



# MOTOR 150 REPORT

Consolidated accounts of the top 150 companies in the UK motor retail sector



# KEY PERFORMANCE INDICATORS

	2009	2008
▼ Turnover (£)	34.6bn	36.1bn
▼ Change in turnover	-4.2%	-2.1%
▲ Gross profit (£)	4.6bn	4.4bn
▲ Operating profit (£)	538m	184m
▲ Profit/(loss) before tax (£)	360m	(198m)
▲ Return on sales	1.04%	(0.55%)



A return on sales of 1% may not look like much of a change in fortunes in mathematical terms, but it represented a huge surprise in economic terms for the sector.”

MALCOLM THIXTON, HEAD OF MOTOR RETAIL, BDO

## CONTENTS

- 2 A period of unexpected outcomes**  
(Review of key operating and financial factors)
- 6 An insight into recessionary survival**  
(How the market tackled funding and gearing)
- 8 Back to the future**  
(Sector activity – Investment and M&A)
- 10 The challenge of the New Consumer**  
(The changing face of the market)
- 12 Volume is vanity, profit is sanity**  
(A market outlook – BDO opinions and advice)
- 15 Compilation of the report**
- 16 Motor UK Limited review of the top 150 accounts**
- 24 The Motor 150 Group companies**

# WELCOME TO THE MOTOR 150 REPORT

prepared by **BDO**

The pun is unintentional; the fact is unavoidable – but our Motor 150 grouping is quite literally the driving force behind a retail business sector that operates within a vital part of the UK economy.

Motor retail is the shop floor of the UK automotive industry, which has become an established and interdependent network of businesses with a combined annual turnover of £52 billion and a total workforce of 820,000. Within this workforce, around 640,000 are employed in the post-production businesses of motor retail, supply and servicing.\*

In this light, this Motor 150 Report – revealing the aggregated performance of a study group comprising the top 150\*\* companies in the UK motor retail sector – is an important business barometer.

As such, this report, which covers performance in the latest audited accounts and looks forward into the current and future accounting periods, does not specify or comment upon the individual performance of companies, except where it is relevant to explain a variance from the market norm or to highlight a fresh sector trend.

Our aim in producing the Motor 150 Report is to provide a considered insight into recent economic events and sector activity, the current and future dynamics of motor retailing, and to offer our professional views and advice for the future.

\* SMMT Motor Industry Facts 2010

\*\* More details of how we identified and analysed the top 150 is provided on page 15.



# A PERIOD OF UNEXPECTED OUTCOMES

by Malcolm Thixton, Head of Motor Retail, BDO



Having been hit by the worst recession in a generation, we entered the post-recessionary era like patients in a dentist's waiting room.

We feared a long and painful programme of extractions and root canal work, but have come out after examinations and check-ups with just a few fillings and some essential cleaning and polishing.

The reason is that the industry experienced a year of unforeseen but beneficial outcomes which, combined with good management, underpinned a period of solid, sustained recovery.

The bottom line is that the Motor 150 group generated a turnover of £36bn in 2008 but recorded a £198m loss before tax, then turned things around in 2009 to make a £360m profit before tax despite a falling annual turnover.

That is a big turnaround in anyone's eyes, and especially so for a highly competitive market where profit margins are traditionally tight.

We believe there were a number of key factors driving that performance recovery:

- Success of the scrappage scheme
- Used car values increasing in the period
- Good support from manufacturers
- 2008 cost-cutting benefits kicking in
- Low interest rates being maintained

## MOTOR 150 FACT

FACT

28%

of the £34.6bn turnover of the Motor 150 in 2009 is achieved by the top five companies in our listing.



**Quite unexpectedly, against a backdrop where everyone was predicting that 2009 would be a really tough year, it turned out for many to be a year of impressive profitability. Over half of the companies in the top 150 reported profits of over £1m compared to only 33 in the previous year. ”**

From our research, these beneficial factors will have assisted the majority of companies in the motor retail sector. While half of the Motor 150 were loss making in 2008, this reduced significantly in 2009 to 28. Plainly, some sector businesses will still be fighting hard to counter the recessionary setback.

Overall turnover for the Motor 150 decreased by £1.5bn but this was not unexpected due to a continuing fall-off in new vehicle sales, with its knock-on effect on after-sales servicing and repairs.

During the review period there does not appear to have been any major market shift, such as a geographical divide or larger companies weathering the storm best. In fact, within the Motor 150 the contribution to turnover from the top five companies dropped from £11bn (30%) in 2008 to £9.8bn (28%) for 2009.

In our estimation, the performance of individual sector businesses during our review period will have largely mirrored the improved performance of the combined Motor 150 group.

We may be some way yet from achieving Hollywood smiles, but at least trips to the dentist should now become less frequent.

### SCRAPPAGE BOOSTS NEW CAR MARKET

Total new car sales actually went down during our review period, but it could have been a lot worse if not for the joint Government-industry scrappage scheme.

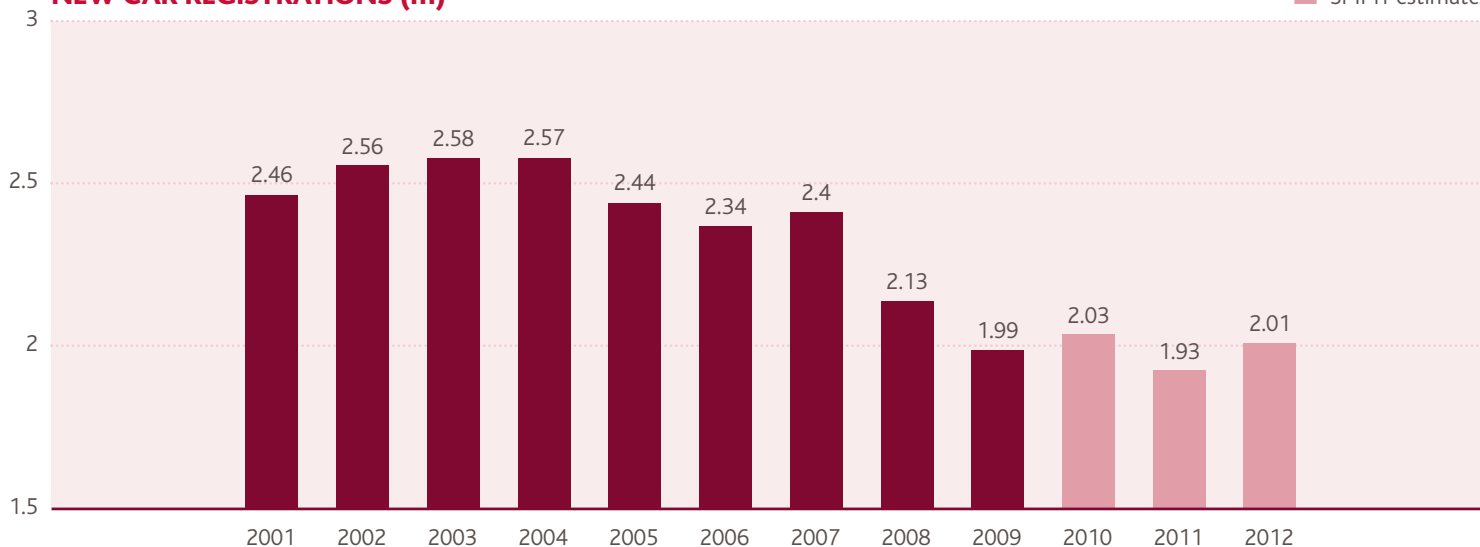
Historically, new car sales have been dropping. In 2005, new car registrations were running at 2.4m. In 2008 they dropped to 2.1m. They fell again during 2009 to below 2m, levels not seen for over 10 years. Without the scrappage scheme, which generated 284,000 new vehicle sales, we might have been looking at 1.7m.

