

Penarth Commercial Properties Limited

**Directors' report and consolidated
financial statements**

Registered number 668982

28 February 2014



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Strategic Report

The results for the year are shown in the profit and loss account on page 8 and show a profit before tax for the financial year of £539,523 (2013: £806,490).

Business review

Sawmill

The results show a profit before tax for the financial year of £917,022 (2013: 1,037,022).

During the year under review, turnover has increased by 3.4%; however, with margins under some pressure, gross profit was slightly lower in the period. Combined with increases in both operating expenses and distribution costs, the business' profitability has been reduced. Actions have already been taken to reduce the business' cost base and it is anticipated that a return to expected levels of profitability will be achieved in the current financial year.

Since the year end the Managing Director has left ETC Sawmills Limited's employ. Day to day control of the business has been taken over by another member of the Board and the directors are satisfied that this has had no adverse effect on the operation of the business.

The industrial estate at Gledrid has produced an income of £59,265 in the financial year (2013: £56,549).

The Directors would like to thank all staff who have contributed to the continued success of the business during the year.

Dealership

The results and show a loss before tax for the financial year of £56,531 (2013: £7,221).

The dealership continues to make progress in increasing its sales volumes although margins continue to be under pressure. Significant emphasis continues to be placed on fuel efficient, low CO2 vehicles. New products continue to be launched that reflect customers movement towards innovative products with good fuel economy and reduced costs of motoring.

Volumes in the Volvo car franchise have improved and further improvements in volumes are being sought. The aftermarket has performed in line with expectations and again further increases in volumes are being sought. The V40 hatchback model launched in 2012 is proving popular with customers and is providing increased volume for the franchise. Brand awareness for Volvo in the dealership's area continues to grow and will be further enhanced with Cardiff being one of the visited ports in the prestigious round the world Volvo Ocean Race in 2017. In 2014 Volvo launched the all new XC90 SUV, although deliveries of this model will not take place until the first quarter of 2015. The initial reaction of the Motoring Press to the vehicle has been very positive.

The MG franchise continued during the year, although volumes remain very small. The brand continued into 2014 with the MG6 saloon car with both petrol and diesel engines, together with the long awaited smaller MG3 hatchback which was launched towards the end of 2013. This vehicle is well positioned in the market place and has proved popular with price conscious customers. This new vehicle has provided greater brand awareness at a national level although volumes remain small in relation to the dealership's overall sales volumes.

New car industry sales volumes have continued to climb year on year and are likely to result in an all makes market in the order of 2.4M new vehicles being registered in the UK in 2014. Whilst this is a positive step in terms of the new car market in the UK, there is considerable pressure from all manufacturers to take up the slack created by the poor performance of the remaining European car markets. This inevitably puts new car margins under pressure.

Strategic Report *(continued)*

Dealership *(continued)*

In 2013 the dealership once again won the Ford of Europe Chairman's Award for customer satisfaction; it is a tribute to the efforts and success of all of the staff involved in helping to achieve this prestigious award for an incredible tenth time and the Directors wish to extend their thanks to all members of staff for the quality of their customer service and outstanding efforts during the year.

The Company gives consideration to its short, medium and long term strategies. The Company has operated as a Franchised Motor Dealership for in excess of 35 years. During this time it has expanded the number of franchises that it holds to include Ford, Volvo and MG.

The Company's short to medium term strategy is to develop these franchises to maximise its return from the existing operation and to seek further opportunities to add additional franchises or outlets where the Company considers such additions will enhance its returns. To this end, the Company has recently been offered and has taken up the Ford Transit Franchise for the Cardiff area.

The longer term strategy is for the Company to become the dominant force in the areas in which it operates for the franchises that it holds. To that end, it will seek to strengthen its market representation within its area of operation should such opportunities arise.

Rental business

The results for the 8 months to 31 October show a loss before tax of £50,103 (2013: £55,865).

The business had suffered continued losses from 2004, with the exception of a small profit in 2010. These losses had increased considerably in recent years due mainly to a reduction in turnover and the rising cost of insurance premiums.

