REGISTERED NUMBER: 00852710 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2017

for

Sutton Park Motor Company Limited

ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Contents of the Financial Statements for the Year Ended 31 December 2017

Sutton Park Motor Company Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:	D J A Fulton Mrs J Fulton Mrs J L Shannon M P Yarwood Mrs C Thomas
SECRETARY:	Mrs J L Shannon
REGISTERED OFFICE:	37 Lichfield Street Burton on Trent Staffordshire DE14 3RH
REGISTERED NUMBER:	00852710 (England and Wales)
AUDITORS:	ASE Audit LLP Statutory Auditors & Chartered Accountants Rowan Court Concord Business Park Manchester Greater Manchester M22 0RR

Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS
During 2017 the directors have reviewed the strategic relationships the company holds with certain brand partners, this has seen the company exit its relationship with brands on sites which have been deemed to underperform.

During this period of strategic realignment, the company has invested in significant Capital Expenditure to ensure the facilities meet the stringent Corporate Identity requirements of the revised manufacturer portfolio. The reduction in net profit reported has been necessary to establish a clear focus for the business in 2018 and beyond

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business.

GENERAL ECONOMIC CONDITIONS
The general economic environment and levels of consumer and business confidence have a direct impact on levels of demand in the motor retail sector. In addition, fuel prices, interest rates, and levels of unemployment can all significantly impact sales levels. Demand levels are closely monitored by the business on an on-going basis (via sales and enquiry analysis) and action taken accordingly if these measures deviate from expectation.

POSSIBLE IMPACT OF BREXIT
A "hard" Brexit may have an impact on the UK car market from March 2019 with possible rises in the cost of vehicles and parts from overseas due to adverse exchange rates and higher tariffs.

Per SMMT "Import tariffs alone could push up the list price of cars imported to the UK from the continent by an average of £1,500 if brands and their retail networks were unable to absorb these additional costs." This would affect demand for new car sales with selling price rises inevitable, although used car sales volumes may increase.

MANUFACTURER RELATIONSHIPS
The company relies on the strength of its relationships with the vehicle manufacturer to deliver a significant component of company profitability. Changes in the fortunes and strategy of the company's key manufacturer partner could directly and materially impact the company's result. The directors are confident that the future new products from its manufacturer/supplier will continue to be competitively priced and high quality and therefore consider that this "manufacturer risk" is minimal. It is, in any case, mitigated by the other core business areas of the company, including used vehicle sales, parts sales and service work.

USED VEHICLE PRICES
Used vehicle price volatility can present a significant risk in the event that the market price moves rapidly between the point of purchase and the point of sale of a used vehicle. This leads to reduced margins and increased provisions on unsold stock. This risk is mitigated by a combination of regular monitoring of the used vehicle market by the company used car buyers, a focus on stock turn to reduce the length of time that used vehicles are held in stock, and regular review and re-pricing to ensure that vehicles are priced competitively in the market.

Strategic Report
for the Year Ended 31 December 2017

MANUFACTURER SUPPLY OF NEW AND IMPROVED PRODUCTS
The company is reliant on new vehicle products from the it's franchise partners. This expose the company to risks in a number of areas as the company is dependent on its manufacturer/supplier in respect of:

- availability of new vehicle products
- quality of new vehicle products
- pricing of new vehicle product

The directors are confident that the future new products from its manufacturer/suppliers will continue to be competitively priced and high quality and therefore consider that this 'manufacturer risk' is minimal. It is, in any case, mitigated by the other core business areas of the company, including used vehicle sales, parts sales and service work.

COMPETITION RISK
The markets in which the group operates are highly competitive and there is a risk that the company's customers will look to alternative sources for the products and services offered by the company. The Board has mitigated this risk by building a strong reputation for customer service, continuing its manufacturer representation, constantly monitoring quality of work and value for money.

The company continues to monitor competitor activity, customer's views and their level of satisfaction and invests significantly in staff training and skills development, from full apprenticeships to continual improvement of all managers.

COMPANY, PEOPLE AND REPUTATION
The company has invested heavily in its people and its reputation over a number of years. It is therefore reliant on these individuals to a degree in delivering the company result and reinforcing the underlying Sutton Park brand. The company undertakes a regular review of remuneration and packages to ensure that it attracts and retains the best people.

ECONOMIC DOWNTURN
The success of the business is reliant on consumer spending. An economic downturn, resulting in a reduction of consumer spending power, will have a direct impact on the income achieved by the company.

In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, marketing and pricing strategies are modified to reflect the new market conditions.