The sobering fact is that the scrappage scheme has now ended – not that its ending will be solely responsible for bringing any fresh decline in new car sales. It is a complex market subject to various economic influences on consumer expenditure. Even changes in the fleet market, such as companies adopting longer changeover periods, have reduced overall sales.

However, the scrappage scheme did bring dynamic side effects within the motor retail sector.

In effect, scrappage created new market segmentation. While encouraging vehicle owners to buy new rather than used stock, it also highlighted a prudent consumer keen to gain discounted new car pricing but still seeking best value for money. Customers, who might not normally have bought new, were attracted into the market.

### NEW CAR REGISTRATIONS (m)



8,000

Going into 2011, Motor 150 UK will have around 8,000 less employees than pre-recession.

### THE TURNAROUND IN USED CAR VALUES

The annual UK volume of used cars sold has historically been around 7.5m, and sales have proved resilient over the long-term. The 2008 recession wreaked its havoc, driving down prices to exceptional lows – too low in fact. That was when reality hit the market.

Prices started to rise early in 2009 and continued upwards until the scrappage scheme was introduced in May. Although its introduction diverted some used-car buyers to new purchases, in practice, scrappage helped reduce stock in the market, which fuelled demand and supported used-car values well into 2010.

### VALUABLE AND TIMELY SUPPORT

Manufacturers' support assisted the sector, as they sought to destock, adopted innovative marketing and sales incentive schemes, and in some cases relaxed franchise standards. During 2008 many manufacturers had amassed vast acreages of car stocks, only too evident off the M5 at Bristol, and at other storage sites throughout the country.

Once again the scrappage scheme had a significant market bearing. Those manufacturer-supported businesses that developed specific marketing and pitched the right product at the right price maximised on the scrappage opportunity.

Kia and Hyundai were quick off the mark and showed huge increases in new car volumes, as did Nissan. Not surprisingly the benefits were less noticeable for the prestige market.

This timely support enabled the Motor 150 to return to profit, but, with tight 1-2% margins being common within the industry, manufacturer support will continue to be essential through expected difficult 2010 and 2011 trading.

### COST REDUCTION REAPS ITS REWARD

Overhead costs in the Motor 150 decreased largely as a result of recessionary cutbacks and restructuring begun by companies in 2008 and implemented throughout 2009. Cost reduction strategies combined with prudent, and at times painful, decisions reaped their reward as balance sheets stabilised.



Motor 150 analysis suggests the average cutback level was 1% of turnover, which represents a 5% reduction in operating expenses year on year. Our view is that this needs to be an ongoing exercise as trading is going to be tough for the next few years.

Motor 150 employee costs fell from £2.8bn to £2.7bn following widespread industry resource restructuring and redundancy programmes. Employee numbers fell from 106,000 to 98,000 – a drop of 8%.

With fewer car sales, commission payments were lower for showroom teams throughout the UK. Average salaries, however, have increased – no doubt indicative of companies retaining their most experienced and commercially valuable employees during the recessionary culling and, in addition, redundancy payments being made.

The number of retail outlets has been falling – the major manufacturers saw their new car sales points reduce from around 5,500 in 2005 to 4,800 in 2009 – as companies exchanged poor performers for pound notes gained from business or property disposal. There are predictions that outlet numbers could fall further with some estimating a drop to 3,500 over the next 5 years – not necessarily a negative move in an industry facing fewer requirements for on-site after-sales activities and the advance of online selling (see later pages – The New Consumer and Market Outlook).

### LOW INTEREST COSTS MAINTAINED

With the Bank of England holding its nerve and its base rate at 0.5%, the Motor 150 group saw interest costs reduce significantly, and provide companies much needed additional profits. Even so Motor 150 paid out £222m in interest during the year.

The cash flow statement on page 18 shows the reduction in net borrowings in the period funded from retained profits, improvements in net working capital and share issues (including £78m by Lookers and £30m by Vertu Motors).



**The turnaround in fortunes this year has been unlike anything we have ever seen before in living memory.**”

### MOTOR 150 FACT

### FACT

# 1.1m

In the new vehicle market, fleet business has dropped significantly in recent years. The 25-plus vehicle fleet sector sold 1.1m vehicles in 2008, but this dropped to below 900,000 in 2009 – an 18% reduction.

Many corporate fleet managers helped to alleviate their recessionary budget concerns by the simple expedient of opting to hold on to their fleet vehicles for longer and exchange them at a later date.

Meanwhile, motor retail operators are re-examining the relative risks and margins in the fleet and retail sectors of the new vehicle market.

Pendragon Group, the largest Motor 150 company, stated in its annual report that fleet business “consumes a disproportionate amount of working capital compared to the profits it generates... The primary focus of the Group in the new car market is on retail sales.”

Pendragon reduced its fleet business from a volume of 61,600 units in 2008 to 24,600 units during 2009.

## FUNDING AND GEARING OVERVIEW



# AN INSIGHT INTO RECESSIONARY SURVIVAL

by Steve Le Bas, Director of Motor Retail, BDO



The scale of the recession shook the foundations of the global financial sector, and disrupted macro and micro-economies at international and sector specific national levels.

The UK motor retail sector is no stranger to the pain of recession, however, the speed of the economic downturn caught out many Motor 150 operators. Following significant

losses in 2008, many suffered from cash flow constraints arising from these losses, and in addition were not assisted by a general reluctance of lenders to finance the sector.

Restoring confidence became a key objective throughout the review period. In the UK, this was not helped by the uncertainty surrounding a General Election, the formation of a new and unexpected coalition government, and dire warnings of massive impending cuts in public expenditure.

The Bank of England did its best to ease financial worries with quantitative easing measures and sustained low interest rates, but the aftershocks of that recessionary blow to confidence played out in various ways during 2009 and 2010.

### FUNDING

Lack of confidence cut both ways. Lenders became much more cautious, tightening their terms and raising funding costs. Borrowers were reluctant to take on additional debt initially, and those that could, or needed it for working cash flow, were often frustrated later in the period as finance became increasingly difficult to maintain, let alone to source additional amounts.

