

RON BROOKS (HOLDINGS) LIMITED

Annual report and financial statements

For the Year Ended 30 June 2018



RON BROOKS (HOLDINGS) LIMITED

Company Information

Directors	K C G Slack E M Brooks
Company secretary	J P Hagues
Registered number	00730852
Registered office	The Gateway Derby Road Ilkeston Derbyshire DE7 5FH
Independent auditors	Smith Cooper Audit Limited Chartered Accountants and Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB

RON BROOKS (HOLDINGS) LIMITED

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RON BROOKS (HOLDINGS) LIMITED

Group strategic report For the Year Ended 30 June 2018

Introduction

Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

Business review

As a motor retailer, the company continues to operate within its core geographical area of the East Midlands, providing new Toyota and Suzuki cars, light commercial vehicles and all makes of quality used cars, together with associated services for the motor car. During the year the group sold 2,071 new and used cars against 1,911 in 2017, an increase of 8.3%.

Our consolidated financial results reflect an improved year for our business with a highly competitive retail market for new cars causing a reduction in margin. However, the business has benefited from the introduction of new models from both the Toyota & Suzuki franchises and customers choosing to move over to vehicles that benefit from Hybrid technology.

Overall turnover increased by 8.7% to £32m. This is represented by a 8.6% increase in car sales revenue and a 9.3% increase in aftersales revenue. This resulted in a small decrease in gross profit percentage to 13.1% (FY2017: 13.3%).

Continued focus on overheads has resulted in an increased profit before tax of £440,430 (FY 2017: £312,365). This reflects a 1.39% return on sales against 1.07% in 2017.

An interim dividend of £100,000 was paid during the year (FY 2017: £12,579) with the Directors recommending a final dividend of £nil (FY 2017: £nil).

Our business remains well funded with capital investment of £112,530 funded by internal cashflow.

Principal risks and uncertainties

We are subject to pressures from the wider economy, with interest rates, inflation and general consumer confidence having a significant effect on our customer's ability and desire to purchase.

We have yet to experience any negative impact on market demand following the decline in the new car market, however, there is still a level of uncertainty resulting from the process and timing for the UK to leave the EU.

Despite the company having a very low level of gearing, risk indicators include fluidity of cashflow, turnover, operating profit, return on sales and the risk of rising interest rates.

Financial key performance indicators

	2018	2017
Turnover	£31,623,102	£29,084,098
Operating Profit	£476,784	£343,986

Other key performance indicators

The company continues to monitor and achieve manufacturer partner performance objectives in terms of sales units, market share and customer service.

RON BROOKS (HOLDINGS) LIMITED

**Group strategic report (continued)
For the Year Ended 30 June 2018**

This report was approved by the board and signed on its behalf.



.....
K C G Slack
Director

Date: 31st October 2018

RON BROOKS (HOLDINGS) LIMITED

Directors' report For the Year Ended 30 June 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £372,701 (2017 - £240,879).

Directors

The directors who served during the year were:

K C G Slack
E M Brooks

Future developments

The group continues to trade profitably and is well positioned financially in order to capitalise on any new business opportunities should they arise.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

RON BROOKS (HOLDINGS) LIMITED

**Directors' report (continued)
For the Year Ended 30 June 2018**

Auditors

The auditors, Smith Cooper Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....*K C G Slack*.....

K C G Slack
Director

Date: *31st October 2018*

RON BROOKS (HOLDINGS) LIMITED

Independent auditors' report to the shareholders of Ron Brooks (Holdings) Limited

Opinion

We have audited the financial statements of Ron Brooks (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2018, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 30 June 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

RON BROOKS (HOLDINGS) LIMITED

Independent auditors' report to the shareholders of Ron Brooks (Holdings) Limited (continued)

required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have *nothing* to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

RON BROOKS (HOLDINGS) LIMITED

Independent auditors' report to the shareholders of Ron Brooks (Holdings) Limited (continued)

Use of our report

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 Auditors' 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.

