Greenhous Group (Holdings) Limited

Annual report

for the year ended 31 December 2012

Registered Number 5270023

Greenhous Group (Holdings) Limited

Annual report

for the year ended 31 December 2012

Contents

Greenhous Group (Holdings) Limited

Directors and advisors

Directors
K P Finnon
D R Passant
K J Sayfritz
M A Pawson

Secretary
M A Pawson

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Registered Number
5270023

Chairman's report for the year ended 31 December 2012

It has been my great privilege to serve as Chairman of the Group during 2012, a year which celebrated the Centenary of the Group's founding.

From its inception as a bicycle repair shop in Bishop's Castle, Shropshire in 1912 the Group has developed into one of the leading motor dealer groups in the country, employing nearly 600 people. To commemorate our Centenary we gave all of our employees the opportunity of nominating local charities and worthy causes which they believed would benefit from a donation from the Group. The Board carefully considered the over fifty nominations received and as a result a number of very worthwhile causes benefited from our support.

As you will see from the Directors' Report, 2012 showed an improvement in both the National car and truck markets and our sales operations took full advantage of the welcomed upturn. The Group continues to build on the excellent relationships it has formed with both its vehicle manufacturer partners and its providers of funds and is I believe well placed to take advantage of any improvement in the UK economy. Our Executive Management Team led by Joint Chief Executives Kerry Finnon and Derek Passant, together with Financial Director Mike Pawson, continues to pursue every opportunity to further develop the business whilst at the same time ensuring that wherever possible we reduce our cost base.

Throughout the Group's history we have always valued the support we have received from our staff. As a mark of our appreciation every employee who attains 25 year's service is presented with a gold watch. I am pleased to report that during 2012 the 145th gold watch was presented. On behalf of the Board I would like to thank all of our employees for their loyal and conscientious service.

K J Sayfritz
Chairman
8 April 2013

Greenhous Group (Holdings) Limited

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012. In these financial statements 'the Group' means the Company and its subsidiaries.

Principal activities

The principal activities of the Group include the distribution and retailing of cars, commercial vehicles, spare parts and the servicing of vehicles.

Business review

2012 showed an improvement in both the car and truck markets with new car sales showing a growth in registrations of 5% and new truck sales an encouraging 28%. The only slight disappointment was the reduction in the van market which fell nearly 8% nationally. It is pleasing to report that Greenhous either equalled or exceeded the national figures in what has been a very good year for sales with the reduction in statutory turnover reflecting a change in arrangements on a number of key customer contracts, as opposed to a reduction in the level of trade.

Unfortunately, the improvements in the car and truck markets were not mirrored by after sales which have been a lot weaker in 2012 both nationally and locally. Due to the current economic conditions less people have been having services carried out on their vehicles at the correct times and those that have are looking for the cheapest option. In addition to this due to the improved quality of the marques that we represent, there has been a significant reduction in warranty sales.

The Group measures its financial performance and position by reference to key performance indicators. Some of the key performance indicators used by the business are set out below:

	2012 £'000	2011 £'000	% Change
Group Turnover	586,889	781,422	(24.89)
Gross Profit	32,772	32,738	0.10
Total Operating Profit Excluding Exceptional Items	2,780	3,292	(15.55)
Profit Before Tax	1,865	1,103	69.08
Profit After Tax	1,609	1,268	26.89
Net Borrowings (Footnote 1)	8,656	8,150	6.21
Shareholders' Fund	16,398	17,421	(5.87)
Current Assets as % of Current Liabilities	128%	125%	2.28
Cash Flow Generated from Operations	1,386	(2,112)	165.63
OTHER FINANCIAL INFORMATION			
Gross Margin	5.58%	4.19%	33.28
Total Operating Margin Excluding Exceptional Items	0.47%	0.42%	12.44
Return on Total Assets (Footnote 2)	2.13%	1.68%	26.22
Return on Capital Employed (Footnote 3)	6.50%	5.37%	20.94
After Tax Return on Equity (Footnote 4)	9.81%	7.28%	34.81
Interest Cover (Times)(Footnote 5)	3.65	2.21	65.19
Gearing Note (Footnote 6)	52.79%	46.78%	12.83
Average Number of Employees	562	574	(2.09)

Footnotes

1 Net borrowings comprise interest bearing loans net of cash balances
2 Return on total assets is profit before interest and tax excluding exceptional items divided by total assets
3 Return on capital employed is profit before interest and tax excluding exceptional items divided by closing shareholders funds and long-term debt
4 After tax return on equity is profit for the year as a percentage of closing shareholders funds

5 Interest cover is calculated as profit before interest and tax excluding exceptional items divided by interest costs

6 Gearing is calculated as net borrowings as a % of net assets

Directors' report for the year ended 31 December 2012 (continued)

Future developments

Overall 2012 has been a satisfactory year and the Group's projections for 2013 suggest that 2013 will be a comparable year with marginal further growth predicted.