With the motor trade historically not a favoured sector for many banks, external funding for Motor 150 activities was scarce and costly.

At the end of the current reporting period the net debt (excluding group loans) of the Motor 150 totalled £2bn compared with £2.6bn in the previous year. Within this the net bank exposure reduced from £1.1bn to £0.5bn.

Despite the banks' caution, the stock market felt able to support the sector, noticeably Lookers, who in June 2009 announced a fully underwritten Firm Placing and Placing and Open Offer to raise £78m to facilitate significant improvements to their bank facilities, pay down debt and provide funds for future development strategy. The share issue received strong support from existing shareholders and brought in several new institutional shareholders. Later in 2010 the company's share price surged on the back of a potential private equity offer of £346m against net assets of £160m and a market capitalisation of £188m at the end of 2009.

Vertu Motors also raised £30m by a placing in June 2009 enabling its acquisition plans to continue. Its total outlets increased by a half, from 44 to 66 from May 2009 to 2010.

## GEARING

Many Motor 150 companies reacted similarly to post-recession UK households who discovered that low interest rates led to lower mortgage payments and left them with extra available cash. Sensibly they used this cash to pay off debts rather than spend or invest in an uncertain future.

Overall borrowing fell in the Motor 150 as debts got repaid – gearing improved significantly from 101% to 68%. Individually, Lookers was a prime Motor 150 example, reducing its gearing from 180% in December 2008 to 49% in December 2009 largely on the back of its £78m share placing during the year.

On balance sheets, there was significant impairing activity with properties, plant and machinery fixed assets, and goodwill values on entities purchased before the recession, being re-assessed downwards.



**Lookers raised £78m from a share placement on the Stock Exchange. This enabled them to repay £50m debt and secure improved terms on the group's banking facilities.**

MOTOR 150 FACT

FACT

68%

Gearing improved significantly from 101% to 68%.

## TAXATION BONUSES

The downturn in 2008 prompted some hefty tax refunds from unexpected losses, and these fed into many Motor 150 UK balance sheets during 2009 to assist bottom-line financial confidence. In addition, disclosed VAT refunds amounted to £6m in the current year and £10m in the previous year. We believe further VAT refunds were received in the period, however these have not been separately disclosed. These amounts of VAT refunds tended to have been matched by similar amounts for related interest.

The Government through HMRC also allowed deferred tax payment options on PAYE, VAT and Corporate Tax, which effectively provided additional short-term funding for the sector. However, at the year-end, the amount owing for social security and other taxation remained unchanged at £159m.

The VAT reduction from 17.5% to 15% had little impact on the sector, save to present another operational query to explain to showroom customers. The VAT differential was largely absorbed if not negated through the flexibility and variety of payment options made available on vehicle purchasing deals.

## INVESTMENT AND M&A ACTIVITY



# BACK TO THE FUTURE

## THE LULL BEFORE THE M&A STORM?

In truth, there were few mergers and acquisitions of note as investment activity slumped during 2008 and 2009.

There has been a slight increase during the past nine months of 2010 – perhaps indicating that stronger companies are now confident enough to capitalise on opportunities in the post-recession market, either to gain strategic acquisitions or quickly increase market share. Deals completed in 2009 included goodwill of £15m compared to over £40m in 2008.

Significant acquirers in 2008 included Sytner paying £20m including £17m goodwill, on a number of deals including Goodman Derby, Edmond & Milburn, Michael Powles and three Volkswagen dealerships in Yorkshire. Marubeni completed its purchase of Norton Way Motors for £11m, including £5.5m of goodwill. Other acquirers included Lookers, Helston Garages, Rybrook and Perrys.

2009 saw JCT600 incur £4m goodwill acquiring two Audi dealerships in York and Hull, Sytner continuing to expand with acquisitions of Ferrari and Maserati in Birmingham and Porsche in Leicester and Solihull incurring £1m of goodwill. Vertu Motors ramped up its activity spending £14m on six businesses although only one (a Ford dealership) included any significant goodwill at £1.4m.

Surprisingly, the recession may not have been the only reason for this low activity.

Prior to the recession the sector had undergone a reasonably high level of acquisition and consolidation, and there was something of a 'bedding down' lull within the industry. Perhaps, this is also one reason why the ravages of recession were not so great as expected within the sector.

To-date there has been no wholesale disappearance of companies from the marketplace during the recession, other than two well-known industry names – Dixons Motor Group and Camden Group Services.



**Prior to the recession the sector had undergone a reasonably high level of acquisition and consolidation, and there was something of a 'bedding down' lull within the industry. Perhaps, this is also one reason why the ravages of recession were not so great as expected within the sector.**”

One pre-recession move worth noting, however, was the formation of Vertu Motors and Cambria Automobiles as cash-rich sector consolidators, supported by external funding from Private Equity Houses, and subsequent AIM listings. They were poised to be very active in the sector, but the severity and suddenness of the recession, reduced the number of opportunities available to them.

With the sector's recovery boosting confidence during late 2009, their financial strength is once again beginning to influence investment and M&A activity – a 'back to the future' scenario, merely delayed by the recession.

More recently, Vertu Motors and Peter Vardy have been active acquirers, and sector activity has also included Marshalls acquisition of five Mercedes dealerships from Pendragon.

Cambria Automobiles recently took over four north-west sites from the Caledonia Motor Group. Cambria Automobiles also acquired the Summit Auto Group, which comprised Doves, Dees, Invicta and Grange. It now handles franchises that include Aston Martin, Volvo, Ford, Honda, Mazda, Jaguar, Seat, Fiat and Citroen.

Cambria Automobiles is not only growing rapidly as a UK dealer group. It was rated by the Sunday Times Top Track 250 as Britain's fastest growing mid-market private company in 2009, increasing sales from £26.3m in 2007 to £187.9m in 2008.

### **INWARD INVESTMENT IN LEANER AND FITTER OPERATIONS**

As we have already reported, many Motor 150 companies chose to secure the present by paying back loans rather than spending out on a risky future venture. But, that doesn't mean they all spent the recession-recovery interim treading water.

Some enlightened operators have focused internally on embedding good management principles; improving their cash flow, available working capital, and monitoring and reporting systems, while reducing inefficiency and adopting fresh customer-focused strategies.

In short, many are now leaner, fitter and better able to take on the challenges and opportunities of 2011 and beyond.

Other operators will look with concern at the new 'age of austerity' with its undoubted tough trading times, and, on the back of good 2009 profits, many may well seek to exit the industry, particularly before the new Block Exemption changes in 2013.

The recovery of 2009 and early 2010 will also have raised optimism among potential vendors that reasonable selling prices can be achieved. For others, the long road of recovery ahead will simply be viewed as too long to endure.

Either way, expect deal-making to flourish.

