

Bristol Street First Investments Limited

Registered number 00251237

Annual report and financial statements

For the year ended 28 February 2019

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Strategic report

For the year ended 28 February 2019

The Directors present their Strategic Report of Bristol Street First Investments Limited ("the Company") for the year ended 28 February 2019.

Review of business and future developments

Turnover has increased by £20.3m (2.3%) to £883.2m for the year and operating profit has decreased by £1.9m (34.7%) to £3.6m. Net assets are in line with the previous period as a result of £3.0m total comprehensive income and a £3.0m dividend paid in the year.

The key factors impacting the financial performance for the year ended 28 February 2019 and financial position at 28 February 2019 are consistent with those of the Company's parent Vertu Motors plc. Accordingly, a review of the financial performance and position of the group, headed by Vertu Motors plc ("the Group"), together with details of likely future developments of the Group, which includes the Company, are discussed in the Group's annual report which does not form part of this report.

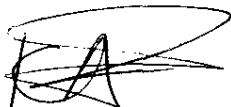
The Directors consider the trading results for the year ended 28 February 2019 to be satisfactory. The profit and loss account for the year is set out on page 6.

The Company has a number of Key Performance Indicators ("KPI's") by which it monitors its business. These include sales volumes by channel, gross profit per unit and in the after-sales arena, measures such as workshop efficiency and recovery rates. An analysis of these KPI's is set out in the Strategic Report on pages 12-16 of the Group Annual Report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Approved by the Board and signed on its behalf by:



K Anderson

Director

25 October 2019

Vertu House

Fifth Avenue Business Park

Team Valley

Gateshead

Tyne and Wear

NE11 0XA

Directors' report

For the year ended 28 February 2019

The Directors present their annual report and the financial statements of the Company for the year ended 28 February 2019. The registered number of the Company is 00251237.

Principal activities

The principal activity of the Company is the sale and servicing of motor vehicles.

Review of business and future developments

A review of business and future developments of the Company is given in the Strategic Report on page 1.

Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk, credit risk and interest rate risk. The Directors monitor the risks in order to limit the adverse effects on financial performance by reviewing levels of debt finance and the related finance costs.

Liquidity risk

The Company manages and uses its working capital to ensure that it has sufficient funds for ongoing operations and future investments.

Credit risk

It is the Company's policy to invest cash and assets safely and profitably. To control credit risk, counterparty credit limits are set by reference to published credit ratings. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned in note 14.

Interest rate risk

The Company is exposed to interest rate risk on its bank balance and manufacturer vehicle funding lines. The Directors do not believe this constitutes a significant risk to the business.

Dividends

Dividends of 14.08p per share totalling £3,000,000 were paid in the year to 28 February 2019 (2018: 21.13p per share totalling £4,500,000).

Political donations

The Company did not make any political donations in the year (2018: £Nil).

Directors and Directors' interests

The Directors of the Company during the year and up to the date of signing the financial statements are listed below:

R T Forrester
K Anderson
D Crane
M Sherwin (resigned 1 March 2019)
S Ferry (resigned 15 March 2018)
I Harrison

K Anderson was also the Company Secretary throughout the year ended 28 February 2019 prior to resignation on 1 March 2019. N Loose was appointed Company Secretary on 1 March 2019.

None of the Directors had a beneficial interest in the share capital of the Company at 28 February 2019.

Directors' report (continued)

For the year ended 28 February 2019

Directors and Directors' interests (continued)

R T Forrester was also a director of the ultimate parent undertaking, Vertu Motors plc ("the Group") throughout the year ended 28 February 2019. D Crane and K Anderson were appointed as directors of the Group on 26 July 2018 and 1 March 2019 respectively. M Sherwin was a director of the Group throughout the year ended 28 February 2019, prior to resignation on 1 March 2019. The interests in the share capital of the Group of all Directors who served during the year are disclosed in the financial statements of the Group.

Colleagues

The Company seeks to fulfil the career aspirations and potential of all colleagues. We want every colleague to enjoy coming to work, feel motivated in everything that they do and to take pride in their contributions to the Company. As the Company expands, the enthusiasm and dedication of our people is a vital factor in the Company's success.