Smith Cooper Limited

Sarah Flear (Senior statutory auditor)
for and on behalf of

Smith Cooper Audit Limited

Chartered Accountants and Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date:

5 November 2022

RON BROOKS (HOLDINGS) LIMITED

Consolidated statement of comprehensive income For the Year Ended 30 June 2018

	Note	2018 £	2017 £
Turnover	3	31,623,102	29,084,098
Cost of sales		(27,485,294)	(25,225,730)
Gross profit		4,137,808	3,858,368
Administrative expenses		(3,661,024)	(3,514,382)
Operating profit	4	476,784	343,986
Interest receivable and similar income	8	3,685	1,957
Interest payable and expenses	9	(40,039)	(33,578)
Profit before taxation		440,430	312,365
Tax on profit	10	(67,729)	(71,486)
Profit for the financial year		372,701	240,879
Owners of the parent Company		372,701	240,879

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 14 to 29 form part of these financial statements.

RON BROOKS (HOLDINGS) LIMITED
Registered number: 00730852

Consolidated balance sheet
As at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	2,975,086	3,044,859
		<u>2,975,086</u>	<u>3,044,859</u>
Current assets			
Stocks	16	3,134,621	3,241,569
Debtors: amounts falling due within one year	17	1,363,225	1,373,796
Cash at bank and in hand	18	2,188,176	1,717,315
		<u>6,686,022</u>	<u>6,332,680</u>
Creditors: amounts falling due within one year	19	(4,486,094)	(4,460,175)
		<u>2,199,928</u>	<u>1,872,505</u>
Net current assets		<u>2,199,928</u>	<u>1,872,505</u>
Total assets less current liabilities		<u>5,175,014</u>	<u>4,917,364</u>
Creditors: amounts falling due after more than one year	20	(21,594)	-
		<u>5,153,420</u>	<u>4,917,364</u>
Provisions for liabilities			
Deferred taxation	23	(65,234)	(101,879)
		<u>5,088,186</u>	<u>4,815,485</u>
Net assets		<u>5,088,186</u>	<u>4,815,485</u>
Capital and reserves			
Called up share capital	24	20,000	20,000
Revaluation reserve	25	40,566	41,329
Profit and loss account	25	5,027,620	4,754,156
		<u>5,088,186</u>	<u>4,815,485</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....*K C G Slack*.....
K C G Slack
 Director
 Date: 31st October 2018

The notes on pages 14 to 29 form part of these financial statements.

RON BROOKS (HOLDINGS) LIMITED
Registered number: 00730852

Company balance sheet
As at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	2,589,678	600,221
Investments	15	100	100
Investment property	14	-	2,252,447
		<u>2,589,778</u>	<u>2,852,768</u>
Current assets			
Stocks	16	-	1,226,613
Debtors: amounts falling due within one year	17	85,841	747,303
Cash at bank and in hand	18	2,047,774	1,609,419
		<u>2,133,615</u>	<u>3,583,335</u>
Creditors: amounts falling due within one year	19	(640,322)	(2,347,468)
		<u>1,493,293</u>	<u>1,235,867</u>
Net current assets			
		<u>4,083,071</u>	<u>4,088,635</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	20	(21,594)	-
Provisions for liabilities			
Deferred taxation	23	-	(68,182)
		<u>4,061,477</u>	<u>4,020,453</u>
Net assets			
Capital and reserves			
Called up share capital	24	20,000	20,000
Revaluation reserve	25	40,566	41,329
Profit and loss account	25	4,000,911	3,959,124
		<u>4,061,477</u>	<u>4,020,453</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
K C G Slack
Director
Date: 31st October 2018

The notes on pages 14 to 29 form part of these financial statements.

