors who served during the year were

G M Dacre
R B Dacre

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf



R B Dacre
Director

Date 14 August 2013

Independent Auditor's Report to the Member of Lind AG Limited

We have audited the financial statements of Lind AG Limited for the year ended 31 December 2012, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and 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 Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board'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 company's affairs as at 31 December 2012 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 Auditor's Report to the Member of Lind AG Limited

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

A handwritten signature in black ink, appearing to read "Anders Rasmussen".

Anders Rasmussen

(Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Norwich
Date 10/11/2013

Profit and Loss Account

For the year ended 31 December 2012

	Note	12 months ended 31 December 2012 £	17 months ended 31 December 2011 £
Turnover	1	24,324,674	29,498,837
Cost of sales		<u>(21,215,459)</u>	<u>(25,537,408)</u>
Gross profit		3,109,215	3,961,429
Administrative expenses		<u>(2,806,611)</u>	<u>(3,733,842)</u>
Operating profit	2	302,604	227,587
Interest payable and similar charges	3	<u>(100,795)</u>	<u>(149,773)</u>
Profit on ordinary activities before taxation		201,809	77,814
Tax on profit on ordinary activities	5	<u>(82,973)</u>	<u>(50,993)</u>
Profit for the financial year	13	<u>118,836</u>	<u>26,821</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 7 to 17 form part of these financial statements

Balance Sheet

As at 31 December 2012

	Note	£	2012 £	2011 £
Fixed assets				
Tangible assets	6		143,879	188,518
Current assets				
Stocks	7	3,064,572		3,617,425
Debtors (includes £965,000 (2011 £1,720,000) due after more than one year)	8	1,698,467		2,559,826
Cash at bank and in hand		113,607		351,205
		<u>4,876,646</u>		<u>6,528,456</u>
Creditors. amounts falling due within one year	9	<u>(3,596,912)</u>		<u>(4,525,395)</u>
Net current assets			<u>1,279,734</u>	<u>2,003,061</u>
Total assets less current liabilities			<u>1,423,613</u>	<u>2,191,579</u>
Creditors: amounts falling due after more than one year	10		<u>-</u>	<u>(886,802)</u>
Net assets			<u><u>1,423,613</u></u>	<u><u>1,304,777</u></u>
Capital and reserves				
Called up share capital	12		200,000	200,000
Profit and loss account	13		<u>1,223,613</u>	<u>1,104,777</u>
Shareholders' funds	14		<u><u>1,423,613</u></u>	<u><u>1,304,777</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



R B Dacre
Director

Date 14 August 2013

The notes on pages 7 to 17 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

1.2 Going concern

The company has traded through difficult trading conditions and has managed its cash to ensure that the business can continue to operate with optimum levels of stock and working capital. Forecasts indicate that the group of which this company is part has sufficient working capital for at least the next twelve months. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover is attributable to the sale and repair of motor vehicles and other ancillary services, excluding Value Added Tax and trade discounts. Vehicle sales are normally recognised on delivery to customer and other sales are recognised when the right to consideration has been earned on completion of the work (parts and services). Manufacturer bonuses and related income are recognised in the period to which they relate providing they can be estimated with reasonable certainty.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	5-10 years
Motor vehicles	-	3-5 years
Fixtures, fittings and equipment	-	3-5 years
(included in plant and machinery)		

1.6 Leasing and hire purchase

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 a tangible fixed asset and is depreciated in accordance with the company's depreciation policies. 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 on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value

Under supply agreements with Porsche, the company has access to "consignment stock" Where the nature of these supply agreements transfer the risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the balance sheet together with the equivalent liability

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.10 Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes In accordance with Financial Reporting Standard 19, provision is made for deferred tax in respect of all timing differences that have originated but not reversed by the balance sheet date Deferred tax assets are only recognised when it is more likely than not that the deferred tax asset will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date Deferred tax balances are not discounted

1.11 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

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Notes to the Financial Statements

For the year ended 31 December 2012

2. Operating profit

The operating profit is stated after charging/(crediting)

	12 months ended 31 December 2012 £	17 months ended 31 December 2011 £
Depreciation of tangible fixed assets		
- owned by the company	65,247	141,894
- held under finance leases	9,392	13,305
Auditor's remuneration	7,000	10,189
Auditor's remuneration - non-audit	2,390	3,850
Profit on disposal of fixed assets	(29,667)	(99,344)