Values

- **Passion**

We are proud of our Company and dedicated to its purpose. We are enthusiastic, enjoy challenges and are eager for success.

- **Respect**

We are friendly and courteous in all our relationships with colleagues, customers and suppliers.

- **Professionalism**

We are reliable and consistent and we excel in the standards and presentation of our people, products and premises.

- **Integrity**

We are trustworthy and honest in all that we say and do and take responsibility for our own actions.

- **Recognition**

We appreciate the endeavours of our colleagues. We praise their achievements and enjoy celebrating their success.

- **Opportunity**

We have a vision of what can be achieved and provide colleagues with personal development, supportive training and exciting career progression.

- **Commitment**

We are all determined to achieve total customer satisfaction by providing a service built on trust.

Employment Policies

The Company's aim is to attract and retain the best people in the automotive retail sector while observing best practice in employment policies and procedures through a commitment to:

- Offering equal opportunities in recruitment and promotion;
- The continuous development of all colleagues;
- Encouraging internal promotion;
- Using progressive, consistent and fair selection methods;
- Offering family friendly policies and ensuring colleagues are treated with respect and dignity in an environment where no form of intimidation or harassment is tolerated.

Directors' report (continued)

For the year ended 28 February 2019

Employment Policies (continued)

All appointments are made solely on the basis of a person's suitability for a particular post and without reference to gender, age, ethnic origin, religion or (except where it directly affects safety or job performance) disability. The principle of equality also applies to career development opportunities and to our operations, human resources practices and management processes.

Employment of disabled people is considered on merit with regard only to the ability of the applicant to carry out the function required. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so. A colleague becoming disabled would where appropriate be offered retraining.

Communication

Whilst individual achievement is always recognised, good teamwork is at the core of how we operate our business. At the heart of this is good communication. Every colleague has a stake in the business and we want everyone to feel that their voice can be heard. The Company utilises many formal and informal channels to achieve this.

Approved by the Board and signed on its behalf by:



K Anderson
Director
25 October 2019

Vertu House
Fifth Avenue Business Park
Team Valley
Gateshead
Tyne and Wear
NE11 0XA

Statement of Directors' responsibilities

For the year ended 28 February 2019

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 period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"), and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Directors' Report and Strategic Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Profit and loss account

For the year ended 28 February 2019

		Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
	Note		
Turnover		883,180	862,914
Cost of sales		(806,230)	(786,876)
Gross profit		76,950	76,038
Distribution costs		(50,962)	(48,537)
Administrative expenses		(22,371)	(21,962)
Operating profit	3	3,617	5,539
Interest receivable and similar income	6	286	1,285
Interest payable and similar charges	7	(21)	(174)
Profit on ordinary activities before taxation		3,882	6,650
Tax on profit on ordinary activities	8	(683)	(1,190)
Profit for the financial year		3,199	5,460

All results are derived from continued operations.

The notes on pages 10 to 20 form part of the financial statements.

Statement of Other Comprehensive Income

For the year ended 28 February 2019

		Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
	Note		
Profit for the financial year		3,199	5,460
Other comprehensive (expense) / income:			
Actuarial (loss) / gain for the year	17	(269)	4,422
Deferred tax on actuarial loss / (gain) for the year	16	46	(752)
Total other comprehensive (expense) / income		(223)	3,670
Total comprehensive income for the financial year		2,976	9,130

Balance Sheet

As at 28 February 2019

	Note	28 February 2019 £'000	28 February 2018 £'000
Fixed assets			
Goodwill	11	213	242
Tangible assets	12	4,602	4,583
Retirement benefit asset	17	6,430	6,551
		11,245	11,376
Current assets			
Stocks	13	247,216	224,300
Debtors	14	75,631	66,125
Cash at bank and in hand		266	409
Total current assets		323,113	290,834
Creditors: amounts falling due within one year	15	(288,374)	(256,149)
Net current assets		34,739	34,685
Total assets less current liabilities		45,984	46,061
Provisions for liabilities	16	(796)	(849)
Net assets		45,188	45,212
Capital and reserves			
Called up share capital	18	21,301	21,301
Profit and loss account	19	23,887	23,911
Total shareholders' funds		45,188	45,212

The notes on pages 10 to 20 form part of the financial statements.