**MOTOR 150 FACT**

**FACT**

**M&A**

Financial strength is once again beginning to influence investment and M&A activity – a 'back to the future' scenario, merely delayed by the recession.



**BDO IS CURRENTLY PRODUCING 'TRANSITIONS'\* A SERIES OF IN-DEPTH REPORTS OUTLINING HOW THE POST-RECESSION LANDSCAPE IS CHANGING FOR UK BUSINESSES. OUR SECTOR SPECIFIC MOTOR 150 REVIEW ECHOES THE TRANSITIONS FINDINGS, WHICH REVEAL THAT A NEW ECONOMIC WORLD ORDER LED BY EMERGING BRIC ECONOMIES IS SHIFTING THE DYNAMICS OF GLOBAL MARKETS, AND THAT RETAILERS ARE ALSO NOW FACING...**

## THE CHALLENGE OF THE NEW CONSUMER

'The customer is king' is an old maxim of the sales floor but never have the words carried so much weight and potential foreboding for the motor retail sector.

Sudden change usually prompts evolutionary development. The recession prompted the evolution of the New Consumer.

Either side of that dramatic 2008/2009 downturn, retail markets have moved from conspicuous consumption to considered consumption. And, customers are now beginning to drive the consumer market.

The post-recession consumer has evolved into a more astute and demanding consumer – a canny, if not cautious, customer for whom the one-fit consumer model and pre-recession marketing of retail operators will increasingly not work.

Of course, the recession hasn't been the only catalyst for 21st century consumer behavioural change.

The Internet was a major contributor, quickly allowing customers to punch well above their weight. Social networking, consumer campaigning, online customer reviews and price comparison websites can nowadays prove humbling for the most powerful businesses.

Increasingly too, consumers now go to a retail outlet to inspect, while checking peer reviews and competitor prices on their iPhones instore. Then, they go home to buy on the internet or via satellite TVs. The shopping process is changing.

Changing working practices have also altered the retailing experience ... and its future. Commuting to work, the 'company car', retiring at 65, set working hours, and one job for life are no longer the norm.

Our lifestyles are changing and motor retailing will need to change too.

The good news is that we believe consumer spending will recover and continue to grow from 2011 onwards. But, it would be wrong to presume that when the economy booms again old consumer habits will emerge once more.

Just like the consumer, UK operators need to become more astute – from website to shopfloor, marketing to staffing, supply costs to customer service.

## THE HOME TRUTHS OF POST-RECESSION RETAILING

- Recession brought reality to the fore, and recognition of a new economic world order.
- The days of double-digit growth have passed. We are entering the era of harder for longer for less.
- Consumer spending will continue to grow in time – though retailers will need to provide even greater customer satisfaction. 'Service with a smile' is back. Even computerised online service will need to 'smile'.
- The recession accelerated (or decelerated) consumer behaviour trends that were slight but already in play. The search for best value widened, for example, whereas the 'green' agenda slipped onto the back-burner.
- New Consumers are willing to be persuaded to spend, but they're looking to spend more effectively.
- In their pursuit of value and utility, New Consumers are not contenting themselves with second best. Value means that they are looking more for quality and longevity when purchasing products. The new car will be of good specification, fuel economy and reliability but kept for longer than the norm.
- New Consumers will tend to flit from one retailer to another and have an increasing reluctance to demonstrate brand loyalty.
- The ostentatious individualism of pre-recession is being replaced with a greater sense of collectivism. Consumers will mix premium brands with value chain products. We are in the age of 'Primarni'.
- Consumers interested in value, quality and longevity are also more willing to complain. The service component in a retail proposition is now more important than ever, not least with online networking ready to reveal the perceived quality of an individual's customer experiences.
- The economic crisis has also bred cynicism, particularly about financial services. This is a particular concern to motor retailers with customers less likely to take up finance and warranty deals.
- New 'value retailers' are already reinventing tired sectors of the retail industry.
- Considered consumers want what's right, and will expect 'considered retailers' to supply products that help them achieve it – particularly important in the motor retail 'green' market.

## THE NEW CONSUMER – SHORT TERM

- Debt adverse
- Equating value with utility
- Still wanting enjoyment
- Looking for longevity
- Suspicious of big business

## THE NEW CONSUMER – LONGER TERM

- Ecologically aware
- Decline in respect for institutions
- Demand for simplicity
- Considered rather than conspicuous consumption
- Demand for service as well as product



\* Access the full Transitions reports on: [www.bdo.co.uk](http://www.bdo.co.uk)



# VOLUME IS VANITY, PROFIT IS SANITY

by Sid Hopper, Head of Automotive Advisory, BDO



Everyone is attempting to second-guess future new car volumes, but that bears little relationship to dealer profit. On the past year, 2m new cars is probably a good number, but so is 1.7m or 2.4m – when the margin is right.

Maintaining a margin of sanity is a key discipline in an uncertain economy – especially when it's hard to find consensus

among expert economists, save that they are not a community of optimists.

Recently the OECD revised its GDP growth forecast for the UK from 2.5% to 1.7%. Earlier the IOD revised its growth forecast from 1.8% to 1.2%. Whatever the 2011 figure, it looks like a downward trend.

But, although the perceived wisdom is that car retailing tracks the economy, that is not always true:

- Sales downturn earlier this decade during the “rip-off Britain” campaign, took place in a relatively robust economy. The key influencer was perceived overcharging in car pricing.
- 2009 turned out to be a profitable year despite a deep recession. Less volume with more margin is good.
- As GDP growth returned to the UK economy during 2010, car sales started to fall. The price incentive of scrappage was removed.

It is key to understand the underlying factors that influence profitable car retailing, and push aside those that do not.

MOTOR 150 VIEW

VIEW

9.5m

In 2005 the car parc for vehicles under five years was 12.4m, in 2009 this had reduced to 10.5m, and by 2013 is predicted to be 9.5m.

**The New Consumer:** I was once told: 'When the speed of change on the outside is greater than that on the inside, then the end is near.' That truth hits home when you look at the new consumer and car retailing. The Internet is a potent tool for the new consumer, who will not now tolerate old-fashioned sales techniques. Dealers who will not make the change, will not make the sales.

**Potential new car customers** are now well informed about price, alternative models, financing options and delivery times. Ten years ago a consumer might need five visits to a dealership before deciding to buy. Now it is ONE. They may even have already negotiated an offer over the phone with another dealer, including part-exchange, without even visiting a dealership. Each new consumer needs to be understood and evaluated with a proposition built around their specific needs.

**Retailing of used cars** has changed. Customers now search online for used cars that may be over 100 miles away. The Internet is the new forecourt and dealers need a website that is up-to-date, accurate, easy to navigate, competitive on price, including all finance and part-exchange options.

## KEY MARKET FACTORS FOR 2011

**Retail demand** has reduced since the end of scrappage. Couple this with public sector cuts, and inevitable redundancies and you can understand why 2011 will be a challenging year of uncertainty for new car sales. There is also a risk that dealers may bolster bonuses by pre-registering cars, tying up working capital and leading to savvy consumers seeking nearly-new vehicle deals, at the cost of margin.