During the year, no director received any emoluments (2011 - £NIL) from this company and no contributions were made on behalf of the directors in respect of pension schemes (2011 - none)

3. Interest payable

	12 months ended 31 December 2012 £	17 months ended 31 December 2011 £
Stocking loan interest	100,795	126,749
On loans from group undertakings	-	23,024
	<u>100,795</u>	<u>149,773</u>

Notes to the Financial Statements

For the year ended 31 December 2012

4. Staff costs

Staff costs were as follows

	12 months ended 31 December 2012 £	17 months ended 31 December 2011 £
Wages and salaries	1,219,959	1,613,197
Social security costs	141,374	183,682
Other pension costs	31,708	46,591
	<u>1,393,041</u>	<u>1,843,470</u>

The average monthly number of employees, including the directors, during the year was as follows

	12 months ended 31 December 2012 No	17 months ended 31 December 2011 No
Mechanical	9	9
Sales and distribution	8	9
Administration	23	21
Directors	2	2
	<u>42</u>	<u>41</u>

5. Taxation

	12 months ended 31 December 2012 £	17 months ended 31 December 2011 £
Analysis of tax charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	-	-
Deferred tax		
Origination and reversal of timing differences	8,675	12,235
Unrelieved tax losses carried forward to future years	49,412	38,758
Adjustments in respect of prior periods	24,886	-
Total deferred tax (see note 11)	<u>82,973</u>	<u>50,993</u>
Tax on profit on ordinary activities	<u>82,973</u>	<u>50,993</u>

Notes to the Financial Statements

For the year ended 31 December 2012

5. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2011 - lower than) the average rate of corporation tax in the UK of 24.5% (2011 - 26.94%). The differences are explained below:

	12 months ended 31 December 2012 £	17 months ended 31 December 2011 £
Profit on ordinary activity before tax	<u>201,809</u>	<u>77,814</u>
Profit on ordinary activity multiplied by average rate of corporation tax in the UK of 24.5% (2011 - 26.94%)	49,443	20,963
Effects of:		
Expenses not deductible for tax purposes	13,038	23,617
Differences between capital allowances and depreciation	(9,923)	(29,391)
Utilisation of tax losses	(52,635)	(15,146)
Other timing differences	77	(43)
Current tax charge for the year/period (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013, was included in the Finance Act 2012 which became substantively enacted on 3 July 2012. Further rate reductions to 21% from 1 April 2014 and 20% from 1 April 2015 were announced in the 2013 Government Budget but these were not substantively enacted at the balance sheet date. Deferred tax has been provided at 23% as this was the rate which was substantively enacted at the balance sheet date.

Notes to the Financial Statements

For the year ended 31 December 2012

6. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Total £
Cost			
At 1 January 2012	691,271	202,470	893,741
Additions	8,531	21,469	30,000
Disposals	-	(90,481)	(90,481)
At 31 December 2012	699,802	133,458	833,260
Depreciation			
At 1 January 2012	585,239	119,984	705,223
Charge for the year	40,132	34,507	74,639
On disposals	-	(90,481)	(90,481)
At 31 December 2012	625,371	64,010	689,381
Net book value			
At 31 December 2012	74,431	69,448	143,879
At 31 December 2011	106,032	82,486	188,518

Included within the net book value above is £21,131 (2011 £30,523) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,392 (2011 £13,305).

7. Stocks

	2012 £	2011 £
Vehicles and part stocks	3,064,572	3,617,425

Included within the total stock figure is £893,770 (2011 £1,167,581) of consignment stock.

Also included within the total stock figure are demonstrator vehicles amounting to £1,078,093 (2011 £1,263,473) and used vehicles amounting to £831,306 (2011 £959,009) which are secured against the relevant vehicle creditors included within note 9.