Principal risks and uncertainties

The Group's business activities, financial condition and trading results could be affected by any or all of the following risks and uncertainties:

General business conditions and the economy
Greenhous Group's future profitability could be negatively impacted by a worsening of general economic conditions in the United Kingdom. The market for new and used vehicles could be adversely affected by the cost and availability of credit, inflation, unemployment levels, the level of and volatility in the stock market. Further action by the UK Government in relation to the taxation of motor vehicles could also impact the market for the sale of motor vehicles. A continuing short-term deterioration in economic conditions in the United Kingdom should not have a significant adverse impact in the after sales business, but a continued downturn over a period of years would result in weaker profits in this area.

Information systems
The Group is reliant upon a number of business systems which, if disrupted for any length of time due to damage or interruption from loss or power, failure of telecommunications, sabotage or vandalism could have an adverse effect on the efficient running of the Group's business. The board has put in place a number of contingency plans to mitigate the impact of such system failures.

Manufacturers' financial condition
The Group depends on the vehicle manufacturers for a significant element of its turnover and profits. The failure of a manufacturer could result in significant losses especially in the case of insolvency of a manufacturer. Vehicle manufacturers use sales and warranty and other incentive programmes to develop new vehicle sales. A curtailment or reduction in these programmes would adversely affect the business. Further, the timing, frequency and success in the roll-out of new models can materially affect the Group's business.

Competition
The Group competes in the motor distribution market with other franchised vehicle dealerships, internet-based dealers, private buyers and sellers and vehicle manufacturers who have entered the retail market. In the after sales market the Group competes with similar franchised businesses, supply and fit chains and a large number of small independent garages and bodyshops. The Group mitigates these risks through the quality of its customer service and competitive pricing.

Franchise agreement
If a franchise agreement with a supplying manufacturer were lost this would have an adverse effect on revenue and profits for the Group as it would cease its entitlement to source new vehicle stock for sale and to undertake warranty repair work.

Dependence on key members of management and staff
The Group is reliant on key members of the management team and specialist trained personnel in a number of areas. The loss of a number of key staff would have a material adverse effect on the business. Furthermore, should the Group fail to recruit and retain key staff this would impact on the future financial condition of the Group.

Regulatory compliance
The Group is subject to regulatory compliance risk which could arise from a failure to comply with relevant law, regulation or codes of practice. Failure to comply would result in fines, cessation of some business activities or a public reprimand. The Group mitigates this risk through close monitoring of regulatory compliance.

Directors' report for the year ended 31 December 2012 (continued)

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on an ongoing basis.

Liquidity risk

Liquidity risk relates to the Group having sufficient financing and borrowing to pay for the goods and services required to operate. The Group is financed by GMAC UK PLC, PACCAR Financial Limited and Royal Bank of Scotland PLC through term loans, stocking loans and overdraft facilities. The Group is also dependent on trade credit from suppliers.

The Directors are confident that the banking and financing facilities currently in place are more than adequate for the Group's working capital requirements and that the Group has sufficient available funds for operations and planned expansions.

Interest rate risk

All of the Group's borrowing facilities are linked to LIBOR, Finance House Base Rate and Bank Base Rate. No financial instruments are used to hedge exposure to interest rate risk. The Group continues to review on a quarterly basis the appropriateness of interest rate hedging in the light of current and anticipated Money Market movements.

Policy for payment of creditors

The group agrees terms and conditions with suppliers before business takes place and, while there is no Group code or standard, it is not Group policy to extend supplier payment terms beyond that agreed. The average credit terms for the Group as a whole based on the year-end trade creditors and GMAC credit facility and a 365 day year is 54.6 days (2011: 40.2 days).

Dividends and transfers to reserves
No dividend is proposed for the period.

The retained profit of £1,609,000 (2011: £1,268,000) will be transferred to reserves.

Directors
The directors who held office during the year are given below.

K P Finnon
D R Passant
K J Sayfritz
M A Pawson

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 the group and of the profit or loss of the group 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 the 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 group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations
The Group made charitable donations during the year of £25,000 (2011: £nil). No political donations were made during the year (2011: £nil).

Indemnity insurance
During the year, the Group maintained liability insurance and third party indemnification provisions for the directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated Companies.

Disabled employees
The Group always considers applications for employment from disabled persons, having regard to the aptitude and ability of the applicant and the requirements of the job. If employees become disabled the Group endeavours to continue to employ them provided that there are duties which they can satisfactorily perform, bearing in mind the nature of their disability.

The Group accepts the need to train, promote and develop the careers of disabled persons in their own and the Group's best interests.

Employee involvement
Management regularly communicates and consults with employees on general matters and takes steps to keep them informed of the factors affecting the performance of their branch or department.

To this end, profit related pay schemes have operated for all branches within the Group. All employees at each branch will share equally in this reward and this is regarded as a tangible demonstration of the Group's commitment to employee motivation and involvement.