**The return of the fleet customer** has been witnessed in recent registration figures, but 2011 could bring mixed fortunes:

- Fleet operators will need to renew ageing fleets or face increasing maintenance costs and loss of customers wanting newer vehicles.
- Public sector volumes will fall reducing demand. Operators will reduce their fleet size.

However, we expect an overall increase in fleet volumes. The fleet market has lacked finance, but, given residual value resilience, there may be more financing opportunities especially with captive funders. Manufacturers may also sell into fleet markets to mitigate weakening retail sales.

'Green' cars are supported by government agendas coupled with incentives such as low vehicle tax and congestion charging. In 2011 employers can offer green vehicles below 160g/km Co2 on salary sacrifice schemes – offering savings to employers and employees.

**New stock supply** is likely to remain an issue. UK currency has substantially devalued against the Euro and US\$. The UK has become a less desirable place to sell cars, especially with manufacturers seeing increasing demand from the more profitable emerging eastern markets. Even some UK produced cars now have long delivery times in favour of export markets. In the short term, dealers will balance supply with demand and sell new cars with good profit; in the longer term, it will further reduce used car levels.

**Used stock supply:** Difficulty in sourcing good quality stock is not expected to change significantly in 2011. Auctions and retailing part exchanges offer far less volumes. Sophisticated supply chain management is required, and securing deals with fleet operators is becoming increasingly important.

**After-sales** remains a huge profit driver, but it is subject to change. UK car parc size is a reducing trend expected to continue, especially whilst new sales remain at low levels. In 2005 the car parc for vehicles under five years was 12.4m, in 2009 this had reduced to 10.5m, and by 2013 is predicted to be 9.5m. Retention of customers for increasingly longer periods is key to mitigating the potential reduction in sales.

**Cash is king** but the post-recessionary king is in scarce supply. Following the bailouts of Greece and Ireland, and concerns about Spain and Portugal, the financial sector is still in turmoil. The ability to access finance and good liquidity will be key success factors in 2011.

**Manufacturer support** has been a big influence on dealer profitability over the past 18 months and how manufacturers respond to 2011 challenges is unknown. Manufacturers may need to address long-term over-representation in certain networks or areas with high public sector employment.

**Looking forward to a pension:** Motor 150 total pension liability for defined benefit schemes was £190m in 2008, rising to £246m by 2009. Though many of these schemes are now closed, ongoing servicing remains an issue. We have been working with dealers, using innovative methods to reduce these pension costs.

**The tax man cometh:** The Government is targeting collection of every taxable pound. HMRC has already started to review repayments it made in respect of demonstrator claims. It will seek to recover any over-repayments.

The onus on business to produce accurate and timely reporting will increase in 2011. April sees the introduction of mandatory iXBRL online filings. These cover all corporation tax returns, related accounts and computations. iXBRL reduces HMRC's processing costs, but also provides automatic flagging of irregularities and exceptions for further investigation.



### **BDO VIEW: MOTOR RETAIL WILL SHOW ITS RESILIENCE AGAIN**

The motor retail industry has proved that it is remarkably resilient by producing good profits over the past two years – dispelling the 2009 forecasts of doom. Will 2011 be the 2009 that many expected?

Our view is that, although 2011 will provide challenges, fresh prophecies of doom will remain unfilled.

Why? Let's compare today with the start of 2009:

- New car supply is closer to demand and lead times for certain models will provide for greater front-end margins. Retail sales look softer, but there are opportunities for fleet and green cars.
- Used car profitability and demand at franchised dealerships remains robust.
- Lack of public access to easy high street finance means that more F&I is being sold at dealerships.
- Franchised dealers have improved service retention and have opportunities to do more.
- Dealers used the end of 2008 and beginning of 2009 to restructure their businesses and are far better placed to deal with any changes in demand.

Overall, our expectation is for profits to fall, but not to levels to cause grave industry concern.

Quarter 1 of 2011 will be key – as the first peak period following the VAT rise and public sector cuts. As profits fall, and cash becomes a concern, weaker dealers will become exposed. This will help fuel the M&A market, which recently has been subdued despite the demand for acquisitions.

Dealers who succeed in 2011 will:

- offer the right type of retail experience to their customers, whether that is in the dealership, online, or when contacted by other means
- have the ability to sell the good models, new and used, at the right price points
- offer innovative financing of vehicles and service
- be strong in aftersales, whether that is in throughputs, average bill per sale, or retention.

You could argue that the above principles apply in any year – and you would be right. In challenging and changing times the fundamentals of good business remain unchanged.



**The motor retail industry has proved that it is remarkably resilient by producing good profits over the past two years – dispelling the 2009 forecasts of doom.**

# COMPILATION OF THE REPORT

## SOURCES OF INFORMATION

The 150 companies included in this report were selected from the "Top 200 Franchised Dealership Survey" published in Motor Trader magazine and copies of most recent financial statements were obtained from Companies House filings. The published accounts (see below for year ends), obtained from Companies House filings, were used to provide the financial information included in this report.

## YEAR ENDS

The year ends included in the 'current period' financial information in this report range from 30 April 2009 to 31 March 2010 being the most recent accounts filed at Companies House at the time of the compilation of this report. For companies with December year ends (103 in the population) the 'current period' will be the year ended 31 December 2009. For January to March year ends (10) the current period is that ending in 2010. For April to November year-end companies (37), due to the restrictions of the filing deadlines at Companies House and the timescale of compilation of this report the current periods are predominantly those ending in 2009.

## AGGREGATION

The published accounts of the 150 companies identified by the above processes have been combined by a simple aggregation to produce the financial information in this report. No consolidation adjustments have been made and in particular no adjustments have been made to reflect the non-coterminous year-ends of the companies.

## IFRS AND UK GAAP

Of the 150 companies, 7 have prepared their accounts under IFRS and the remainder under UK GAAP. However, as those companies represent 19% of total revenue and as the implementation of IFRS will increase in future we have decided to present the financial information in a format more consistent with IFRS than UK GAAP. We have made no attempt to adjust UK GAAP numbers to comply with IFRS, we have merely represented the UK GAAP numbers in a format similar to IFRS. Consequently a number of allocation judgements were required that may impact the comparability of the financial information.

## DISCONTINUED OPERATIONS/ NON OPERATING ITEMS

No distinction has been made between continuing and discontinued operations due to the variety of judgements and presentational approaches taken by relevant companies. Where it has been possible to identify such items, all 'exceptional' or similar items reflected outside operating profit have been aggregated, although we have produced a brief analysis of the main items in the notes to the accounts.