For the year ended 28 February 2019 the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

These financial statements were approved by the board of Directors on 25 October 2019 and were signed on its behalf by:



K Anderson
Director

Statement of Changes in Equity

For the year ended 28 February 2019

	Ordinary share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
Note			
As at 1 March 2017	21,301	19,281	40,582
Profit for the financial year	-	5,460	5,460
Actuarial gain for the year	17	4,422	4,422
Deferred tax on actuarial gain	-	(752)	(752)
<i>Total comprehensive income for the year</i>	-	9,130	9,130
Dividends paid	9	(4,500)	(4,500)
As at 28 February 2018	21,301	23,911	45,212
Profit for the financial year	-	3,199	3,199
Actuarial loss for the year	17	(269)	(269)
Deferred tax on actuarial loss	-	46	46
<i>Total comprehensive income for the year</i>	-	2,976	2,976
Dividends paid	9	(3,000)	(3,000)
As at 28 February 2019	21,301	23,887	45,188

Notes to the Financial Statements

For the year ended 28 February 2019

1. Principal accounting policies

General information

Bristol Street First Investments Limited is a private company limited by shares and it is incorporated in England. The address of its registered office is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, NE11 0XA. The Company's registered number is 00251237.

The principal activity of the Company is the sale and servicing of motor vehicles.

Statement of compliance

The financial statements of Bristol Street First Investments Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions in paragraph 1.12 of FRS 102:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Vertu Motors plc, the ultimate parent company, includes the Company's cash flows;
- from the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation as required by FRS 102 paragraph 33.7.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year and the preceding financial year, are set out below.

The Company is a wholly-owned subsidiary of Vertu Motors plc and is included in the consolidated financial statements of Vertu Motors plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The Company has taken the exemption from an audit for the year ended 28 February 2019 by virtue of s479A of Companies Act 2006. In order to allow the Company to take the audit exemption, per s479c of the Companies Act 2006, the parent company Vertu Motors plc has given a statutory guarantee of all the outstanding liabilities of the Company as at 28 February 2019. Such guarantees are enforceable against Vertu Motors plc by any person to whom any such liability is due.

Intangible assets

Goodwill arising in respect of a business combination, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight-line basis over its useful life. For business combinations occurring subsequent to 1 March 2014, the date of the Company's transition to FRS 102, the useful life is 10 years. Goodwill arising on business combinations prior to the date of transition has a useful life of 20 years.

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

1. Principal accounting policies (continued)

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided at the following rates calculated to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over their estimated useful lives:

Freehold property	50 years
Plant, vehicles and equipment	4 – 10 years

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In respect of work in progress and finished goods, cost includes overheads, transportation, and duty costs where appropriate. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

The manufacturer invoices new vehicle stock on release from their factory and therefore, although the vehicle may not be present at a Company location, title has passed and therefore the vehicle is recognised in stock upon receipt of the invoice. Other vehicle stock is recognised upon title passing to the Company, typically on physical receipt.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Turnover

Turnover for the sale of goods and services is measured at the fair value of consideration receivable, net of value added tax and any discounts.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically despatched or when a service has been undertaken.

Finance commissions are received for the arrangement of vehicle financing and related insurance products where the Group acts as agent on behalf of a principal. Commissions are based on agreed rates and income

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

1. Principal accounting policies (continued)

Turnover (continued)

is recognised when the finance and/or insurance package that the customer has entered into commences. Typically, this is on delivery of the vehicle. Where the commission received relates to a specific vehicle sale, it is recognised within turnover. Where the commission received relates to a central rebate, it is recognised within cost of sales.

The Company is managed as one business and one geographical segment. The business comprises dealership operations where dealerships operate a number of different business streams such as new vehicle sales, used vehicle sales and aftersales operations. Management is organised based on the dealership operations as a whole rather than the specific business streams. Therefore, no further segmental analysis is shown.