Greenhous Group (Holdings) Limited

Directors' report for the year ended 31 December 2012 (continued)

Provision of information to auditors

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 Group's auditors are unaware, and
- the 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 Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

Auditors

The auditors, Whittingham Riddell LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board

M A Pawson
Company Secretary
8 April 2013

Independent auditors' report to the members of Greenhous Group (Holdings) Limited

We have audited the financial statements of Greenhous Group Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated reconciliation of movements in shareholders' funds, the consolidated statement of total recognised gains and losses, the group 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 Statement of directors' responsibilities, set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 group's and the parent 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. In addition we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2012 and of the group's 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 Greenhous Group (Holdings) 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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.

Timothy Jones BSc FCA
Senior Statutory Auditor
For and on behalf of Whittingham Riddell LLP
Statutory Auditors and Chartered Accountants
Shrewsbury
Date: 8 April 2013

Greenhous Group (Holdings) Limited

Consolidated profit and loss account
for the year ended 31 December 2012

	Notes	**Year ended 31 December 2012**	Year ended 31 December 2011
		£'000	£'000
Turnover	1	**586,889**	781,422
Cost of sales		**(554,117)**	(748,684)
Gross profit		**32,772**	32,738
Distribution and administrative expenses		**(30,202)**	(30,721)
Operating profit	4	**2,570**	2,017
Interest payable and similar charges	3	**(705)**	(914)
Profit on ordinary activities before taxation		**1,865**	1,103
Tax on profit on ordinary activities	7	**(256)**	165
Profit on ordinary activities after taxation		**1,609**	1,268

The results all relate to continuing activities.

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

Greenhous Group (Holdings) Limited

Consolidated reconciliation of movements in shareholders' funds for the year ended 31 December 2012

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Profit on ordinary activities after taxation	**1,609**	1,268
Unrealised surplus on revaluation of properties	**390**	-
Actuarial (loss) on pension scheme	**(3,236)**	(3,018)
Movement on deferred tax relating to pension scheme liability	**214**	133
Net (decrease) in shareholders' funds	**(1,023)**	(1,617)
Opening shareholders' funds	**17,421**	19,038
Closing shareholders' funds	**16,398**	17,421

Greenhous Group (Holdings) Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2012

	Year ended 31 December 2012	Year ended 31 December 2011
	£'000	£'000
Profit on ordinary activities after taxation	**1,609**	1,268
Unrealised surplus on revaluation of properties	**390**	-
Actuarial (loss) on pension scheme	**(3,236)**	(3,018)
Movement on deferred tax relating to pension scheme liability	**214**	133
Total gains and (losses) relating to the year	**(1,023)**	(1,617)

Balance sheets as at 31 December 2012

	Notes	Group 2012	Group 2011	Company 2012	Company 2011
		£'000	£'000	**£'000**	£'000
Fixed assets					
Tangible assets	9	**16,621**	16,717	**-**	-
Investments	10	**-**	-	**11,955**	11,955
		16,621	16,717	**11,955**	11,955
Current assets					
Stocks	11	**83,728**	79,724	**-**	-
Debtors	12	**20,547**	23,008	**785**	785
Cash at bank and in hand		**2**	312	**260**	260
		104,277	103,044	**1,045**	1,045
Creditors: amounts falling due within one year:					
Creditors	13	**77,932**	78,023	**-**	-
Loans and finance lease obligations	14	**3,430**	4,212	**-**	-
		81,362	82,235	**-**	-
Net current assets		**22,915**	20,809	**-**	-
Total assets less current liabilities		**39,536**	37,526	**13,000**	13,000
Creditors: amounts falling due after more than one year:					
Creditors	13	**(16,500)**	(14,500)	**-**	-
Loans and finance lease obligations	14	**(4,408)**	(4,250)	**(11,000)**	(11,000)
Net assets excluding pension deficit		**18,628**	18,776	**2,000**	2,000
Pension liability	16	**(2,230)**	(1,355)	**-**	-
Net assets including pension deficit		**16,398**	17,421	**2,000**	2,000
Capital and reserves					
Called up share capital	17	**200**	200	**200**	200
Share premium reserve	18	**1,800**	1,800	**1,800**	1,800
Revaluation reserve	18	**3,392**	3,053	**-**	-
Profit and loss account	18	**11,006**	12,368	**-**	-
Equity shareholders' funds		**16,398**	17,421	**2,000**	2,000

The financial statements were approved by the board of directors on 8 April 2013 and signed on its behalf by:

K. J. Sayfritz
Director

D.R. Passant
Director

Greenhous Group (Holdings) Limited

Consolidated cash flow statement
for the year ended 31 December 2012

	Notes	**2012** **£'000**	2011 £'000
Operating activities			
Net cash inflow/(outflow) from operating activities	20	**1,386**	(2,112)
Returns on investments and servicing of finance			
Trading interest paid		**(1,005)**	(1,465)
Taxation			
UK corporation tax paid		**(65)**	(985)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(1,085)**	(1,078)
Disposal of fixed asset investments		**-**	546
Sale of tangible fixed assets		**263**	2,653
Net cash (outflow)/inflow from capital expenditure and financial investment		**(822)**	2,121
Cash (outflow) before financing		**(506)**	(2,441)
Financing			
(Decrease) in borrowings		**(624)**	(5,173)
Net cash (outflow) from financing	21	**(624)**	(5,173)
(Decrease) in cash	21	**(1,130)**	(7,614)

Greenhous Group (Holdings) Limited

Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable Accounting Standards in the United Kingdom, which are set out below and have been applied consistently.