## CASH FLOW STATEMENT

Whilst some of the individual line items on the cash flow statement have been obtained from the aggregation of cash flows, the cash flow statement has been largely derived from the simplistic approach of reconciling the movements between the balance sheets. This was to ensure that the changes in cash and cash equivalents in the cash flow statement reconciled with the balance sheets which they do not in the aggregation due to the differences in starting points, definitions of cash and cash equivalents and the treatment of debt in all the companies.

## DISCLAIMER

The financial information in this report has been compiled exclusively from publicly available information under the key assumptions and limitations outlined above. It has been designed solely for illustrative purposes to highlight trends in the financial performance of a representative sample of companies in the sector. BDO has made a number of judgments in aggregating the information into a consistent format BDO does not, and cannot, warrant the completeness or accuracy of such adjustments. Furthermore in adjusting the presentation adopted in published accounts to meet the specific requirements of this report, BDO is not making any judgement nor giving any opinion on the presentation adopted in those published accounts. BDO has not carried out any verification work on the financial information in this report and gives no opinion on the financial information. The financial information was not compiled with the intention that it should be used for any purpose save for that described above. We do not accept responsibility for the financial information to any person or for any purpose other than that for which it was prepared.

# MOTOR UK LIMITED

## REVIEW OF TOP 150 ACCOUNTS

### Consolidated profit and loss account

	Note	2009 £'m	2008 £'m
<b>Turnover</b>		<b>34,581</b>	<b>36,099</b>
Cost of sales		(30,027)	(31,675)
<b>Gross profit</b>		<b>4,554</b>	<b>4,424</b>
Gross profit %		13.17%	12.25%
Operating expenses		(4,129)	(4,350)
Other operating income		111	114
Income from investments		1	-
Share of profits from associates and joint ventures		1	(4)
<b>Operating profit</b>	1	<b>538</b>	<b>184</b>
Exceptional items	2	11	(125)
Interest payable	5	(222)	(336)
Interest receivable		33	79
<b>Profit/(loss) before tax</b>		<b>360</b>	<b>(198)</b>
Taxation	6	(107)	22
<b>Profit/(loss) after tax</b>		<b>253</b>	<b>(176)</b>
Minority interest		(1)	-
<b>Net profit/(loss)</b>		<b>252</b>	<b>(176)</b>
<b>Consolidated Statement of total recognised gains and losses</b>			
Profit/(loss) for the financial year		252	(176)
Unrealised deficit on revaluation		(5)	(13)
Actuarial gains and losses on pension scheme		(72)	(60)
Taxation in respect of gains and losses on pension scheme		17	15
Other items		(19)	1
		173	(233)
Exchange differences		(1)	-
<b>Total recognised gains and losses</b>		<b>172</b>	<b>(233)</b>

## Consolidated balance sheet

	Note	2009 £'m	2009 £'m	2008 £'m	2008 £'m
<b>Assets</b>					
<b>Fixed assets</b>					
Intangible	8	701		710	
Tangible	9	3,460		3,432	
Investments		182		198	
			<b>4,343</b>		<b>4,340</b>
<b>Current assets</b>					
Stock		4,754		5,420	
Debtors	10	2,258		2,195	
Deferred tax asset		38		30	
Cash		719		449	
Property sites under development		1		2	
Assets held for sale		42		64	
Investments		3		3	
			<b>7,815</b>		<b>8,163</b>
<b>Debtors due after more than one year</b>			<b>18</b>		<b>19</b>
<b>Total assets</b>			<b>12,176</b>		<b>12,522</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Loans and bank overdrafts	11	2,290		2,420	
Trade and other creditors	12	4,905		5,263	
Current tax liabilities		129		86	
			<b>7,324</b>		<b>7,769</b>
<b>Non-current liabilities</b>					
Loans and bank overdrafts	13	1,209		1,411	
Trade and other creditors	14	339		339	
Pension liabilities		246		190	
Provisions	15	93		115	
Deferred tax		67		77	
Derivatives		3		3	
			<b>1,957</b>		<b>2,135</b>
<b>Total net assets</b>			<b>2,895</b>		<b>2,618</b>
<b>Capital and reserves</b>					
Share capital		611		565	
Share premium		303		214	
Profit and loss account		1,719		1,574	
Other reserves		53		52	
Capital redemption reserve		38		38	
Revaluation reserve		159		164	
	16		<b>2,883</b>		<b>2,607</b>
Minority interest			12		11
<b>Total equity</b>			<b>2,895</b>		<b>2,618</b>

**Illustrative consolidated cashflow statement**

	<b>2009 £'m</b>	<b>2009 £'m</b>
<b>Net cash inflow from operating activities</b>		<b>1,100</b>
<b>Return on investments and servicing of finance</b>		
Interest received	33	
Interest paid	(222)	
		<b>(189)</b>
<b>Taxation</b>		<b>(72)</b>
<b>Capital expenditure and financial investment</b>		
Tangible fixed asset additions	(813)	
Proceeds from disposal of tangible fixed assets	487	
Net investment disposals	38	
		<b>(288)</b>
<b>Acquisitions and disposals</b>		<b>(64)</b>
<b>Dividends paid</b>		<b>(35)</b>
<b>Net cash inflow before financing</b>		<b>452</b>
<b>Financing</b>		
New shares	135	
Movement in loans	(333)	
Movement in finance leases	16	
		<b>(182)</b>
<b>Increase in cash</b>		<b>270</b>
Opening cash		<b>449</b>
Closing cash		<b>719</b>

**Reconciliation of operating profit to net cash inflow from operating activities**

	<b>2009 £'m</b>
Operating profit	538
Exceptional items	11
	549
Amortisation of intangible fixed assets	31
Depreciation of tangible fixed assets	328
Impairment of fixed assets	4
Profit on sale of fixed assets	(7)
Increase/(decrease) in provisions	(22)
(Increase)/decrease in stock	666
(Increase)/decrease in debtors	(73)
Increase/(decrease) in creditors	(377)
Share based payments	1
	<b>1,100</b>

## Notes forming part of the financial statements for the period

	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>1. Operating profit</b>		
Depreciation	328	336
Amortisation of goodwill	31	29
Audit fees	8	7
Non audit fees	6	5
Operating leases - land & buildings	208	210
Operating leases - other	15	14
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>2. Exceptional items</b>		
Waiver of intercompany debt	(10)	5
Profit on sale of fixed assets	(7)	(20)
VAT refund	(6)	(10)
Loss on sale of operations	3	21
Refinance costs	7	-
Impairment of goodwill	2	68
Impairment of fixed assets and other assets	6	41
Gain on early surrender of property lease	(7)	-
Restructure and closure costs	3	12
Other	(2)	8
	<b>(11)</b>	<b>125</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>3. Staff costs</b>		
Wages and salaries	2,452	2,527
Employers NIC	246	255
Share based payments	1	1
Pension costs	57	55
	<b>2,756</b>	<b>2,838</b>
	<b>no.</b>	<b>no.</b>
<b>Average no. of employees</b>	<b>98,368</b>	<b>105,624</b>
<b>Average pay per employee (£000)</b>	<b>28</b>	<b>27</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>4. Directors emoluments</b>		
Salaries and fees	105	82
Bonuses	3	-
Compensation for loss of office	1	-
Pension contributions	5	4
	<b>114</b>	<b>86</b>
	<b>no.</b>	<b>no.</b>
<b>Number of executive directors</b>	<b>666</b>	<b>646</b>
<b>Number of non-executive directors</b>	<b>23</b>	<b>24</b>
	<b>689</b>	<b>670</b>
<b>Average emoluments per highest paid director (£000)</b>	<b>383</b>	<b>282</b>