RON BROOKS (HOLDINGS) LIMITED

Consolidated statement of changes in equity For the Year Ended 30 June 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2016	20,000	42,092	4,525,093	4,587,185
Profit for the year	-	-	240,879	240,879
Excess depreciation on revalued property	-	-	763	763
Total comprehensive income for the year	-	-	241,642	241,642
Dividends: Equity capital	-	-	(12,579)	(12,579)
Transfer to/from profit and loss account	-	(763)	-	(763)
Total transactions with owners	-	(763)	(12,579)	(13,342)
At 1 July 2017	20,000	41,329	4,754,156	4,815,485
Profit for the year	-	-	372,701	372,701
Excess depreciation on revalued property	-	-	763	763
Total comprehensive income for the year	-	-	373,464	373,464
Dividends: Equity capital	-	-	(100,000)	(100,000)
Transfer to/from profit and loss account	-	(763)	-	(763)
Total transactions with owners	-	(763)	(100,000)	(100,763)
At 30 June 2018	20,000	40,566	5,027,620	5,088,186

The notes on pages 14 to 29 form part of these financial statements.

RON BROOKS (HOLDINGS) LIMITED

Company statement of changes in equity For the Year Ended 30 June 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2016	20,000	42,092	3,798,774	3,860,866
Profit for the year	-	-	172,166	172,166
Excess depreciation on revalued property	-	-	763	763
	-	-	172,929	172,929
Total comprehensive income for the year	-	-	172,929	172,929
Dividends: Equity capital	-	-	(12,579)	(12,579)
Transfer to/from profit and loss account	-	(763)	-	(763)
	-	(763)	(12,579)	(13,342)
Total transactions with owners	-	(763)	(12,579)	(13,342)
At 1 July 2017	20,000	41,329	3,959,124	4,020,453
Profit for the year	-	-	141,024	141,024
Excess depreciation on revalued property	-	-	763	763
	-	-	141,787	141,787
Total comprehensive income for the year	-	-	141,787	141,787
Dividends: Equity capital	-	-	(100,000)	(100,000)
Transfer to/from profit and loss account	-	(763)	-	(763)
	-	(763)	(100,000)	(100,763)
Total transactions with owners	-	(763)	(100,000)	(100,763)
At 30 June 2018	20,000	40,566	4,000,911	4,061,477

The notes on pages 14 to 29 form part of these financial statements.

RON BROOKS (HOLDINGS) LIMITED

Consolidated statement of cash flows For the Year Ended 30 June 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	372,701	240,879
Adjustments for:		
Depreciation of tangible assets	169,321	159,153
Loss on disposal of tangible assets	12,982	3,308
Interest paid	40,039	33,578
Interest received	(3,685)	(1,957)
Taxation	67,729	71,486
Decrease/(increase) in stocks	106,949	(550,927)
Decrease in debtors	10,571	74,409
(Decrease)/increase in creditors	(14,161)	376,158
Corporation tax	(80,490)	(17,013)
Net cash generated from operating activities	681,956	389,074
Cash flows from investing activities		
Purchase of tangible fixed assets	(112,530)	(69,549)
Sale of tangible fixed assets	-	4,000
Interest received	3,685	1,957
Net cash from investing activities	(108,845)	(63,592)
Cash flows from financing activities		
New loans	48,585	-
Repayment of loans	(10,796)	-
Dividends paid	(100,000)	(12,579)
Interest paid	(40,039)	(33,578)
Net cash used in financing activities	(102,250)	(46,157)
Cash and cash equivalents at beginning of year	1,717,315	1,437,990
Cash and cash equivalents at the end of year	2,188,176	1,717,315
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,188,176	1,717,315
	2,188,176	1,717,315

The notes on pages 14 to 29 form part of these financial statements.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

Ron Brooks (Holdings) Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information page of these financial statements. The company's registration number is 00730852. The nature of the company's operations and principal activities is the sale of new and used vehicles.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

On 1 July 2017 the trade and assets of Ron Brooks (Holdings) Limited (formerly Ron Brooks Limited) were transferred to Ron Brooks Limited (formerly Ron Brooks (Mansfield) Limited).

The financial statements are prepared in sterling which is the functional currency of the company and are rounded to the nearest £1.