As a result of the increasing losses the Directors concluded that there was no realistic prospect of the business being able to trade profitably in the future and reluctantly took the decision to cease trading.

Strategic Report *(continued)*

Risks to the group

As with any business there are potential risks to its operations. The Group gives due consideration to what these may be and also the potential impact on its businesses.

The directors consider the main risk to the Group to be a rise in interest rates. The current guidance from the Governor of the Bank of England would suggest that rises in interest rates could occur in 2015. The Governor has indicated that these are likely to be small and the timing and amounts of any increase will be such that they will be used only to prevent the economy from overheating. The risk to the Group's operation is therefore small with regards not only to the increase in the amount of interest that it pays but also to the impact on the purchase decisions of its future customers.

As with any business the potential for economic downturn presents uncertainty. The Group recognises the cyclical nature of the economy and makes investment decisions based on its assessment of the prospects for economic growth and the future demand for its products and services.

The directors consider other risks facing the Group to be maintaining and expanding its customer base, and maintaining operational efficiency and ensuring timely and appropriate levels of capital expenditure consistent with changes in the market and legislative requirements.

The sawmill sources its main raw material products from the forests that are relatively close to its main operating base. Currently and for the foreseeable future there is an adequate supply of raw material available to it. Should demand for raw materials increase beyond the capacity for the forests to supply then upward pressure on raw material prices would be a likely result. Whilst this would affect all of the business' competitors in a similar manner, their ability to pass on such increases to customers may be uncertain.

The dealership sources its main products, ie. motor vehicles and motor vehicle parts, primarily from the manufacturers of these products. As part of its ongoing reviews, the dealership maintains a watch on the financial performance, viability and future prospects of its vehicle and parts suppliers. The dealership is satisfied that its suppliers continue to invest in new products that enable the dealership to achieve a satisfactory return on its investments in the brands that it represents.

By order of the board



R J Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

12th November 2014

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 28 February 2014.

Principal activities

The principal activities of the group are sawmilling and motor dealers, repairers and vehicle hire. The vehicle hire business ceased during the financial year.

Dividends

Dividends paid during the year were £1,100,000 in respect of the 2011/12 financial year (£500,000) and 2012/13 financial year (£600,000) (2013: £Nil). The directors propose a final dividend of £400,000 in respect of the 2013/14 financial year (2013: £600,000).

Directors

The directors who held office during the year were as follows:

W M Barritt
R C Pugsley

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Employees

The group gives full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Furthermore, should existing employees become disabled, every effort would be made to find them appropriate work and to provide training where necessary.

The directors recognise the importance of good relations with employees. As the group is managed on a decentralised basis, the management of each subsidiary is responsible for the participation practices appropriate to its own particular needs and background.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



R J Evans
Secretary

281 Penarth Road
Cardiff
CF11 8YZ

12th November 2014

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of Penarth Commercial Properties Limited

We have audited the financial statements of Penarth Commercial Properties Limited for the year ended 28 February 2014 set out on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Penarth Commercial Properties Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

28 November 2014

Consolidated profit and loss account
for the year ended 28 February 2014

	<i>Note</i>	2014 £	2013 £
Turnover	<i>1-2</i>	54,740,954	47,214,340
Cost of sales		(47,386,229)	(40,676,254)
Gross profit		7,354,725	6,538,086
Distribution costs		(2,793,083)	(2,441,638)
Administrative expenses		(4,194,939)	(3,425,752)
Other operating income		218,966	210,543
Operating profit		585,669	881,239
Profit on sale of fixed assets		32,115	30,624
Interest payable and similar charges	<i>6</i>	(82,362)	(109,586)
Interest receivable and similar income	<i>6</i>	4,101	4,213
Profit on ordinary activities before taxation	<i>2-6</i>	539,523	806,490
Tax on profit on ordinary activities	<i>7</i>	(239,380)	(273,113)
Profit on ordinary activities after taxation being profit for the financial year	<i>17</i>	300,143	533,377

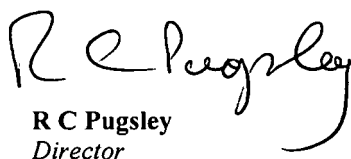
The above results represent the total recognised gains and losses of the group in both financial years and relate entirely to continuing operations.