## Notes forming part of the financial statements for the period (continued)

	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>5. Interest payable</b>		
Bank loans and overdrafts	86	124
Other interest payable	130	210
Other finance expense	6	2
	<b>222</b>	<b>336</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>6. Taxation</b>		
Corporation tax and income tax on overseas operations	107	32
Prior year	(2)	(16)
	105	16
Deferred tax current year	1	(38)
Prior year	1	-
	<b>107</b>	<b>(22)</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>7. Dividends</b>		
Dividends paid in the period	<b>35</b>	<b>69</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>8. Intangible fixed assets</b>		
Cost b/fwd	966	916
Additions	15	23
Reclassifications	6	-
Acquisitions	-	20
Adjustments	-	5
Transfers	5	5
Disposals	(6)	(3)
	986	966
Cost c/fwd	986	966
Amortisation b/fwd	256	160
Charge	31	29
Impairments	2	68
Disposals	(4)	(1)
	285	256
Amortisation c/fwd	285	256
<b>NBV y/e</b>	<b>701</b>	<b>710</b>

## Notes forming part of the financial statements for the period (continued)

	Freehold property	Leasehold property	Plant and fixtures	Motor vehicles	Total
<b>9. Tangible fixed assets</b>					
Cost b/fwd	2,249	386	1,000	963	<b>4,598</b>
Additions	88	18	101	606	<b>813</b>
Disposals	(36)	(11)	(77)	(591)	<b>(715)</b>
Acquisitions	23	-	4	-	<b>27</b>
Revaluations	(10)	-	-	-	<b>(10)</b>
Transfers	19	4	(5)	-	<b>18</b>
Reclassifications	-	-	(1)	-	<b>(1)</b>
Exchange movements	(10)	-	-	(1)	<b>(11)</b>
Cost c/fwd	2,323	397	1,022	977	<b>4,719</b>
Depreciation b/fwd	171	61	647	287	<b>1,166</b>
Charge	36	14	106	172	<b>328</b>
Disposals	(4)	(4)	(57)	(170)	<b>(235)</b>
Acquisitions	-	-	2	(1)	<b>1</b>
Revaluations	(4)	-	-	-	<b>(4)</b>
Impairments	1	-	-	1	<b>2</b>
Transfers	3	-	1	-	<b>4</b>
Reclassifications	-	-	(1)	-	<b>(1)</b>
Exchange movements	(2)	-	-	-	<b>(2)</b>
Depreciation c/fwd	201	71	698	289	<b>1,259</b>
<b>NBV 2009</b>	<b>2,122</b>	<b>326</b>	<b>324</b>	<b>688</b>	<b>3,460</b>
<b>NBV 2008</b>	<b>2,078</b>	<b>325</b>	<b>353</b>	<b>676</b>	<b>3,432</b>

## Notes forming part of the financial statements for the period (continued)

	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>10. Debtors - current</b>		
Trade debtors	883	854
Group and related party loans	875	871
Directors current accounts	1	1
Corporation tax	3	11
Other debtors	225	213
Other tax and social security	39	11
Prepayments	232	234
	<b>2,258</b>	<b>2,195</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>11. Loans and bank overdrafts - current</b>		
Bank loans and overdrafts	579	772
Stocking loans	659	684
Pension fund loans	1	1
Directors loans	22	23
Group loans	1,022	940
Shares classified as debt	1	-
Derivative financial instruments	6	-
	<b>2,290</b>	<b>2,420</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>12. Trade and other creditors - current</b>		
Payments received on account	46	29
Trade creditors	2,778	2,796
Obligations under vehicle repurchase	152	190
Other tax and social security	159	159
Finance leases	284	274
Consignment creditor	524	905
Other creditors	247	260
Dividends payable	2	-
Accruals	713	650
	<b>4,905</b>	<b>5,263</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>13. Loans and bank overdrafts - non current</b>		
Bank loans	626	814
Other loans	219	237
Shares classified as debt	4	4
Directors loans	14	12
Group loans	346	344
	<b>1,209</b>	<b>1,411</b>

## Notes forming part of the financial statements for the period (continued)

	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>14. Trade and other creditors - non current</b>		
Accruals	23	22
Other creditors	6	14
Finance leases	306	299
Rentals in advance	4	4
	<b>339</b>	<b>339</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>15. Provisions</b>		
Warranty service	47	55
VAT assessment	11	27
Property and restructure costs	25	23
Finance commission	7	8
Other	3	2
	<b>93</b>	<b>115</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>16. Reconciliation of movements in shareholders' funds</b>		
Profit/(loss) for the year	252	(176)
Dividends	(35)	(69)
	217	(245)
Other net recognised gains and losses	(81)	(57)
Issue of shares	135	10
Share based payment	9	1
Shares redeemed	(2)	(1)
Transfers	(2)	-
Net additions to/(deductions from) shareholders' funds	276	(292)
Opening shareholders' funds	2,607	2,899
Closing shareholders' funds	<b>2,883</b>	<b>2,607</b>
	<b>2009</b>	<b>2008</b>
	<b>£'m</b>	<b>£'m</b>
<b>17. Net debt and gearing</b>		
Net debt comprises:		
Bank loans and overdrafts due within one year	(579)	(772)
Bank loans and overdrafts due after more than one year	(626)	(814)
Stocking loans	(659)	(684)
Finance leases	(590)	(573)
Other loans	(219)	(237)
	(2,673)	(3,080)
Cash and cash equivalents	719	449
Net debt	<b>(1,954)</b>	<b>(2,631)</b>
Total equity	2,895	2,618
Debt/equity	<b>68%</b>	<b>101%</b>