KEY PERFORMANCE INDICATORS
We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

Senior management closely monitor working capital lock up on an at least daily basis.

ON BEHALF OF THE BOARD:

....
D J A Fulton - Director

Date: 26/9/2018

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2017.

FUTURE DEVELOPMENTS
The directors continue to invest in the dealership environment to ensure compliance with manufacturer partner standards. To further this transition, in 2018, the directors have converted a number shorter term manufacturer funded facilities in to a long term borrowing arrangement with the company's bankers.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

D J A Fulton
Mrs J Fulton
Mrs J L Shannon
M P Yarwood
Mrs C Thomas

FINANCIAL INSTRUMENTS
The company uses various financial instruments including credit risk, interest risk and liquidity risk. The company does not use derivatives to manage these risks.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

Liquidity risk
The company makes efforts to manage the financial risk by the monitoring of cashflow to ensure that the company is able to meet its foreseeable debts as they fall due and to invest any cash assets profitably.

Interest rate risk
The company sometimes uses bank borrowings to finance its operations during peak periods.

Due to the limited use of this facility the directors do not deem it necessary to hedge against interest rate fluctuations.

Credit risk
The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is minimal. The principal credit risk therefore arises from its trade debtors.

In order to manage credit risk, the directors have implemented processes to ensure receipt of cleared funds for vehicle sales before the vehicle is released. The bonuses due from the manufacturer are paid by direct debit.

Other trade debtors require approved credit in advance which is supported by references and payment is required within the company's credit terms and hence credit risk is minimised.

DISCLOSURE IN THE STRATEGIC REPORT
The Directors' review of the business, and their consideration of the risks and uncertainties surrounding the business may be found in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Directors
for the Year Ended 31 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued
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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, ASE Audit LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

....
D J A Fulton - Director

Date: 26/9/2018

Report of the Independent Auditors to the Members of
Sutton Park Motor Company Limited

Opinion

We have audited the financial statements of Sutton Park Motor Company Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, 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 company's affairs as at 31 December 2017 and of its loss 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Report of the Independent Auditors to the Members of Sutton Park Motor Company Limited

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, 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 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 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 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

ASE Audit LLP

Ian McMahon FCCA FMAAT (Senior Statutory Auditor)
for and on behalf of ASE Audit LLP
Statutory Auditors & Chartered Accountants
Rowan Court
Concord Business Park
Manchester
Greater Manchester
M22 0RR

Date: 26/9/2018

Sutton Park Motor Company Limited (Registered number: 00852710)

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
TURNOVER	3	**83,911,128**	86,248,164
Cost of sales		**80,421,408**	82,517,271
GROSS PROFIT		**3,489,720**	3,730,893
Administrative expenses		**3,617,248**	3,788,354
		(127,528)	(57,461)
Other operating income	4	**300,000**	549,487
OPERATING PROFIT	6	**172,472**	492,026
Interest receivable and similar income		**3**	-
		172,475	492,026
Interest payable and similar expenses	8	**234,246**	168,821
(LOSS)/PROFIT BEFORE TAXATION		**(61,771)**	323,205
Tax on (loss)/profit	9	**(16,677)**	(45,066)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(45,094)**	368,271
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(45,094)**	368,271

The notes form part of these financial statements

Sutton Park Motor Company Limited (Registered number: 00852710)

Statement of Financial Position
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	11	**699,694**	819,494
CURRENT ASSETS			
Stocks	12	**8,164,640**	8,416,302
Debtors	13	**4,276,147**	4,465,140
Cash in hand		**3,895**	3,625
		12,444,682	12,885,067
CREDITORS			
Amounts falling due within one year	14	**(11,383,876)**	(11,882,304)
NET CURRENT ASSETS		**1,060,806**	1,002,763
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,760,500**	1,822,257
PROVISIONS FOR LIABILITIES	18	**(10,893)**	(27,556)
NET ASSETS		**1,749,607**	1,794,701
CAPITAL AND RESERVES			
Called up share capital	19	**1,000**	1,000
Retained earnings	20	**1,748,607**	1,793,701
SHAREHOLDERS' FUNDS		**1,749,607**	1,794,701

The financial statements were approved by the Board of Directors on 26/9/18 and were signed on its behalf by:

D J A Fulton - Director

The notes form part of these financial statements

Sutton Park Motor Company Limited (Registered number: 00852710)

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	1,000	1,430,430	1,431,430
Changes in equity			
Dividends	-	(5,000)	(5,000)
Total comprehensive income	-	368,271	368,271
Balance at 31 December 2016	1,000	1,793,701	1,794,701
Changes in equity			
Total comprehensive income	-	(45,094)	(45,094)
Balance at 31 December 2017	1,000	1,748,607	1,749,607

The notes form part of these financial statements

1. STATUTORY INFORMATION

Sutton Park Motor Company Limited is a private company, limited by shares, registered in England & Wales. The company's registered office address is 37 Lichfield Street, Burton on Trent, Staffordshire, DE14 3RH.