Manufacturer rebates

Vehicle specific rebates from manufacturers are recognised when it is probable that the economic benefit will flow to the Company and the value can be reliably measured. In practice, this means that vehicle specific manufacturer rebates are recognised when the vehicle to which the rebate relates, has been invoiced and physically despatched. In the case of non-vehicle specific rebates from suppliers, these are recognised in profit and loss upon achievement of the specific agreed supplier criteria. Manufacturer rebates are recognised within Cost of Sales.

Pensions

The Company operates a trust based defined benefit pension scheme, which was closed to new entrants and future accrual in May 2003. Participating employers of this scheme were Bristol Street First Investments Limited, Bristol Street Fourth Investments Limited, Vertu Motors (VMC) Limited and Bristol Street Group Limited. There is no contractual agreement or policy for allocating the scheme assets and liabilities to the individual participating employer, however as Bristol Street First Investments Limited represented the largest participant, the defined benefit pension scheme surplus (to the extent that it is recoverable) or deficit has been recognised in full in these financial statements.

Typically defined benefit schemes define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets of the defined benefit scheme are held separately from the assets of the Company. Pension scheme assets or liabilities are calculated as the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

In addition, a Group personal pension arrangement under which the Company pays fixed contributions into an individual's funds, is in place. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior years. Contributions into this scheme are recognised in the financial statements in the year in which they are payable.

2. Directors' Emoluments

No Director received remuneration from the Company in respect of the year ended 28 February 2019 (2018: £Nil).

The emoluments of the Directors are paid by the parent company. All of the Directors' services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be attributable to their services to the parent company. Accordingly, the details in note 4 include no emoluments in respect of these Directors.

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

3. Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Wages and salaries (note 4)	45,927	43,670
Depreciation of tangible fixed assets – owned assets (note 12)	964	807
Amortisation of intangible fixed assets (note 11)	29	30
Profit/(loss) on disposal of tangible fixed assets	1	(1)
Operating lease payments	4,928	5,195

4. Wages and salaries

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Wages and salaries	41,018	39,217
Social security costs	4,377	4,107
Other pension costs	532	346
	<u>45,927</u>	<u>43,670</u>

5. Employee numbers

The average monthly number of persons (excluding Directors), employed by the Company, analysed by category, was as follows:

	Year ended 28 February 2019 Number	Year ended 28 February 2018 Number
By activity:		
Sales and distribution	557	561
Service, parts and bodyshop	554	552
Administration	254	234
	<u>1,365</u>	<u>1,347</u>

6. Interest receivable and similar income

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Vehicle stocking interest	109	1,237
Net finance income in respect of defined benefit pension scheme	177	48
	<u>286</u>	<u>1,285</u>

7. Interest payable and similar charges

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Bank interest payable	21	174
	<u>21</u>	<u>174</u>

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

8. Tax on profit on ordinary activities

a) Analysis of tax

	Year ended 28 February 2019	Year ended 28 February 2018
	£'000	£'000
Current tax		
UK Corporation tax on profits for the year	743	1,236
Adjustments in respect of prior years	(53)	(46)
Total current tax	690	1,190
Deferred tax		
Origination and reversal of timing differences	19	51
Adjustments in respect of prior years	(24)	(46)
Impact of change in tax rate	(2)	(5)
Total deferred tax (note 16)	(7)	-
Tax on profit on ordinary activities	683	1,190

b) Factors affecting taxation charge in the year

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK (19%).

	Year ended 28 February 2019	Year ended 28 February 2018
	£'000	£'000
Profit on ordinary activities, before taxation	3,882	6,650
Profit on ordinary activities multiplied by the standard tax in the UK of 19% (2018: 19.08%)	738	1,269
Non qualifying depreciation	9	9
Non-deductible expenses	15	9
Adjustments in respect of prior years	(77)	(92)
Rate differences	(2)	(5)
Total tax charge for the year	683	1,190

The 2016 Finance Bill included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at 28 February 2019.

During the year ending 28 February 2020, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge by £30,000. This is primarily due to the reversal of timing differences in relation to depreciation in excess of capital allowances.