The significant accounting policies applied in preparation of these financial statements are set out below. Their policies have been consistently applied to all years presented unless otherwise stated.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June each year.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold property	- 2% per annum straight line
Leasehold property	- Over the lease term - 15 years
Plant and equipment	- 15% per annum reducing balance
Fixtures and fittings	- 15% per annum reducing balance
Computer equipment	- 33.3% per annum reducing balance

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

1. Accounting policies (continued)

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow moving stock where appropriate.

1.5 Short term debtors and creditors

Debtors and creditors with no stated interest rate or that are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less impairment.

1.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand and short term deposits with an original maturity date of three months or less.

In the Consolidated statement of cash flows, cash and cash equivalents are as above net of bank overdrafts

1.8 Provisions for liabilities

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

1.9 Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest method. Loans and borrowings that are receivable within one year are not discounted. If an arrangement constitutes a finance transaction it is measured at present value of future payments discounted at a market rate of interest for a similar loan.

1.10 Operating leases

Rentals paid under operating leases are charged to the profit and loss on a straight line basis over the lease term.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

1. Accounting policies (continued)

1.11 Current and deferred taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount 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 represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

1.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Sale of motor vehicles

Revenue from the sale of vehicles is recognised when significant risks and rewards of ownership of the vehicle have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. A sale of a new vehicle is recognised on the date of registration, and a sale of a used vehicle is recognised on the date the sales invoice is raised.

Sale of services

Turnover in respect of service and repair is recognised once the works are completed and the car can be returned to the customer.

1.14 Pensions

Defined contribution pension plan

The company operates a defined contribution pension scheme and contributions to the scheme are recognised in the profit and loss account in the period in which they become payable.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no significant judgements (apart from those involving estimates) which have had an effect on the amounts recognised in the financial statements.

3. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sale of motor vehicles	28,132,917	25,892,175
Sale of services	3,490,185	3,191,923
	<u>31,623,102</u>	<u>29,084,098</u>

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	169,321	159,153
(Profit)/loss on the sale of tangible fixed assets	12,982	3,308
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	14,400	14,525
Operating leases rentals	<u>118,015</u>	<u>130,174</u>

5. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>14,400</u>	<u>14,525</u>

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries /	2,036,778	2,087,084	250,653	1,218,989
Social security costs	209,487	185,021	20,461	102,306
Cost of defined contribution scheme	55,580	50,186	15,045	33,914
	2,301,845	2,322,291	286,159	1,355,209

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Production and sales	67	64
Admin and management	28	35
	95	99

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	43,734	71,169
	43,734	71,169

During the year retirement benefits were accruing to no directors (2017: nil) in respect of defined contribution pension scheme.

8. Interest receivable

	2018 £	2017 £
Other interest receivable	3,685	1,957
	3,685	1,957

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	-	49
Other interest payable	40,039	33,529
	<u>40,039</u>	<u>33,578</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	102,238	78,353
Adjustments in respect of previous periods	2,136	-
	<u>104,374</u>	<u>78,353</u>
Deferred tax		
Origination and reversal of timing differences	(36,645)	(6,867)
	<u>(36,645)</u>	<u>(6,867)</u>
Total deferred tax		
	<u>67,729</u>	<u>71,486</u>
Taxation on profit on ordinary activities		
	<u>67,729</u>	<u>71,486</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	440,430	312,365
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	83,682	62,473
Effects of:		
Expenses not deductible for tax purposes	1,880	1,505
Excess depreciation over capital allowances	16,676	15,364
Rate changes	-	(989)
Adjustments to tax charge in respect of prior periods	2,136	-
Origination and reversal of timing differences	(36,645)	(6,867)
Total tax charge for the year	<u>67,729</u>	<u>71,486</u>

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

11. Dividends

	2018 £	2017 £
Dividends paid on equity share capital	100,000	12,579
	<u>100,000</u>	<u>12,579</u>

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £141,024 (2017 - £172,166).