There is no material difference between the result as disclosed in the profit and loss account and the result as given by an unmodified historical cost basis.

Consolidated balance sheet
at 28 February 2014

	Note	2014	2013
		£	£
Fixed assets			
Tangible assets	10	5,746,632	6,181,668
Investments	11	11,273	11,273
		<u>5,757,905</u>	<u>6,192,941</u>
Current assets			
Stocks	12	13,258,618	11,126,020
Debtors	13	3,960,738	3,554,582
Cash		399,271	-
		<u>17,618,627</u>	<u>14,680,602</u>
Creditors: amounts falling due within one year	14	<u>(16,620,240)</u>	<u>(14,038,394)</u>
Net current assets		<u>998,387</u>	<u>642,208</u>
Total assets less current liabilities		<u>6,756,292</u>	<u>6,835,149</u>
Provisions for liabilities and charges	15	<u>(58,000)</u>	<u>(58,000)</u>
Net assets		<u>6,698,292</u>	<u>6,777,149</u>
Capital and reserves			
Called up share capital	16	133,334	133,334
Share premium account	17	25,000	25,000
Capital redemption reserve	17	141,666	141,666
Revaluation reserve	17	1,523,037	1,532,456
Profit and loss account	17	4,875,255	4,944,693
Shareholder's funds	18	<u>6,698,292</u>	<u>6,777,149</u>

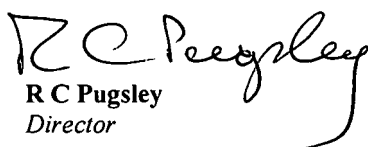
These financial statements were approved by the board of directors on 12 November 2014 and were signed on its behalf by:


R C Pugsley
Director

Company balance sheet
at 28 February 2014

	Note	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	10		948,782		989,992
Investments	11		7,930,478		7,930,478
			<u>8,879,260</u>		<u>8,920,470</u>
Current assets					
Debtors	13	1,618,809		1,905,723	
Creditors: amounts falling due within one year	14	(2,768,740)		(3,467,004)	
Net current liabilities			<u>(1,149,931)</u>		<u>(1,561,281)</u>
Total assets less current liabilities			<u>7,729,329</u>		<u>7,359,189</u>
Provisions for liabilities and charges	15		<u>(19,000)</u>		<u>(19,000)</u>
Net assets			<u><u>7,710,329</u></u>		<u><u>7,340,189</u></u>
Capital and reserves					
Called up share capital	16		133,334		133,334
Share premium account	17		25,000		25,000
Capital redemption reserve	17		141,666		141,666
Revaluation reserve	17		1,523,037		1,532,456
Profit and loss account	17		5,887,292		5,507,733
Shareholder's funds	18		<u><u>7,710,329</u></u>		<u><u>7,340,189</u></u>

These financial statements were approved by the board of directors on 12 November 2014 and were signed on its behalf by:


R C Pugsley
Director

Consolidated cash flow statement
for the year ended 28 February 2014

	<i>Note</i>	2014 £	2013 £
Cash inflow from operating activities	23	2,059,211	2,043,208
Returns on investments and servicing of finance	24	(78,261)	(105,373)
Taxation		(134,000)	(339,974)
Capital expenditure and financial investment	24	(225,478)	(452,061)
Equity dividends paid		(1,100,000)	-
Cash inflow before financing		521,472	1,145,800
Financing	24	(25,802)	(264,754)
Increase in cash in the financial year		495,670	881,046

Reconciliation of net cash flow to movement in net funds/(debt)

	<i>Note</i>	2014 £	2013 £
Increase in cash in the financial year		495,670	881,046
Cash outflow from movement in obligations under hire purchase agreements		25,802	264,754
Movement in net debt in the year		521,472	1,145,800
Net debt at the start of the year		(122,201)	(1,268,001)
Net funds/(debt) at the end of the year	25	399,271	(122,201)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the historical cost accounting rules, modified to include the revaluation of certain land, buildings and investments and conform to applicable accounting standards.