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

9. Dividends per share

Dividends of 14.08p per share totalling £3,000,000 were paid in the year to 28 February 2019 (2018: 21.13p per share totalling £4,500,000).

10. Investments in subsidiary undertakings

	£'000
Cost	
At 1 March 2018 and 28 February 2019	640
Accumulated impairment	
At 1 March 2018 and 28 February 2019	640
Net book value	
At 1 March 2018 and 28 February 2019	-

The investment value was fully impaired in a previous financial year following receipt of a dividend from the subsidiary undertaking.

Subsidiary undertakings (ordinary shares 100% owned and incorporated within England and Wales) as at 28 February 2019 were:

Company	Principal activity
Boydslaw 103 Limited	Dormant company
Dunfermline Autocentre Limited*	Dormant company

*Held indirectly by the Company.

The registered address of these companies is Dunfermline Autocentre, Halbeath Road, Dunfermline, Fife, KY12 7RD.

11. Goodwill

	£'000
Cost	
At 1 March 2018 and 28 February 2019	730
Accumulated amortisation	
At 1 March 2018	488
Amortisation charge	29
At 28 February 2019	517
Net book value	
At 28 February 2019	213
At 28 February 2018	242

The goodwill arising on the acquisition of unincorporated businesses following the date of transition to FRS 102 is being amortised over 10 years. Goodwill arising on acquisitions of unincorporated businesses prior to the date of transition to FRS 102 is being amortised over 20 years.

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

12. Tangible assets

	Freehold property £'000	Plant, vehicles and equipment £'000	Total £'000
Cost			
At 1 March 2018	2,438	8,223	10,661
Intercompany transfers	-	296	296
Additions	-	870	870
Disposals	-	(303)	(303)
At 28 February 2019	2,438	9,086	11,524
Accumulated depreciation			
At 1 March 2018	223	5,855	6,078
Intercompany transfers	-	177	177
Charge for the financial year	52	912	964
Disposals	-	(297)	(297)
At 28 February 2019	275	6,647	6,922
Net book value			
At 28 February 2019	2,163	2,439	4,602
At 28 February 2018	2,215	2,368	4,583

Transfers into plant, vehicles and equipment relate to the transfer of plant, vehicles and equipment from other Group undertakings.

13. Stocks

	2019 £'000	2018 £'000
Vehicle stocks	245,198	218,061
Parts, accessories and other stocks	2,018	6,239
	247,216	224,300

Vehicle stocks include new vehicles invoiced not yet paid and held by manufacturers to the order of the Company of £213,362,000 (2018: £181,774,000). A corresponding liability is held within trade creditors.

14. Debtors

	2019 £'000	2018 £'000
Trade debtors	6,988	12,577
Amounts owed by Group undertakings	50,890	38,722
Value added tax	14,700	12,345
Prepayments and accrued income	3,053	2,481
	75,631	66,125

Amounts owed by Group undertakings are unsecured, interest free and carry no fixed repayment date.

15. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	280,154	245,794
Other creditors	2,580	2,158
Social security and other taxes	457	431
Accruals and deferred income	5,183	7,766
	288,374	256,149

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

16. Provisions for liabilities

	Deferred Tax £'000
At 1 March 2018	849
Credited to profit and loss account	(7)
Credited to other comprehensive income	(46)
At 28 February 2019	796

Total deferred tax liability:

	2019 £'000	2018 £'000
Pensions	1,093	1,113
Accelerated capital allowances	(288)	(255)
Other short term timing differences	(9)	(9)
Total deferred tax liability	796	849

17. Pension scheme

Defined benefit scheme

The Group operates a trust based defined benefit pension scheme, "Bristol Street Pension Scheme", one section of which was closed to new entrants and future accrual in May 2003, with another closed to new entrants in July 2003 and future accrual in October 2013. The assets of the scheme are held separately from those of the Group, being held in separate funds by the Trustees of the Bristol Street Pension Scheme.

The Company is a participating employer in the Bristol Street Pension Scheme and as there is no contractual agreement for charging the net defined benefit cost of the scheme between the individual participating employers, the surplus has been recognised in full in these financial statements.