Notes to the Financial Statements

For the year ended 31 December 2012

8. Debtors

	2012 £	2011 £
Due after more than one year		
Amounts owed by group undertakings	965,000	1,720,000
Due within one year		
Trade debtors	230,828	228,262
Other taxation recoverable	36,551	114,967
Other debtors	32,653	17,312
Prepayments and accrued income	328,173	291,050
Deferred tax asset (see note 11)	105,262	188,235
	<u>1,698,467</u>	<u>2,559,826</u>

9. Creditors:

Amounts falling due within one year

	2012 £	2011 £
Payments received on account	219,304	389,738
Net obligations under finance leases and hire purchase contracts	7,555	16,001
Trade creditors	2,125,778	2,686,051
Social security and other taxes	142,819	88,693
Consignment stock creditor	893,770	1,167,581
Other creditors	-	7,520
Accruals and deferred income	207,686	169,811
	<u>3,596,912</u>	<u>4,525,395</u>

Obligations under finance leases and hire purchase contracts are secured over the assets required

The consignment stock creditor is secured against the relevant stock items (note 7)

Included within trade creditors is a demonstrator vehicle funding creditor amounting to £1,078,093 (2011 £1,263,473) and a used vehicle funding creditor amounting to £831,306 (2011 £979,506) which is secured against the relevant vehicle stocks to which it relates

Notes to the Financial Statements

For the year ended 31 December 2012

10. Creditors:

Amounts falling due after more than one year

	2012	2011
	£	£
Net obligations under finance leases and hire purchase contracts	-	4,000
Loan from parent company	-	882,802
	<u>-</u>	<u>886,802</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012	2011
	£	£
Between one and five years	<u>-</u>	<u>4,000</u>

Obligations under finance leases and hire purchase contracts are secured over the assets required

Interest was payable on the loan from the parent company at a rate equivalent to 1 25% above base rate. No formal agreement was in place for this loan but the amount has been repaid in full in the year.

11. Deferred tax asset

	2012	2011
	£	£
At beginning of year/period	188,235	239,228
Charged for year/period	(82,973)	(50,993)
At end of year/period	<u>105,262</u>	<u>188,235</u>

The deferred tax asset is made up as follows

	2012	2011
	£	£
Differences between depreciation and capital allowances	23,784	45,924
Tax losses carried forward	81,478	142,271
Capitalised revenue expenditure	-	40
	<u>105,262</u>	<u>188,235</u>

Notes to the Financial Statements

For the year ended 31 December 2012

12. Share capital

	2012 £	2011 £
Authorised		
10,000,000 Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

13. Reserves

	Profit and loss account £
At 1 January 2012	1,104,777
Profit for the year	118,836
At 31 December 2012	<u>1,223,613</u>

14. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	1,304,777	1,077,958
Profit for the year/period	118,836	26,821
Shares issued during the year/period	-	199,998
Closing shareholders' funds	<u>1,423,613</u>	<u>1,304,777</u>

15. Pension commitments

The company contributes to a group personal pension plan for individuals. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year was £31,708 (2011 £46,591). At 31 December 2012, the company had outstanding contributions of £nil (2011 £7,520) and no prepaid pension contributions (2011 none).

Notes to the Financial Statements

For the year ended 31 December 2012

16. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Motor vehicles	
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
Between 2 and 5 years	-	-	31,485	-
After more than 5 years	250,000	250,000	-	-

17. Related party transactions

During the year, the company rented premises from G M Dacre under a formal lease agreement and rent totalling £250,000 (2011 £196,258) was charged. There were no rental amounts payable to G M Dacre at balance sheet date.

The company made purchases during the year from BMC East Limited, a company of which R B Dacre is also a director, amounting to £Nil (2011 £19,279).

During the prior period the company disposed of freehold property to G M Dacre, a director of the company, for consideration of £4.15m based on an open market basis of valuation.

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 (revised) whereby wholly owned subsidiary undertakings which are controlled within the group are permitted to not disclose transactions with other group companies and investees of the group qualifying as related parties.

During the year, the company purchased from, or sold goods to, the following directors:

	12 months ended 31 December 2012	12 months ended 31 December 2012	17 months ended 31 December 2011	17 months ended 31 December 2011
	Sales	Purchases	Sales	Purchases
	£	£	£	£
G M Dacre	-	-	1,000	102,459
R B Dacre	-	27,203	-	-

Notes to the Financial Statements

For the year ended 31 December 2012

18. Ultimate parent undertaking and controlling party

The ultimate parent undertaking of the company is Lind Group Holding Company Limited, a company registered in England and Wales by virtue of its holding of 100% of the issued equity share capital of Lind AG Limited. Lind Group Holding Company Limited prepares consolidated financial statements in which the results of Lind AG Limited are included. These consolidated financial statements are available from Companies House, Cardiff, CF4 3UZ.

The company is under the control of G M Dacre by virtue of his controlling shareholding of the issued equity share capital in the ultimate parent undertaking Lind Group Holding Company Limited.