Going concern

The financial statements for the Group have been prepared on a going concern basis as the Group is profitable, cash-generative and has sufficient assets to settle its liabilities as they fall due.

Bank facilities with HSBC are due for renewal in September 2015. The Directors are not aware of anything to indicate that these facilities will not be renewed. As at 28 February 2014 the maximum facility available to the Group of which Penarth Commercial Properties is a member was £2,500,000, and the Group was within this limit.

The financial statements for the Company have been prepared on a going concern basis, notwithstanding net current liabilities of £1,030,055 as the company has control over a dividend stream from its wholly owned subsidiary, ETC Sawmills Limited. At 28 February 2014, the financial statements of ETC Sawmills Limited showed distributable reserves of £3,153,966.

Basis of consolidation

The group financial statements consolidate the financial statements of Penarth Commercial Properties Limited and all of its subsidiary undertakings.

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with those of the parent company and are made up to 28 February 2014.

In accordance with Section 408 (4) of the Companies Act 2006, Penarth Commercial Properties Limited is exempt from the requirement to present its own profit and loss account.

The trading results of companies acquired are accounted for on an acquisition basis. Companies acquired or disposed of during the accounting period are consolidated for the period of ownership. Profits or losses on intra-group transactions are eliminated in full.

Fixed assets and depreciation

Depreciation is provided to write off the cost (or valuation) less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	20 to 30 years
Plant, machinery and equipment	-	2 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land. Assets acquired for the trade are not depreciated until brought into use.

Freehold land and buildings include the cost of planted timber owned by the group. The cost and maintenance of trees planted on land owned by the group is added to the fixed asset cost as incurred. When trees are harvested, the difference between the estimated value of timber brought into the mill and the fixed asset cost is treated as a profit on disposal.

Notes (continued)

1 Accounting policies (continued)

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost.

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Where hire fleet vehicles are acquired under "finance lease" arrangements, they are generally held for less than a year, after which they are resold, and are consequently shown as stock within current assets. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account in the period in which they are incurred.

Pensions

The group participates in a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Death in service

The group administers a discretionary death in service self insurance scheme for dependent relatives of employees. A provision, representing the directors' best estimate of the group's ongoing liability arising from this scheme, is included in the balance sheet.

Share based payments

The company's Enterprise Management Incentives share option scheme allows employees to acquire shares of the company. The fair value of options granted and not yet vested as at 28 February 2014 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The estimate of the fair value of the option is measured based on the fair value of the equity instruments granted and is calculated on an option pricing model (with the contractual life of the option and expectations of early exercise built into the model).

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks include vehicles in the hire fleet. These vehicles are generally held for less than a year and are stated at the lower of cost or net realisable value. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Income is recognised when all significant risks and rewards of ownership have been transferred to the customer, which is generally on despatch of goods from the company or on the provision of services by the company. All turnover and profit on ordinary activities before taxation is derived from the UK and arises solely from the principal activities of the group.

2 Turnover

	2014 £	2013 £
Motor dealers, repairers and vehicle hire	43,854,417	36,685,616
Sawmill	10,886,537	10,528,724
	<u>54,740,954</u>	<u>47,214,340</u>

3 Profit on ordinary activities before taxation

	2014 £	2013 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Audit services		
Fees payable to the company auditor for the audit of company and consolidated accounts	2,050	2,000
Fees payable to the company auditor and associates for other services:		
- the audit of the company's subsidiaries pursuant to legislation	25,900	25,500
- tax services	9,350	9,350
- VAT services	-	4,500
Depreciation and other amounts written off tangible fixed assets	692,629	703,350
Hire of plant and machinery - rentals payable under operating leases	69,658	74,376
	<u></u>	<u></u>

Notes (continued)

4 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	95,450	98,729
Company contributions to money purchase pension schemes	2,088	2,088
	<u>97,538</u>	<u>100,817</u>

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2014	2013
Money purchase pension schemes	<u>1</u>	<u>1</u>

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Management	12	13
Administration	23	21
Production, sales and other staff	182	179
	<u>217</u>	<u>213</u>