Basis of accounting
The consolidated financial statements comprise the financial statements of the Company, including the results of all subsidiary undertakings for the period. No profit and loss account is presented for Greenhous Group (Holdings) Limited as permitted by section 408 of the Companies Act 2006.

The results of the subsidiary undertakings acquired or sold during the period are included in the consolidated profit and loss account from the date of the acquisition or to the date of disposal. Intergroup sales and profits are eliminated on consolidation so that the figures shown by the consolidated statements relate to external transactions only.

Tangible fixed assets
Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives, the principal rates being as follows:

	% per annum
Freehold buildings	2
Plant and machinery	15 to 20
Fixtures and fittings, computer and other equipment	10 to 33
Motor vehicles	20 to 42

Freehold land is not depreciated.

Revaluation of tangible fixed assets
Individual freehold property held in the United Kingdom is carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

Fixed asset investments
Fixed asset investments representing the shares in subsidiaries have been valued at cost.

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

In order to satisfy demand for used cars, the company purchases new vehicles from motor manufacturers and rents these on short term agreements. These cars are generally sold within twelve months of purchase and are purchased with the intention of resale. As a result, these vehicles are included within stocks.

Consignment stock
Under certain dealer agreements with motor manufacturers the company is allocated “consignment stock”. Where it is considered the risks and rewards of ownership have been transferred to the company during the consignment period and the company has in substance control over the stock, it is recognised in the balance sheet with an equivalent liability. Otherwise, until such time as legal title passes at the end of the consignment period, this stock is not included in the balance sheet and the commitment is disclosed in the notes to the financial statements.

Accounting policies (continued)

Deferred taxation
Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computations. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements. A net deferred tax asset is recognised only if it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Neither deferred tax assets nor liabilities are discounted.

Revenue recognition
Revenue is measured at invoice price, excluding value added taxes, and principally comprises external vehicle sales, parts, servicing and bodyshop sales. Vehicle and parts sales are recognised when substantially all risks and rewards have been transferred to the customer. This is generally at the time of delivery to the customer.

Service and bodyshop sales are recognised in line with the work performed. Revenue also comprises commissions receivable for arranging vehicle financing and related insurance products. Commissions and rental income are based on agreed rates and income is recognised on receipt.

Pension costs
The Company operates a defined benefit pension scheme under which contributions by employees and the Company are administered by trustees in funds independent from the Company's assets. The scheme is closed to new entrants and was closed to future accrual from 31 July 2008.

Actuarial valuations are made at three year intervals and, in accordance with their recommendations, annual contributions are paid to the scheme. The costs are charged against profits so as to spread the cost of the pensions over the employees' working lives.

A number of employees are members of the Greenhous Group Personal Pension Scheme, a defined contribution pension scheme. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating leases
Rents payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated into sterling using rates of exchange ruling at the balance sheet date.

Transactions in foreign currency are translated into sterling at the rate ruling on the date of transaction.

Exchange gains and losses are recognised in the profit and loss account.

Accounting policies (continued)

Going Concern
The financial statements have been prepared on a going concern basis. In determining the most appropriate basis of preparation of the financial statements the directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The outlook for the General Motors Corporation remains positive, albeit the continuing trading losses for General Motor's European operations cannot be ignored, but we remain of the view that General Motor's European operations will continue, albeit there is likely to be further restructuring in the short-term.

The directors therefore expect that, on balance, the General Motors Corporation brands (including Opel and Vauxhall in Europe) and the associated GMAC funding will continue in a similar form on a going concern basis for the foreseeable future.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are detailed in the notes to these accounts and are as contained in Notes 13, 14 and 20 of the financial statements.

The GMAC term loans will expire in December 2017 and January 2018 and the GMAC working capital facilities are available to 31 August 2014. The Group has begun preliminary discussions on the renewal of these facilities. At this stage the expectation is that they will be renewed for a further 2 years on 31 August 2013.

The working capital facilities with Royal Bank of Scotland plc and Lombard plc have been renewed for a further 12 months with effect from 1 March 2013. Current forecasts and predictions taking account of potential changes in trading conditions show the Group should be able to operate within these facilities.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the financial statements
for the year ended 31 December 2012

1 Turnover, profit on ordinary activities after interest and net assets, by class of business

The analysis by class of business of the Group's turnover, profit on ordinary activities after interest and net assets is set out below:

	Greenhous Car		**Greenhous Commercial**		**Total**	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000	**2012 £'000**	2011 £'000
Group turnover	**516,614**	724,980	**70,275**	56,442	**586,889**	781,422
Profit on ordinary activities after interest	**2,998**	2,795	**1,204**	863	**4,202**	3,658
Unallocated head office expenses					**(2,337)**	(2,555)
Profit on ordinary activities before taxation					**1,865**	1,103
Taxation					**(256)**	165
Profit on ordinary activities after taxation					**1,609**	1,268
Net assets	**12,532**	14,409	**3,866**	3.012	**16,398**	17,421