13. Tangible fixed assets

Group

	Freehold property £	Plant & machinery £	Total £
Cost			
At 1 July 2017	3,402,155	1,499,307	4,901,462
Additions	41,460	71,070	112,530
Disposals	-	(179,619)	(179,619)
At 30 June 2018	<u>3,443,615</u>	<u>1,390,758</u>	<u>4,834,373</u>
Depreciation			
At 1 July 2017	801,241	1,055,362	1,856,603
Charge for the year on owned assets	87,576	81,745	169,321
Disposals	-	(166,637)	(166,637)
At 30 June 2018	<u>888,817</u>	<u>970,470</u>	<u>1,859,287</u>
Net book value			
At 30 June 2018	<u>2,554,798</u>	<u>420,288</u>	<u>2,975,086</u>
At 30 June 2017	<u>2,600,914</u>	<u>443,945</u>	<u>3,044,859</u>

The gross book value of freehold property includes £2,907,683 (2017: £2,866,223) of depreciable assets.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

13. Tangible fixed assets (continued)

Company

	Freehold property £	Plant & machinery £	Total £
Cost			
At 1 July 2017	898,087	829,946	1,728,033
Additions	41,460	-	41,460
Transfers intra group	-	(829,946)	(829,946)
Transfers between classes	2,504,068	-	2,504,068
At 30 June 2018	3,443,615	-	3,443,615
Depreciation			
At 1 July 2017	514,740	613,072	1,127,812
Charge for the year on owned assets	87,576	-	87,576
Transfers intra group	-	(613,072)	(613,072)
Transfers between classes	251,621	-	251,621
At 30 June 2018	853,937	-	853,937
Net book value			
At 30 June 2018	2,589,678	-	2,589,678
At 30 June 2017	383,347	216,874	600,221

The gross book value of freehold property includes £2,907,683 (2017: £798,087) of depreciable assets.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

14. Investment property

Company

Freehold
investment
property
£

Valuation

At 1 July 2017

2,252,447

Transfer to tangible fixed assets

(2,252,447)

At 30 June 2018

-

During the year properties originally classified as investment property have been transferred to freehold property and carried at cost in accordance with final amendments and clarifications to FRS 102.

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Ron Brooks Limited	Ordinary	100 %	Sale of motor vehicles and associated operations

Ron Brooks Limited is incorporated in England, United Kingdom and has the same registered office address as its parent company.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2017	100
At 30 June 2018	100
Net book value	
At 30 June 2018	100
At 30 June 2017	100

16. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Finished goods and goods for resale	3,134,621	3,241,569	-	1,226,613
	<u>3,134,621</u>	<u>3,241,569</u>	<u>-</u>	<u>1,226,613</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales for the group during the year as an expense was £25,081,144 (2017: £24,044,682).

Consignment stocks at the year end amount to £1,046,648 (2017: £1,255,717).

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	1,302,211	1,241,086	-	594,423
Amounts owed by group undertakings	-	-	82,578	89,859
Prepayments and accrued income	61,014	132,709	3,263	63,021
	1,363,225	1,373,795	85,841	747,303

18. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	2,188,176	1,717,315	2,047,774	1,609,419
	2,188,176	1,717,315	2,047,774	1,609,419

19. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Other loans	566,195	550,000	566,195	550,000
Trade creditors	2,620,777	2,707,839	-	1,131,611
Corporation tax	102,238	78,353	25,564	54,419
Taxation and social security	265,619	182,711	47,815	149,714
Other creditors	748	1,597	748	1,597
Accruals and deferred income	930,517	939,675	-	460,127
	4,486,094	4,460,175	640,322	2,347,468

The facilities provided by HSBC Bank Plc are secured by a legal mortgage over the land and buildings and a debenture over the remaining assets and debts of the company.