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	4,495,066	4,269,375
Social security costs	455,928	430,784
Other pension costs (note 21)	38,034	39,934
	<u>4,989,028</u>	<u>4,740,093</u>

Notes (continued)

6 Interest payable and receivable

6a Interest payable and similar charges

	2014	2013
Group	£	£
On bank loans and overdrafts	9,977	25,110
Vehicle stocking plans	65,504	76,115
Finance charges in respect of finance leases and hire purchase agreements	6,881	8,361
	<u>82,362</u>	<u>109,586</u>

6b Interest receivable and similar income

	2014	2013
Group	£	£
Other interest receivable	4,101	4,213
	<u>4,101</u>	<u>4,213</u>

Notes (continued)

7 Taxation

	2014 £	2013 £
Group		
Current tax		
UK corporation tax on profits for the year	172,170	288,921
Adjustments in respect of prior years	29,478	(105)
Group relief	58,343	14,901
	<hr/>	<hr/>
Total current tax charge	259,991	303,717
Deferred tax		
Deferred tax credit for the year (note 13)	(21,107)	(30,604)
Adjustments in respect of prior years (note 13)	496	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	239,380	273,113
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23.1% (2013: 24.2%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	539,523	806,490
	<hr/>	<hr/>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 23.1% (2013: 24.2%)	124,630	195,171
Effects of:		
Expenses not deductible for tax purposes	22,197	16,456
Capital allowances less than depreciation	84,082	101,845
Other timing differences	(1,496)	(6,785)
Chargeable gain	2,467	-
Adjustments in respect of prior years	29,478	(105)
Tax rate differences	(1,367)	(2,865)
	<hr/>	<hr/>
Total current tax charge (see above)	259,991	303,717
	<hr/>	<hr/>

A reduction in the rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Dividends

The aggregate amount of dividends comprises:

	2014 £	2013 £
Dividends in respect of the year approved and recognised as a liability at year end	400,000	600,000

9 Profit and loss account

The profit on ordinary activities after taxation for the financial year dealt with in the financial statements of the company is £770,140 (2013: £1,112,865). The retained profit for the financial year after dividends paid is £490,016 (2013: £512,865).

10 Tangible fixed assets

	Freehold land and buildings £	Plant machinery and equipment £	Motor Vehicles £	Total £
Group				
<i>Cost or valuation</i>				
At beginning of year	7,130,688	7,522,539	429,961	15,083,188
Additions	98,162	83,077	158,240	339,479
Disposals	(26,663)	(15,828)	(116,159)	(158,650)
At end of year	7,202,187	7,589,788	472,042	15,264,017
<i>Analysis</i>				
Assets at cost	4,852,187	7,589,788	472,042	12,914,017
Assets at valuation - 1989	1,500,000	-	-	1,500,000
- 1990	850,000	-	-	850,000
	7,202,187	7,589,788	472,042	15,264,017
<i>Depreciation</i>				
At beginning of year	2,141,217	6,523,791	236,512	8,901,520
Charge for year	198,521	389,104	105,004	692,629
On disposals	-	(15,828)	(60,936)	(76,764)
At end of year	2,339,738	6,897,067	280,580	9,517,385
<i>Net book value</i>				
At 28 February 2014	4,862,449	692,721	191,462	5,746,632
At 28 February 2013	4,989,471	998,748	193,449	6,181,668

Notes (continued)

10 Tangible fixed assets (continued)

Company	Freehold land and buildings	Plant, machinery & equipment	Total
	£	£	£
Cost or valuation			
At beginning of year	1,518,254	71,034	1,589,288
Disposals	-	-	-
At end of year	1,518,254	71,034	1,589,288
Analysis			
Assets at cost	668,254	71,034	739,288
Assets at valuation	850,000	-	850,000
	1,518,254	71,034	1,589,288
Depreciation			
At beginning of year	537,624	61,672	599,296
On disposals	-	-	-
Charge for year	31,848	9,362	41,210
At end of year	569,472	71,034	640,506
Net book value			
At 28 February 2014	948,782	-	948,782
At 28 February 2013	980,630	9,362	989,992

The freehold premises, included in the above at open market valuations, were professionally valued by Messrs Cooke & Arkwright on an existing use basis in reports dated 19 April 1989 and 28 March 1990. In accordance with the transitional provisions set out in FRS 15 *Tangible Fixed Assets*, these valuations have not been updated. Other tangible fixed assets, including additions subsequent to the revaluation of land and buildings, are included at cost.