2 Directors' emoluments and employee information

The remuneration paid to the directors of Greenhous Group Limited was:

	2012 £'000	2011 £'000
Directors' emoluments and benefits	**1,529**	1,353
Company contributions to money purchase pension schemes	**66**	84
	1,595	1,437

Three directors (2011: three) have retirement benefits accruing under money purchase pension schemes. In addition, retirement benefits are accruing to one (2011: one) of the directors under the company's defined benefit scheme

2 Directors' emoluments and employee information (continued)

Highest paid director

	2012	2011
	£'000	£'000
Emoluments and benefits	**593**	623
Company contributions to money purchase pension scheme	**30**	30
	623	653

Employee information
The average weekly number of persons (including executive directors) employed by the Group during the year was:

	2012	2011
	No.	No.
Administration	**207**	211
Productive	**245**	250
Sales and retail	**110**	113
Monthly payroll	**562**	574
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	**14,856**	15,489
Social security costs	**1,821**	1,760
Defined contribution pension costs	**1,151**	1,249
Other pension costs	**818**	-
	18,646	18,498

3 Interest payable and similar charges

	2012 **£'000**	2011 £'000
Interest payable on bank loans and overdrafts	**424**	554
Interest payable on other loans	**581**	911
Other finance (income) charge from pension fund	**(300)**	(551)
	705	914

4 Operating profit

	2012 **£'000**	2011 £'000
Operating profit is stated after charging:		
Depreciation and other charges for the year:		
Tangible owned fixed assets	**1,065**	1,140
Exceptional items (see note 5)	**210**	1,275
Loss / (Profit) on disposal of fixed assets	**33**	(56)
Operating lease charges – land and buildings	**380**	339

5 Exceptional items

	2012 **£'000**	2011 £'000
Exceptional items reported within operating profit		
Impairment of tangible fixed assets	**210**	1,275
	210	1,275

6 Auditors remuneration

	2012	2011
	£'000	£'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**42**	41
Fees payable to the Group's auditor for other services:		
All other services	**-**	11
	42	52

7 Taxation

(a) Analysis of charge in the year

	2012	2011
	£'000	£'000
Current tax:		
UK corporation tax at 24.5% (2011: 26.5%) on profit of the year	**318**	-
Adjustment in respect of previous periods	**(25)**	(16)
Total current tax	**293**	(16)
Deferred tax:		
Origination and reversal of timing differences (note 15)	**(37)**	(149)
Total deferred tax credit	**(37)**	(149)
Tax on profit on ordinary activities	**256**	(165)

7 Taxation (continued)

(b) Factors affecting tax charge for the year

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	**1,865**	1,103
Profit on ordinary activities multiplied by standard rate in the UK 24.5% (2011: 26.5%)	**457**	292
Effects of:		
Fixed asset timing differences	**45**	225
Short term timing differences	**87**	(70)
Items not allowable for tax purposes	**160**	188
Items not taxable for tax purposes	**-**	(11)
Adjustments in respect of defined benefit scheme	**(526)**	(622)
Capital losses not utilised	**99**	-
Difference in tax cost on fixed asset disposals	**-**	(2)
Other items	**(4)**	-
Adjustment to tax charge in respect of previous periods	**(25)**	(16)
Current tax charge for the year	**293**	(16)

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on the disposal of property in prior periods. Such tax would become payable only if it was not possible to claim rollover relief. The total amount unprovided is £381,000 (2011: £415,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

The top line of corporation tax is due to fall to 21% over the next three years

8 Retained profit for the year

The parent Company's profit for the year was £nil (2011: £nil).

9 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures and fittings, computer and other equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost / Valuation					
At 1 January 2012	15,580	5,709	1,545	1,308	24,142
Additions	344	379	94	268	1,085
Revaluation	(511)	-	-	-	(511)
Disposals	-	(190)	(91)	(431)	(712)
At 31 December 2012	**15,413**	**5,898**	**1,548**	**1,145**	**24,004**
Depreciation					
At 1 January 2012	1,063	4,825	1,010	527	7,425
Charge for the year	213	402	179	271	1,065
Impairment	150	60	-	-	210
Revaluation	(901)	-	-	-	(901)
Elimination on disposals	-	(190)	(68)	(158)	(416)
At 31 December 2012	**525**	**5,097**	**1,121**	**640**	**7,383**
Net book value					
At 31 December 2012	**14,888**	**801**	**427**	**505**	**16,621**
At 31 December 2011	14,517	884	535	781	16,717

The Group's freehold properties were revalued on 1 October 2012, on the basis of existing use value by Stanley Hicks and Son, an independent qualified valuer. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuation has been incorporated in the Financial Statements and the resulting adjustment has been taken to the revaluation reserve and/or profit and loss account, as appropriate. The directors are not aware of any material change in value and therefore the valuation has not been updated.