# THE 150 MOTOR GROUP COMPANIES

Addison Motors Limited  
Allen Ford (UK) Limited  
Aprite (GB) Limited  
Arnold Clark Automobiles Limited  
Barretts of Canterbury Limited  
Baylis (Gloucester) Limited  
Beadles Group Limited  
Bedfordia Automotive Limited  
Bestodeck Limited  
Blade Motor Group Limited  
Blue Bell Wilmslow Limited  
Boroughbury Holdings Limited  
Bugle Inn Motor Company Limited  
C.E.M. Day Limited  
Caffyns plc  
Cambria Automobiles Holdings Limited  
Central Garage (Uppingham) Limited  
Citroën UK Limited  
City Motor Holdings Limited  
Citygate Automotive Limited  
Clare James Automotive Limited  
Colborne Garages Limited  
Colebrook & Burgess Limited  
Collier Motor Group Limited  
Colt Cars Mid-West Limited  
Co-operative Group Motors Limited  
Cotswold Motor Group Limited  
Currie Motors Limited  
D J Cox Limited  
Decidebloom Limited t/a Stoneacre Motor Group  
Desira Group plc  
Dick Lovett Companies Limited  
Donnelly Bros. Garages (Dungannon) Limited  
Drift Bridge Garage Limited  
Drive Motor Retail Limited  
Eastern Holdings Limited  
Eden (GM) Limited  
EMG Anglia Limited  
Essex Auto Group Limited  
F G Barnes and Sons Limited  
F.R.F. Motors Limited  
Fish Brothers (Holdings) Limited  
Foray Motor Group Limited  
Ford Retail Limited  
Furrows Holdings Limited  
G K Group Limited  
Gates Group Limited  
Gilder Group Limited  
Glyn Hopkin Limited  
Gordon Lamb Holdings Limited  
Gordons (Bolton) Limited  
Greenhous Group Limited  
Greenoaks (Maidenhead) Limited  
Grevan Cars Limited  
Group 1 Automotive UK Limited  
Guildford Portfolios Limited  
Halliwell Jones Limited  
Hanif Automotive Limited  
Hartwell plc  
Harwoods Limited  
Helston Garages Group Limited  
Hendy Holdings Limited  
Heritage Automotive Limited  
Hodgson Automotive Limited  
Howard Garages (Weston) Limited  
HR Owen plc  
Hughes of Beaconsfield Limited  
Inchcape Retail Limited  
J Toomey Motors Limited  
Jardine Motors Group UK Limited  
JCT600 Limited  
John Clark (Holdings) Limited  
John Grose Group Limited  
John Martin Group Limited  
John R Weir Limited  
Johnsons Cars Limited  
L & L Inc Limited  
Lifestyle Europe Limited  
Lindsay Cars Limited  
Listers Group Limited  
Lloyd Motors Limited  
Loders Motor Group Limited  
Lomond Motors Limited  
Lookers plc  
Macrae & Dick Limited  
Marriott Motor Group Limited  
Marshall Motor Group Limited  
Marubeni Auto Investment (UK) Limited  
Mclean & Appleton (Holdings) Limited  
Mercedes-Benz Retail Group UK Limited  
Meridian Motor Group Limited  
Meteor Group plc  
Mon Motors Limited  
Motorline Holdings Limited  
Park's of Hamilton (Holdings) Limited  
Pendragon plc  
Peoples Limited  
Perrys Group Limited  
Peter Vardy Holdings Limited  
Pilling Motor Group Limited  
Porsche Retail Group Limited  
R. Robinson & Co. (Motor Services) Limited  
Reeve (Derby) Limited  
Renault Retail Group UK Limited  
Renrod Limited  
Robins & Day Limited  
Rybrook Holdings Limited  
S G Petch Limited  
S Jennings Limited  
S. G. Smith (Motors) Insurance & Management Services Limited  
S.P. Broughton & Co. Limited  
Sandiccliffe Motor Holdings Limited  
Seward (Bournemouth) Limited  
Shields Automotive Limited  
Silver Street Motors Limited  
Sinclair Motor Holdings Limited  
Snows Motor Group Limited  
Specialist Cars Holdings Limited  
Spire Automotive Limited  
Springfield Cars Limited  
Squire & Furneaux Limited  
St. Leonards Motors Limited  
Stephen James Group Trading LLP  
Swansway Garages Limited  
Sytner Group Limited  
T C Harrison Group Limited  
T G Holdcroft (Holdings) Limited  
The Harratts Group Limited  
The Phoenix Car Company Limited  
The Verve Limited  
Thompson Motor Company (Preston) Limited  
Thurlow Nunn (Holdings) Limited  
Toyota Tsusho Automobile North London Limited  
Underwoods Garage (Tiptree) Limited  
Vertu Motors plc  
Vindis Group Limited  
Vospers Motor House Limited  
W J King (Garages) Limited  
W R Davies (Motors) Limited  
W. Brindley (Garages) Limited  
Waters Retail Limited  
Wayside Group Limited  
Wessex Garages Holdings Limited  
Westover Group Limited  
WH Bowker Limited  
Williams Motor Co. (Holdings) Limited  
Wilson & Co. (Motor Sales) Limited  
Wood Group Limited  
Worcester Carsales Limited  
Yeomans Limited

# THIS REPORT HAS BEEN PRODUCED BY THE BDO MOTOR RETAIL TEAM

**Malcolm Thixton**

Head of Motor Retail  
malcolm.thixton@bdo.co.uk  
0238 088 1895

**Sid Hopper**

Head of Automotive Advisory  
sid.hopper@bdo.co.uk  
0121 352 6400

**Steve Le Bas**

Director of Motor Retail  
steve.lebas@bdo.co.uk  
0238 088 1906

**Wesley Bird**

Business Assurance  
wesley.bird@bdo.co.uk  
0238 088 1933

**James Webb**

Business Assurance  
james.webb@bdo.co.uk  
0238 088 1708

**Amir Hussain**

Marketing Communications  
amir.hussain@bdo.co.uk  
0238 088 1751

**THANKS ALSO GO TO OUR RESEARCHER JOHN BURBEDGE  
AND EVERYONE WHO CONTRIBUTED TO THE REPORT**

## HOW CAN WE HELP?

To discuss how we can help your business, please contact a member of the BDO Motor Retail team:

### Malcolm Thixton

Head of Motor Retail  
malcolm.thixton@bdo.co.uk  
0238 088 1895

### Sid Hopper

Head of Automotive Advisory  
sid.hopper@bdo.co.uk  
0121 352 6400

### Steve Le Bas

Director of Motor Retail  
steve.lebas@bdo.co.uk  
0238 088 1906

[www.bdo.co.uk](http://www.bdo.co.uk)



'Tax Team of the Year' 2009 and 2008  
'Audit Team of the Year' 2008  
'Corporate Finance Deal of the Year' 2008

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Services Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

BDO LLP is the Data Controller for any personal data that it holds about you. We may disclose your information, under a confidentiality agreement, to a Data Processor (Shamrock Marketing Ltd). To correct your personal details or if you do not wish us to provide you with information that we believe may be of interest to you, please contact Amir Hussain on 023 8088 1751 or email [amir.hussain@bdo.co.uk](mailto:amir.hussain@bdo.co.uk)

Copyright © December 2010. BDO. All rights reserved.



This document is printed on 9lives 80, a paper containing 80 per cent recycled fibre and 20 per cent virgin Totally Chlorine Free (TCF) fibre sourced from sustainable forests. 9lives 80 is produced by an ISO 14001 accredited supplier.