The value of freehold land and buildings (included in the above at a valuation) determined according to the historical cost convention is as follows:

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Cost	715,148	715,148	268,732	268,732
Depreciation	(369,547)	(359,299)	(47,423)	(47,423)
	345,601	355,849	221,309	221,309

Notes (continued)

10 Tangible fixed assets (continued)

Group

The amount of non-depreciable assets within freehold land and buildings is £1,324,843 (2013: £1,324,843).

Company

The amount of non-depreciable assets within freehold land and buildings is £96,114 (2013: £96,114).

11 Investments

Details of the group's and company's investments are shown below:

Company

At 28 February 2014, the company had the following subsidiaries all of which are wholly owned and registered in England and Wales:

Abbey Garages (Cardiff) Limited	-	Motor dealers and repairers
ETC Sawmills Limited	-	Sawmillers
Fordthorne Limited	-	Vehicle rental (now dormant)

	2014	
	Group £	Company £
Shares in group undertakings:		
At beginning and end of year	-	7,919,205
Other investments at cost:		
At beginning and end of year	11,273	11,273
Total investments at beginning and end of year	11,273	7,930,478

Included in other investments are quoted investments amounting to £1,273 (2013: £1,273). The market value of quoted investments at 28 February 2014 amounted to £ 2,993 (2013: £2,032).

Notes (continued)

12 Stocks

	2014 £	Group 2013 £
Raw materials and consumables	477,581	553,088
Work in progress	260,156	331,033
Finished goods	379,355	447,515
Motor vehicles	12,141,526	9,794,384
	<u>13,258,618</u>	<u>11,126,020</u>

Vehicle stocks with a value of £ Nil (2013: £18,564) which are the property of the group are subject to separate finance arrangements.

Company

No stock is held by the company.

13 Debtors

	2014 £	Group 2013 £	2014 £	Company 2013 £
<i>Amounts falling due within one year</i>				
Trade debtors	2,592,172	2,335,719	-	-
Amounts owed by group undertakings	-	-	1,165,354	1,357,799
Amounts owed by group undertakings in respect of group relief	-	-	417,774	366,753
Other debtors	1,226,558	901,542	15,500	9,000
Prepayments and accrued income	81,458	121,545	16,501	12,000
	<u>3,900,188</u>	<u>3,358,806</u>	<u>1,615,129</u>	<u>1,745,552</u>
<i>Amounts falling due after more than one year</i>				
Unsecured loan	-	155,837	-	155,837
Deferred tax asset	60,550	39,939	3,680	4,334
	<u>3,960,738</u>	<u>3,554,582</u>	<u>1,618,809</u>	<u>1,905,723</u>

Deferred
tax (asset)

Group

£

At beginning of year

(39,939)

Credited to the profit and loss account

(20,611)

At end of year

(60,550)

Notes (continued)

13 Debtors (continued)

The amounts provided for deferred taxation and the full potential liability/(asset) are set out below:

Group	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	18,238	46,887
Other timing differences	(78,788)	(86,826)
	<u>(60,550)</u>	<u>(39,939)</u>
 Company	 2014 £	 2013 £
Difference between accumulated depreciation and amortisation and capital allowances	501	36
Other timing differences	(4,181)	(4,370)
	<u>(3,680)</u>	<u>(4,334)</u>

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 28 February 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

14 Creditors: amounts falling due within one year

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Bank overdrafts	-	96,399	2,007,296	2,169,949
Obligations under hire purchase contracts	-	25,802	-	-
Trade creditors	13,739,959	10,926,095	-	-
Proposed dividends	400,000	1,100,000	400,000	1,100,000
Amounts owed to group undertakings	-	-	313,383	150,015
Amounts owed to group undertakings in respect of group relief	328,835	270,492	-	-
Other creditors	70,511	84,767	-	-
Taxation and social security:				
Corporation tax	134,520	66,872	-	-
Other taxes and social security	441,170	326,137	-	-
Accruals and deferred income	1,505,245	1,141,830	48,061	47,040
	<u>16,620,240</u>	<u>14,038,394</u>	<u>2,768,740</u>	<u>3,467,004</u>

The bank overdraft is secured on certain group properties.