There is no single principal place of business.

The presentation currency of the financial statements is Pound Sterling (£).

The principal activity of the company in the year under review was that of garage proprietors.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see judgements in applying accounting policies and key sources of estimation uncertainty below).

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sutton Park Holdings Limited as at 31 December 2016 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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2. **ACCOUNTING POLICIES - continued**

Judgements in applying accounting policies and key sources of estimation
The preparation of the financial statements require management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities at the reporting 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.

The following judgements have been made by the directors in applying the company's accounting policies:

Stock valuation
Stock valuation is regularly monitored against age profile and market demand. Management use a number of market tools during the appraisal process including Glass' and CAP valuation guides. The directors maintain oversight of ageing stock profiles and a monthly review of any provision required is performed.

Consignment stock
Consignment stock has been included within the company's statement of financial position on the grounds that the company considerably bear's the risks and regards of ownership attached to these vehicles. As such, the consignment stock is considered to be under control of the company.

Property, plant and machinery
At each reporting date property, plant and machinery is assessed for any indication of impairment. If such indication exists the recoverable amount of the asset is determined based on value in use calculations which require estimates to be made of future cash flows. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Brand incentives
The company receives income in the form of various incentives which are determined by the company's brand partners. The amount receivable is generally based on achieving specific objectives such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Objectives are generally set and measured on either a quarterly or annual basis.

Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned.

This is generally the later of the date the related vehicles are sold or registered when it is reasonably certain the the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentives will be received for the relevant period.

The company may also receive contributions towards facilities capital expenditure, advertising and promotion. Where the expenditure is received relative to an item of expenditure, it is recognised within the Statement of Comprehensive Income to match the cost of that item of expenditure, or depreciation of that asset class.

Turnover
Turnover from the sale of goods is recognised in the Statement of Comprehensive Income, net of discounts and value added tax, when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts have been supplied or when a service has been completed.

Commission income is recognised on a receivable basis.

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2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold Improvements	- 20% on cost and 5% on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% - 33% on cost

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

Stocks
Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Consignment stock
Consignment vehicles which bear considerably more of the risks and responsibilities of ownership are regarded effectively as being under the control of the company and, in accordance with FRS102 are included in stocks on the Statement of Financial Position, although legal title has not passed to the company. The corresponding liability is included as new vehicle funding in creditors and is secured directly on these vehicles.

Financial instruments
The company only has basic financial instruments, which are recognised at amortised cost.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

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2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Debtors
Short term debtors are measured at transaction price, less any impairment.

Creditors
Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs
Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

3. TURNOVER

The turnover and loss (2016 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2017	2016
	£	£
Sale of goods	79,684,490	79,105,353
Rendering of services	3,498,336	3,270,395
Commissions	581,263	3,708,671
Other	147,039	163,745
	83,911,128	86,248,164

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

	2017	2016
	£	£
Other operating income	300,000	549,487

5. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	4,434,027	4,786,252
Social security costs	442,130	489,211
Other pension costs	28,735	44,342
	4,904,892	5,319,805

The average number of employees during the year was as follows:

	2017	2016
Sales, servicing and parts	136	129
Administration	49	46
	185	175

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5. **EMPLOYEES AND DIRECTORS - continued**

	2017	2016
	£	£
Directors' remuneration	-	471,073

6. **OPERATING PROFIT**

The operating profit is stated after charging:

	2017	2016
	£	£
Other operating leases	830,000	795,081
Depreciation - owned assets	133,924	114,781
Loss on disposal of fixed assets	70,163	-

7. **AUDITORS' REMUNERATION**

	2017	2016
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	16,704	21,400
Auditors' remuneration for non audit work	5,250	5,350

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2016
	£	£
Bank interest	52,145	15,837
Stocking loan interest	182,101	152,984
	234,246	168,821

9. **TAXATION**

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	-	78,638
Prior period adjustment	(14)	(110,539)
Total current tax	(14)	(31,901)
Deferred tax	(16,663)	(13,165)
Tax on (loss)/profit	(16,677)	(45,066)

continued...