The amounts recognised in the profit and loss account are as follows:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Scheme expenses	92	183
Net interest income (note 6)	(177)	(48)
Total (income)/expense in the profit and loss account	(85)	135

The amounts recognised in the statement of total recognised gains and losses are as follows:

	Year ended 28 February 2019 £'000	Year ended 28 February 2018 £'000
Actuarial (losses)/gains on defined benefit obligations	(73)	5,403
Actual return on assets less interest	(196)	(981)
Actuarial (loss)/gain, recognised in other comprehensive income	(269)	4,422

The amounts recognised in the balance sheet are as follows:

	28 February 2019 £'000	28 February 2018 £'000
Fair value of scheme assets	52,407	53,678
Present value of funded obligations	(45,977)	(47,127)
Net pension asset	6,430	6,551

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

17. Pension scheme (continued)

Changes in the present value of the defined benefit obligations are as follows:

	28 February 2019 £'000
Opening defined benefit obligation	47,127
Interest on scheme liabilities	1,239
Actuarial loss	73
Benefits paid	(2,462)
Closing defined benefit obligation	45,977

Scheme liabilities are stated after accounting for an estimated £205,000 cost in respect of Guaranteed Minimum Pension (GMP) equalisation.

Changes in the fair value of scheme assets are as follows:

	28 February 2019 £'000
Opening fair value of scheme assets	53,678
Interest income	1,416
Contributions by employer	63
Return on assets excluding interest income	(196)
Benefits paid	(2,462)
Scheme expenses	(92)
Closing fair value of scheme assets	52,407

The fair value of the major categories of scheme assets are as follows:

	28 February 2019 £'000	28 February 2018 £'000
Equities and Diversified growth funds	18,857	20,796
Liability driven Investment Funds	33,137	32,434
Other	413	448
	52,407	53,678

The principal actuarial assumptions as at the balance sheet date were:

	2019 %	2018 %
Discount rate	2.65	2.70
Rate of increase in pensions in payment	3.20	3.20
Inflation rate	2.20	2.20

The average life expectancy in years of a pensioner retiring at age 65 at the balance sheet date is as follows:

	2019	2018
Male	22	22
Female	23	23

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

17. Pension scheme (continued)

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date is as follows:

	2019	2018
Male	23	23
Female	25	25

18. Called up share capital

	2019 £'000	2018 £'000
Authorised:		
21,301,343 (2018: 21,301,343) ordinary shares of £1 each	<u>21,301</u>	<u>21,301</u>
Allotted and fully paid:		
21,301,343 (2018: 21,301,343) ordinary shares of £1 each	<u>21,301</u>	<u>21,301</u>

19. Profit and loss account

	£'000
At 1 March 2018	23,911
Profit for the financial year	3,199
Actuarial loss for the year	(269)
Deferred tax on actuarial gain	46
Dividends paid	<u>(3,000)</u>
At 28 February 2019	<u>23,887</u>

20. Commitments under operating leases

The future aggregate minimum lease payments, under non-cancellable operating leases, is set out below:

	Plant, machinery and vehicles 28 February 2019 £'000	Plant, machinery and vehicles 28 February 2018 £'000
Within 1 year	1,879	1,527
Within 2 to 5 years	<u>372</u>	<u>497</u>
	<u>2,251</u>	<u>2,024</u>

21. Related parties

The Company has a related party relationship with its subsidiaries and with its Directors and key management.

The Company is exempt from the requirements of FRS 102 to disclose transactions between group companies as all subsidiaries are wholly owned by Vertu Motors plc who have produced consolidated financial statements.

Notes to the Financial Statements (continued)

For the year ended 28 February 2019

22. Ultimate parent company and controlling party

The Company's ultimate parent company and ultimate controlling party is Vertu Motors plc.

Vertu Motors plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Vertu Motors plc can be obtained from: The Company Secretary, Vertu Motors plc, Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0XA.

23. Contingent liability

Along with other members of the Vertu Motors plc group of companies, the Company is party to cross guarantee arrangements in respect of the Group's borrowings. At 28 February 2019 the Group had drawn £44,100,000 of borrowings (2018: £10,000,000).