Other loans consist of two loans from Toyota Financial Services (UK) Plc. One of the loans, which is repayable on demand, is secured by a floating charge over all used motor vehicles. An amount of £550,000 (2017: £550,000) was owing at the balance sheet date in respect of this loan. The other loan is an interest free loan repayable in 36 monthly instalments, with the final instalment due in October 2019.

At the balance sheet date an amount of £2,002,568 (2017: £1,972,971) included within trade creditors was due to Toyota Financial Services (UK) Plc for new and used motor vehicles. These monies are secured by a floating charge against the assets to which they relate.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

20. Creditors: Amounts falling due after more than one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Other loans	21,594	-	21,594	-
	<u>21,594</u>	<u>-</u>	<u>21,594</u>	<u>-</u>

The loan is an interest free loan from Toyota Financial Services (UK) Plc. This loan is repayable in 36 monthly instalments, with the final instalment due in October 2019.

21. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	1,302,212	1,241,087	82,578	684,282
Financial liabilities				
Financial liabilities measured at amortised cost	3,208,566	3,257,839	587,789	1,681,611

Financial assets measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other loans.

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

22. Loans

See note 19 for loan security.

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Amounts falling due within one year				
Other loans	566,195	550,000	566,195	550,000
	<u>566,195</u>	<u>550,000</u>	<u>566,195</u>	<u>550,000</u>
Amounts falling due 1-2 years				
Other loans	16,195	-	16,195	-
Amounts falling due 2-5 years				
Other loans	5,399	-	5,399	-
	<u>587,789</u>	<u>550,000</u>	<u>587,789</u>	<u>550,000</u>

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

23. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	101,879	108,746
Charged/(credited) to profit or loss	(36,645)	(6,867)
At end of year	65,234	101,879

Company

	2018 £	2017 £
At beginning of year	68,182	74,417
Charged to profit or loss	(68,182)	(6,235)
At end of year	-	68,182

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	69,805	107,911	-	72,314
Other timing differences	(4,571)	(6,032)	-	(4,132)
	65,234	101,879	-	68,182

24. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
20,000 (2017 - 20,000) Ordinary shares of £1.00 each	20,000	20,000

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

25. Reserves

Revaluation reserve

The revaluation reserve represents the cumulative effect of property revaluations made prior to the introduction of FRS15 in 2004. On transition to FRS 15, the valuation of land and buildings at that time was adopted as deemed cost and the company no longer pursue a policy of revaluation. The revaluation reserve has been retained in line with the requirements of the Companies Act 2006 and the relevant historical cost depreciation adjustment between profit and loss and revaluation reserves is being maintained over the life of the asset.

Profit & loss account

The profit and loss account represents cumulative profit and losses net of dividends and other adjustments.

26. Pension commitments

The group operates a defined contributions pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £55,580 (2017: £50,186).

Contributions totalling £8,849 (2017: £6,749) were payable to the scheme at the end of the year and are included in creditors.

27. Commitments under operating leases

At 30 June 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2018	<i>2017</i>	2018	<i>2017</i>
	£	<i>£</i>	£	<i>£</i>
Not later than 1 year	49,750	<i>133,760</i>	38,090	<i>105,776</i>
Later than 1 year and not later than 5 years	87,246	<i>64,496</i>	14,746	<i>52,836</i>
	136,996	<i>198,256</i>	52,836	<i>158,612</i>

RON BROOKS (HOLDINGS) LIMITED

Notes to the financial statements For the Year Ended 30 June 2018

28. Related party transactions

During the year, the group was charged rent of £72,000 (2017: £72,000) for the use of its showroom by the Director's Pension Scheme where there are directors in common.

During the year, the group received services under normal trading conditions from a company where there is a director in common amounting to £6,415 (2017: £7,925) and recharged expenses of £2,767 (2017: £2,241).

During the year, dividends of £100,000 (2017: £12,579) were paid to the shareholders in accordance with their shareholdings.

All key management personnel, including directors, who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £92,123 (2017: £116,939).

At 30 June 2018 £748 (2017: £1,597) was owing to a director. No interest is charged on any directors loan accounts.