9. **TAXATION - continued**

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
(Loss)/profit before tax	(61,771)	323,205
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19.247% (2016 - 20%)	(11,889)	64,641
Effects of:		
Expenses not deductible for tax purposes	-	7,734
Adjustments to tax charge in respect of previous periods	(14)	(125,854)
Depreciation of non qualifying assets	6,586	9,492
Difference in deferred tax rates	(141)	(1,079)
Group relief	(11,219)	-
Total tax credit	(16,677)	(45,066)

A reduction in the corporation tax rate from 20% to 19% from 1 April 2019 and to 17% from 1 April 2020 was substantively enacted on 6 September 2016. Future tax liabilities will reduce accordingly.

10. **DIVIDENDS**

	2017 £	2016 £
Final	-	5,000

11. **TANGIBLE FIXED ASSETS**

	Leasehold Improvements £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2017	702,549	320,659	489,736	1,512,944
Additions	7,411	31,515	45,361	84,287
Disposals	(79,314)	-	(28,922)	(108,236)
At 31 December 2017	630,646	352,174	506,175	1,488,995
DEPRECIATION				
At 1 January 2017	289,290	182,080	222,080	693,450
Charge for year	53,788	23,861	56,275	133,924
Eliminated on disposal	(34,684)	-	(3,389)	(38,073)
At 31 December 2017	308,394	205,941	274,966	789,301
NET BOOK VALUE				
At 31 December 2017	322,252	146,233	231,209	699,694
At 31 December 2016	413,259	138,579	267,656	819,494

All fixed assets, are pledged as security for the company's bank overdraft and other loan.

continued...

12. STOCKS

	2017	2016
	£	£
Vehicle stocks	7,998,650	8,126,701
Parts stocks	165,990	289,601
	8,164,640	8,416,302

Stock recognised in cost of sales during the year as an expense amounted to £75,040,701 (2016: £76,475,685).

An impairment loss of £504,866 (2016: £71,611) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

All stock is pledged as security for vehicle funding and bank facilities.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	**978,210**	1,566,233
Amounts owed by group undertakings	**2,106,360**	1,889,906
Other debtors	**883,674**	687,806
Tax	**15,668**	31,901
Prepayments	**292,235**	289,294
	4,276,147	4,465,140

An impairment loss of £Nil (2016: £Nil) was recognised against trade debtors.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 15)	**32,845**	908,300
Trade creditors	**9,142,526**	8,341,263
Social security and other taxes	**343,519**	897,656
Other creditors	**638,581**	528,717
Other loans	**1,000,000**	1,000,000
Accruals	**226,405**	206,368
	11,383,876	11,882,304

15. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	**32,845**	908,300

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	**908,216**	691,000
Between one and five years	**2,606,000**	2,334,833
In more than five years	**4,423,555**	3,343,500
	7,937,771	6,369,333

continued...

17. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Bank overdraft	32,845	-
Vehicle funding	8,488,856	7,656,536
Other loan	1,000,000	1,000,000
	9,521,701	8,656,536

The bank overdraft and other loans are secured by a fixed and floating debenture over the assets of the company.

The vehicle funding is secured over the vehicles to which it relates.

The other loan bears no interest.

18. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax	10,893	27,556

	Deferred tax £
Balance at 1 January 2017	27,556
Accelerated capital allowances	(29,828)
Short term timing differences	13,165
Balance at 31 December 2017	10,893

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
1,000	Ordinary	£1	1,000	1,000

20. RESERVES

Retained earnings
This reserve includes all current and prior period retained profits and losses less dividends paid.

21. PENSION COMMITMENTS

The company operates a defined contributions pension scheme, The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,735 (2016: £44,342). Contributions totalling £Nil (2016: £Nil) were payable to the fund at the reporting date.

22. CONTINGENT LIABILITIES

During 2017 the company received funds amounting to £450,000 in relation to Financial Support. These monies can be reclaimed in the event of franchise termination within the first five years of the Support being paid on a reducing balance basis. The amount that could be reclaimed at the reporting date was £352,500.

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23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The company made payments of £82,000 (2016: £82,000) to a directors pension fund during the year in respect of rental property.

During the year, a director purchased goods from the company amounting to £10,300.

At the year end, a director had a balance owing to the company of £10,300.

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

No compensation was paid to key management personnel during the year. However during the year ended 31 December 2016 a total of key management personnel compensation of £511,084 was paid.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party during the year of review, and the previous year, was D J A Fulton by virtue of his 100% shareholding in the parent company, Sutton Park Holdings Limited.