

Motor Industry



Current Issues

Specialist Services

Financial Administration and support

Our Team

Manufacturers are struggling in just about all markets as global new car sales have plummeted in the worldwide recession. GM motors has gone bust and Ford is in trouble. Production has shifted down a gear but there is still massive oversupply, despite various Governments' scrappage incentives designed to boost demand.

Financing for vehicle purchases which is an essential element of the motor industry in most markets has all but dried up, as the world's battered banks are much more cautious about granting **credit**.

The UK's motor retailers face major challenges. A little more than a year ago rising star Vertu was faced with what Chief Executive Director Robert Forrester called "the worst market position since the car was invented" - a stock of used cars worth £20m but falling in value at 5 per cent every month.

It is increasingly difficult for both large and small operators to show a respectable return on the considerable capital that has to be invested. The combination of reduced sales volumes, market overcapacity, tight margins and the need for heavy cash investment in premises and stock, make it difficult to generate profits and certainly not at the levels which may have been seen not so long ago.

Our experience is that many owner managers have found themselves reviewing the strategic direction for their business, including diversification or changes to their franchise operation.

Current Issues

Many motor dealer businesses have built up investments in land and property as well as a significant customer base and trading history. Our aim is to consider the financial affairs of the owner-managed retailer as a whole, to help them maximise profits and cash at all stages, and from every source.

Many motor retailers are dealing with issues such as:

- Analysis of results between operating centres, including basis of overhead allocation and recovery rates
- Review of business operations. These take into account inheritance tax and capital gains tax, particularly where investment in land and property has been built up over the years
- Diversification of the business and review of business operations for alternative uses
- Share valuations for inheritance tax and capital gains tax purposes, to potentially take advantage of opportunities created by reduced values
- Tax investigations and negotiations with the Inland Revenue
- Keyman insurance and other products designed to protect directors and senior staff.

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Specialist Services

Our specially developed range of services can provide your business with information, advice and support on:

- Benchmarking business performance
- Accounting and financial reporting systems
- Stock management reflecting our specialist knowledge
- Understanding retrospective discounts and bonuses
- Understanding set-aside bonuses and commission structures
- Understanding the value of write-downs and residuals
- Operating demonstrators and the tax implications
- VAT advice covering demonstrators, in relation to the scrappage scheme; or partial exemption relating to finance services
- Environmental issues.

Financial Administration and support

We also provide the range of services you'd expect of a leading accountancy firm:

- Annual accounts and record-keeping
- Business tax, including corporation tax on income and gains, VAT and Capital Allowances
- PAYE and payroll

- Funding options, including premises, stock and finance
- Business transactions - property, shares, mergers, acquisitions and disposals
- Personal tax, including tax-efficient remuneration for directors, partners and sole-traders, capital gains tax and inheritance tax
- Corporate recovery, including business review, crisis stabilisation and turnaround, restructuring, corporate insolvency and advice on dealing with struggling suppliers and customers.

Our Team

We have a strong and knowledgeable team of motor industry practitioners who possess an inherent understanding of the specific needs of motor industry professionals. In a modern and vibrant business scene, our positive approach, expertise and practical advice can support and help you build your business. The team is headed by Steve Foster.



Steve Foster
Principal

Specific advice should be obtained before taking action, or refraining from taking action, on any of the subjects covered.

LONDON

10 Orange Street
Haymarket
London
WC2H 7DQ

T +44 (0)20 7312 0000
F +44(0)20 7312 0022
E advice@shipleys.com

GODALMING

3 Godalming Business Centre
Woolsack Way
Godalming
Surrey
GU7 1XW

T +44 (0)1483 423607
F +44 (0)1483 426079
E godalming@shipleys.com

SAFFRON WALDEN

Market House
10 Market Walk
Saffron Walden
Essex
CB10 1JZ

T +44 (0)1799 521301
F +44 (0)1799 523854
E saffron@shipleys.com

BIRMINGHAM

2nd Floor
3 Brindley Place
Birmingham
B1 2JB

T +44 (0)121 698 8566
F +44 (0)121 698 8600
E birmingham@shipleys.com



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