Notes *(continued)*

15 Provisions for liabilities and charges

The provisions for liabilities and charges comprise:

Group

	Death in service £
At beginning and end of year	58,000

Company

	Death in service £
At beginning and end of year	19,000

As shown in note 1 the death in service provision is in respect of a discretionary self-insurance scheme for dependent relatives of employees who die whilst employed by the group. The group's policy is to award a discretionary amount assessed by the directors to the dependent relatives and the timing of payment is by its nature not predictable.

16 Called up share capital

	Group and Company	
	2014	2013
	£	£
<i>Allotted, called up and fully paid</i>		
133,334 ordinary shares of £1 each	133,334	133,334

Notes (continued)

17 Movements on reserves

Group	Share premium	Capital redemption reserve	Revaluation reserve	Profit and loss account
	£	£	£	£
At beginning of year	25,000	141,666	1,532,456	4,944,693
Transfers	-	-	(9,419)	9,419
Profit for the year	-	-	-	300,143
Capital contribution from Parent	-	-	-	21,000
Dividends	-	-	-	(400,000)
At end of year	<u>25,000</u>	<u>141,666</u>	<u>1,523,037</u>	<u>4,875,255</u>

Included within the profit and loss account are reserves of £3,902,386 (2013: £4,351,326) retained in subsidiary companies which are only distributable following prior distribution to the parent company.

Company	Share premium	Capital redemption reserve	Revaluation Reserve	Profit and loss account
	£	£	£	£
At beginning of year	25,000	141,666	1,532,456	5,507,733
Transfers	-	-	(9,419)	9,419
Profit for the year	-	-	-	770,140
Dividends	-	-	-	(400,000)
At end of year	<u>25,000</u>	<u>141,666</u>	<u>1,523,037</u>	<u>5,887,292</u>

18 Reconciliation of movements in shareholder's funds

Group	2014 £	2013 £
At beginning of the year	6,777,149	6,822,772
Profit for the year	300,143	533,377
Fair value of share options granted	21,000	21,000
Dividends	(400,000)	(600,000)
Closing shareholder's funds	<u>6,698,292</u>	<u>6,777,149</u>
Company	2014 £	2013 £
At beginning of the year	7,340,189	6,827,324
Profit for the year	770,140	1,112,865
Dividends	(400,000)	(600,000)
Closing shareholder's funds	<u>7,710,329</u>	<u>7,340,189</u>

Notes (continued)

19 Contingent liabilities

The company has given an unlimited multilateral guarantee dated 8 December 2004 in respect of the net position of its bank overdraft and the bank overdrafts and cash balances of certain subsidiaries and its ultimate parent. The net liability at 28 February 2014 was £nil (2013: £3,097), none of which has been provided for in these financial statements (2013: £Nil).

20 Commitments

At the year end the group had capital commitments of £ Nil (2013: £15,000).

Annual commitments under non-cancellable operating leases in respect of plant and machinery are as follows:

	Group	
	2014	2013
	£	£
<i>Operating leases which expire:</i>		
Within one year	-	23,400
In the second to fifth years inclusive	33,670	22,596
	<u>33,670</u>	<u>22,596</u>

21 Pension scheme

The Group participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge represents the following contributions payable by the group during the year:

	2014	2013
	£	£
Contributions payable into group fund	35,946	35,424
Contributions payable into other personal pension plans	2,088	4,510
	<u>38,034</u>	<u>39,934</u>

22 Related party transactions

As the company is a wholly owned subsidiary of Penarth Commercial Properties (Holdings) Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other 100% owned entities which form part of the group.