If the revalued assets were stated on an historical cost basis the amounts would be:

	2012	2011
	£'000	£'000
At cost	13,446	13,102
Aggregate depreciation	1,173	1,068
Net book value based on historical cost	12,273	12,034

The value of non-depreciable land included within land and buildings is £8,441,525 (2011: £8,441,525)

10 Fixed asset investments

	Interest in Group undertakings £'000
Company	
Cost and net book value as at 1 January and 31 December 2012	**11,955**

On 21 December 2004 the company acquired the entire share capital of Greenhous Group Limited for £11,955,000. In its last financial year to 31 December 2012 Greenhous Group Limited generated a profit after tax of £1,609,000 (2011: £1,268,000). Details of the assets acquired and goodwill generated are set out below. There are no differences between book values and fair values at the date of acquisition other than as set out below:

Interests in Group undertakings

Name of undertaking	Country of Registration	Description of shares held	Proportion of nominal value of issued shares held by Company %
Greenhous Group Limited*	England and Wales	Ordinary £1	100
Greenhous Limited	England and Wales	Ordinary £1	100
Greenhous Hanley Limited	England and Wales	Ordinary £1	100
Greenhous Commercials Limited	England and Wales	Ordinary £1	100
Greenhous Remarketing Services Limited	England and Wales	Ordinary £1	100
Smart Fleet Solutions Limited	England and Wales	Ordinary £1	100
G.M.U.V.S. Limited	England and Wales	Ordinary £1 and Preference £1	100
Greenhous Hereford Limited	England and Wales	Ordinary £1	100
Greenhous Shrewsbury Leyland DAF Limited	England and Wales	Ordinary £1 and Preference £1	100
Greenhous Telford Limited	England and Wales	Ordinary £1	100
Smart Accident Management Limited	England and Wales	Ordinary £1	100

* Held directly.

All of the above companies have financial statements prepared up to 31 December 2012. All have been dormant throughout the year to 31 December 2012, with the exception of Greenhous Group Limited whose principal activity includes the distribution and retail of cars, commercial vehicles, spare parts and the servicing of vehicles.

11 Stocks

	Group		Company	
	2012 **£'000**	2011 £'000	**2012** **£'000**	2011 £'000
Vehicles	**79,840**	76,324	**-**	-
Parts and accessories	**3,780**	3,272	**-**	-
Miscellaneous	**108**	128	**-**	-
	83,728	79,724	**-**	-

Vehicle stocks held under consignment stock agreements which were not deemed to be assets of the Group under the provisions of FRS 5 and are not included in the balance sheet at 31 December 2012 amounted to £19,046,165 (2011: £14,776,291).

12 Debtors

	Group		Company	
	2012 **£'000**	2011 £'000	**2012** **£'000**	2011 £'000
Amounts falling due within one year:				
Trade debtors	**19,053**	20,543	**-**	-
Other debtors	**217**	1,180	**-**	-
Deferred tax asset (see note 15)	**663**	626	**-**	-
Corporation tax	**-**	159	**-**	-
Prepayments and accrued income	**614**	500	**-**	-
	20,547	23,008	**-**	-
Amounts falling due after more than one year:				
Amounts owed from group companies	**-**	-	**785**	785
	20,547	23,008	**785**	785

13 Creditors

a) Amounts falling due within one year

	Group		Company	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000
Bank overdraft	**820**	-	**-**	-
Payments received on account	**34**	8	**-**	-
Trade creditors	**66,471**	68,121	**-**	-
Corporation tax	**69**	-	**-**	-
Other taxation and social security payable	**601**	524	**-**	-
Other creditors	**3,529**	432	**-**	-
Accruals and deferred income	**6,408**	8,938	**-**	-
	77,932	78,023	**-**	-

b) Amounts falling due after one year

	Group		Company	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000
GMAC back to back line of credit facility	**16,500**	14,500	**-**	-

The GMAC (General Motors Acceptance Corporation) facility is a revolving line of credit in respect of vehicles in stock. Interest is charged at 3.25% over 3 month LIBOR with a minimum rate of 4.75%.

14 Loan obligations

	Group		Company	
	2012 **£'000**	2011 £'000	**2012** **£'000**	2011 £'000
Amounts owed to group companies	**-**	-	**11,000**	11,000
Bank loans	**614**	1,196	-	-
Other loans - secured	**6,374**	5,199	-	-
- unsecured	**850**	2,067	-	-
Total loans and finance lease obligations	**7,838**	8,462	**11,000**	11,000
Less: amounts falling due within one year	**(3,430)**	(4,212)	-	-
Amounts falling due after more than one year	**4,408**	4,250	**11,000**	11,000

Bank, other and long term loans

	£'000	£'000	**£'000**	£'000
Other and long term loans are repayable as follows:				
In one year or less	**3,430**	4,212	-	-
Between one and two years	**1,681**	2,204	-	-
Between two and five years	**2,478**	1,309	**11,000**	11,000
In five years or more	**249**	737	**-**	-
	7,838	8,462	**11,000**	11,000

The bank loans are secured over some of the Group's properties and car stocks. The rate of interest payable is 1.65% over 7 day LIBOR.