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

	2014	2013
	£	£
Group operating profit	585,669	881,239
Fair value of share options granted	21,000	21,000
Depreciation charge	692,629	703,350
(Increase)/decrease in stocks	(2,132,598)	(896,208)
(Increase)/decrease in debtors	(385,545)	(14,719)
Increase/(decrease) in creditors	3,278,056	1,348,546
	<u>2,059,211</u>	<u>2,043,208</u>
Net cash inflow from operating activities	2,059,211	2,043,208

Notes (continued)

24 Analysis of cash flows for headings netted in the cash flow statement

	2014		2013	
	£	£	£	£
Returns on investments and servicing of finance				
Interest paid	(75,481)		(101,225)	
Interest element of hire purchase rental payments	(6,881)		(8,361)	
Interest received	4,101		4,213	
	<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance		(78,261)		(105,373)
		<u> </u>		<u> </u>
Capital expenditure and financial investment				
Purchase of fixed assets	(339,479)		(533,206)	
Net proceeds from sale of fixed assets	114,001		81,145	
	<u> </u>		<u> </u>	
Net cash outflow from capital expenditure and financial investment		(225,478)		(452,061)
		<u> </u>		<u> </u>
Financing				
Proceeds from finance company regarding hire purchase agreements	766,989		381,218	
Repayments to finance company regarding hire purchase agreements	(792,791)		(645,972)	
	<u> </u>		<u> </u>	
Net cash outflow from financing		(25,802)		(264,754)
		<u> </u>		<u> </u>

25 Analysis of net funds

	At 1 March 2013	Cash flow	At 28 February 2014
	£	£	£
(Bank overdraft)/cash at bank and in hand	(96,399)	495,670	399,271
	<u> </u>	<u> </u>	<u> </u>
Obligations under hire purchase agreements	(96,399)	495,670	399,271
	(25,802)	25,802	-
	<u> </u>	<u> </u>	<u> </u>
Total net (debt)/funds	(122,201)	521,472	399,271
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

26 Share based payments

Two subsidiaries of the group participate in a single Enterprise Management Incentives share option scheme under which a maximum of 300,000 shares of the ultimate parent company may be placed under option for employees. The scheme is operated by Penarth Commercial Properties (Holdings) Limited. The options are exercisable 10 years from date of grant, or earlier only in certain specified circumstances such as the takeover or flotation of the group. Options exercised are to be settled by the physical delivery of shares in the ultimate parent company.

The grant date, exercise price per share and number of shares are as follows:

Grant date	Exercise price £	Number of shares	Expiry date of options
30 Sept 2005	0.30	300,000	30 Sept 2015

The number and weighted average exercise prices of share options in the company are as follows:

	2014 Weighted average exercise price	2014 Number of options	2013 Weighted average exercise price	2013 Number of options
Outstanding at the beginning and end of the year	0.30	300,000	0.30	300,000
Exercisable at the end of the year	-	-	-	-

The options outstanding at the year end have a maximum exercise price of £0.30 and a weighted average remaining contractual life of 2 years.

The total expense recognised for each year arising from share based payments is as follows:

	2014 £	2013 £
Equity settled share based payment	21,000	21,000

27 Ultimate parent company and controlling party

The company's ultimate parent is Penarth Commercial Properties (Holdings) Limited, a company registered in Wales. The largest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties (Holdings) Limited. The smallest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties Limited. The consolidated accounts of these companies are available to the public and may be obtained from Ford House, 281 Penarth Road, Cardiff.

The ultimate controlling party is considered to be Roger Pugsley by virtue of his 100% shareholding in Penarth Commercial Properties (Holdings) Limited.

Company profit and loss account
for the year ended 28 February 2014

The following does not form part of the financial statements

	2014 £	2013 £
Administrative expenses	(391,551)	(248,804)
Other operating income	117,200	108,933
Operating loss	(274,351)	(139,871)
Interest payable and similar charges	(9,977)	(25,110)
Interest receivable	4,101	4,213
Dividends receivable	1,000,000	1,250,000
Profit on ordinary activities before taxation	719,773	1,089,232
Tax on profit on ordinary activities	50,367	23,633
Profit on ordinary activities after taxation being profit for the financial year	770,140	1,112,865