The secured other loans are secured by fixed charges over certain Group properties and a floating charge over the assets of the Group. Interest is charged at 3.25% over 3 month LIBOR with a minimum rate of 4.75%.

The unsecured other loans represent loans from directors (see note 25) the rate of interest payable on these loans is 10% per annum.

15 Deferred taxation

	2012	2011
	£'000	£'000
Group and Company		
At beginning of the year	**626**	477
Credited to the profit and loss account (note 7)	**37**	149
Deferred tax asset at end of year	**663**	626

The deferred taxation asset provided in the financial statements, and the total potential asset including the amounts for which provision has been made, are as follows:

	Amount provided		**Total potential asset**	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Group and Company				
Tax effect of timing differences				
Excess of tax allowances over depreciation	**164**	164	**164**	164
Other	**499**	462	**499**	462
Deferred tax asset (note 12)	**663**	626	**663**	626

No provision for deferred taxation has been made in relation to the surplus on revaluation of land and buildings. This is due to indexation on the historic base costs of the properties being greater than the excess of the valuations over base costs.

Deferred tax asset relating to pension deficit	**2012**	2011
	£'000	£'000
Group		
At beginning of the year	**452**	319
Deferred tax charged to the statement of total recognised gains and losses	**214**	133
Deferred tax asset at end of year (note 16)	**666**	452

The deferred tax asset of £666,000 (2011: £452,000) has been deducted in arriving at the net pension deficit on the balance sheet.

16 Pension commitments

The Company operates a defined benefit pension scheme with assets held in a separately administered fund. On 1 April 2006 the defined benefit scheme was closed to new entrants and the scheme ceased accrual on 31 July 2008 at which point all remaining active members became deferred pensioners. The company offers a defined contribution scheme to all employees.

Defined benefit scheme
A full actuarial valuation was carried out at 31 March 2010 and updated to 31 December 2012 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Assumptions

	2012 % per annum	2011 % per annum
Inflation	**2.2%**	2.2%
Salary increases	**n/a**	n/a
Expected return on plan assets	**5.8%**	6.5%
Rate of discount	**4.1%**	4.7%
Rate of increase in pension in payment	**2.2%**	2.2%

The mortality assumptions used were as follows :

	2012	2011
Longevity at age 65 for current pensioners :		
- Men	**21.5**	21.3
- Women	**24.3**	24.1
Longevity at age 65 for future pensioners :		
- Men	**23.3**	23.2
- Women	**26.1**	25.9

Amounts recognised in Balance Sheet

	2012 £'000	2011 £'000
Fair value of scheme assets	**23,715**	23,685
Present value of scheme liabilities	**(26,611)**	(25,492)
Deficit in scheme	**(2,896)**	(1,807)
Liability to be recognised	**(2,896)**	(1,807)
Deferred tax (note 15)	**666**	452
Net pension deficit	**(2,230)**	(1,355)

16 Pension commitments (continued)

Reconciliation of present value of the scheme liabilities

	2012 **£'000**	2011 £'000
Scheme liabilities at start of period	**25,492**	26,268
Current service cost	**-**	-
Interest cost	**1,132**	1,351
Actuarial (gains)/losses	**2,939**	(803)
Benefits paid	**(3,387)**	(381)
Past service costs	**818**	-
Change due to settlements or curtailments	**(383)**	(943)
Scheme liabilities at end of period	**26,611**	25,492

Reconciliation of fair value of scheme assets

	2012 **£'000**	2011 £'000
Fair value of scheme assets at start of period	**23,685**	25,130
Expected return on scheme assets	**1,432**	1,808
Actuarial (losses)/gains	**(297)**	(3,822)
Contributions by employer	**2,282**	1,798
Benefits paid	**(3,387)**	(381)
Change due to settlements or curtailments	**-**	(848)
Fair value of scheme assets at end of period	**23,715**	23,685

Assets

	2012 **£'000**	2011 £'000
Target return funds	**14,319**	13,673
Gilts and Bonds	**4,763**	6,171
Property	**2,949**	2,876
Cash	**1,684**	965
Total assets	**23,715**	23,685

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company.

The actual return on the scheme assets over the period ending 31 December 2012 was 7% (31 December 2011: 3.5%).

Analysis of the amount recognised in profit and loss account

	2012 **£'000**	2011 £'000
Current service cost	**-**	-
Past service cost	**818**	-
Interest Cost	**1,132**	1,351
Expected return on scheme assets	**(1,432)**	(1,808)
Gains on settlements	**(383)**	(94)
Total	**135**	(551)

16 Pension commitments (continued)

Amounts for the current and previous four years

	2012 £'000s	2011 £'000s	2010 £'000s	2009 £'000s	2008 £'000s
Fair value of scheme assets	**23,715**	23,685	25,130	20,727	20,073
Present value of scheme liabilities	**26,611**	25,492	26,268	27,237	25,990
Deficit in scheme	**(2,896)**	(1,807)	(1,138)	(6,510)	(5,917)
Experience adjustment on scheme assets	**(3,235)**	(3,822)	442	3,084	(7,707)
Experience adjustment on scheme liabilities	**(2,938)**	1,300	(1,300)	476	442
Total amount recognised in the statement of recognised gains and losses	**(3,236)**	(3,018)	2,323	(947)	(2,599)

Employer contributions of £2,281,500 were paid during the year (31 December 2011: £1,798,000).

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2012 is £600,000.

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is (£16,316,000).

Defined contribution scheme
The company also operates a defined contribution scheme. The amount payable by the company during the year amounted to £1,150,698 (2011: £1,249,383) and contributions totalling £76,572 (2011: £32,099) were payable to the fund at the balance sheet date and are included in other creditors.

17 Called up share capital

Group and Company

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
2,000,000 ordinary shares of 10p each	**200**	200

18 Reserves

Group

	Share premium reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2012	**1,800**	**3,053**	**12,368**
Retained profit for the year	-	-	1,609
Surplus on revaluation	-	390	-
Transfer of surplus depreciation over historic cost	-	(51)	51
Actuarial loss in pension scheme	-	-	(3,236)
Movement on deferred tax relating to pension scheme	-	-	214
At 31 December 2012	**1,800**	**3,392**	**11,006**

Company

	Share premium reserve £'000	Profit and loss account £'000
At 1 January 2012	**1,800**	**-**
Result for the year	-	-
At 31 December 2012	**1,800**	**-**

19 Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
(Decrease) in cash in the year	**(1,130)**	(7,614)
Cash outflow from financing	**624**	5,173
Change in net debt in the year	**(506)**	(2,441)
Opening net debt	**(8,410)**	(5,709)
Closing net debt	**(8,916)**	(8,150)

20 Cash flow from operating activities

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Operating profit	**2,570**	2,017
Difference between pension charge and cash contribution	**(1,847)**	(1,798)
Impairment and depreciation on tangible fixed assets	**1,275**	2,415
Loss/(profit) on disposal of fixed asset	**33**	(56)
(Increase) in stocks	**(4,004)**	(33,781)
Decrease in trade debtors	**1,490**	26,815
Increase/decrease in prepayments and accrued income	**(114)**	747
Decrease/(increase)/decrease in other debtors	**963**	(1,128)
(Decrease)/increase in trade creditors	**(1,650)**	18,685
Increase/(decrease) in GMAC facility	**2,000**	(2,500)
Increase/(decrease) in other taxation and social security payable	**77**	(2,002)
Increase/(decrease)/increase in payments received on account	**26**	(26)
(Decrease) in accruals and deferred income	**(2,530)**	(11,610)
Increase in other creditors	**3,097**	110
Net cash inflow/(outflow) from operating activities	**1,386**	(2,112)

21 Analysis of net debt

	At 1 January 2012	Cash flows	At 31 December 2012
	£'000	£'000	£'000
Cash			
Cash at bank and in hand	312	(1,130)	**(818)**
Debt			
Bank and other loans:	(8,462)	624	**(7,838)**
Net debt	(8,150)	(506)	**(8,656)**

Analysed in balance sheet

	£'000	£'000	£'000
Cash at bank and in hand	312	(310)	**2**
Overdraft	-	(820)	**(820)**
	312	(1,130)	**(818)**
Other loans:			
Within one year	(4,212)	782	**(3,430)**
After one year	(4,250)	(158)	**(4,408)**
Net debt	(8,150)	(506)	**(8,656)**

22 Capital commitments

Group

	2012 £'000	2011 £'000
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	**40**	659

23 Financial commitments

The Group had annual commitments under operating leases for land and buildings as follows:

	2012	2011
	£'000	£'000
Expiring within one year	**12**	35
Expiring between one to five years	**205**	48
Expiring in over five years	**162**	168

24 Contingent liabilities

There is an inter company guarantee between Greenhous Group (Holdings) Limited and Greenhous Group Limited. The contingent liability at the end of the year amounted to £17,579,661 (2011: £14,999,713).

25 Related party transactions

During the year the group sponsored £91,641 (2011: £85,000) and purchased goods and services of £6,837 (2011: £6,667) from Shrewsbury Town Football Club plc, a company of which K J Sayfritz is a director. At the end of the year the balance due to Shrewsbury Town Football Club plc was £nil (2011: £nil).

During the year the company purchased goods and services of £1,383 (2011: £nil) from Bottle & Glass, a business in which D R Passant has an interest.

Included within other loans falling due within one year is an interest bearing loan from K P Finnon, a director, of £nil (2011: £581,978) on which interest of £37,959 (2011: £59,182) was charged in the year. In addition there are also interest bearing loans from D R & E Passant, D R Passant is a director, of £820,265 (2011: £1,455,129) on which interest of £135,812 (2011: £80,863) was charged and from M A Pawson, a director, of £30,000 (2011: £30,000) on which interest of £3,008 (2011: £4,333) was charged.

Personal guarantees of £750,000 exist in respect of both K P Finnon and D R Passant, directors of the company, in respect of the GMAC financing facilities as disclosed in note 13.

26 Controlling party

The company is under the joint control of K P Finnon and D R Passant, who are both directors.