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Annual Report and Financial Statements

George Thurlow and Sons (Holdings) Limited

For the year ended 31 December 2017

Registered number: 00077180

Company Information

Directors	J G Thurlow M A Thurlow S A Tew N J Titley J R Thurlow
Company secretary	S A Tew
Registered number	00077180
Registered office	Wisbech Road Littleport Ely Cambridgeshire CB6 1RA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB

George Thurlow and Sons (Holdings) Limited

Contents

Group Strategic Report

For the year ended 31 December 2017

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

Business review

The performance of the group in 2017 was a pre-tax profit of £1.93m in the year with the turnover down slightly to £218m from £229m in the previous year.

The lead up to and acquisition of Vauxhall in the UK had a significant impact in the market place. The group trades around the Milton Keynes and Luton area were the impact of uncertainty as a result of the change of ownership was considerable.

Market conditions became increasingly difficult in the latter half of the year resulting in over-supply of new product in the UK. This resulted in even greater competition and vastly reduced margins. The group made a considered decision to reduce volumes of wholesale stock toward the end of the year in an aid to protect 2018's position.

The termination of all Vauxhall dealers in the UK and indeed Opel dealers in Europe, on 30th April 2018, does not cause us any concerns. We operate in key market areas and have a good and strong relationship with Vauxhall. On the contrary we consider that from this restructuring opportunities may arise that will help the brand and the company going forward.

The agricultural and horticultural supplies company produced a strong result with an increase in turnover to £63m from £59m and an increase in profitability to £1.9m from £1.0m.

Future developments

The UK has seen a steady reduction in the unemployment figures together with an increasing population. There are also clear indications that interest rates should remain at low levels in the short and medium term. These factors should provide reasonable stability in the motor retail and agriculture machinery sectors.

The directors forecast that 2018 will prove to be challenging. But with a solid base, competent staff and good product range the directors are optimistic the results for 2018 will be in line with forecasts.

Key performance indicators

The directors consider the following Key Performance Indicators as important to their business:

	2017	2016
Return on sales before tax	0.9%	1.0%
Return on shareholders' funds	6.0%	8.0%
Gross profit margin	15.3%	13.7%
Current ratio	1.14:1	1.12:1

The directors consider the staff's performance and customer satisfaction scores to be the key non-financial indicators.

Group Strategic Report (continued)
For the year ended 31 December 2017

Principal risks and uncertainties

Risk management remains a priority. We believe our key risks are detailed below:

• The success of the business depends to a large extent on the abilities of senior management and key employees.

• The operating companies operate franchises, the loss of which would have a significant impact on the business. The boards maintain close relationships with their brand partners to mitigate this risk.

• The business has significant stocking loans with interest rates linked to base rate. We believe that interest rates will not rise significantly in the medium term.

• The motor retail industry is highly competitive. The group competes with other franchise dealers who have greater scale and financial resource. By providing excellent customer service we strive to be our customer's first choice.

• The agricultural supplies company faces consolidation of its customer base and a possible reduction in the total unit sales opportunity going forward. However we do not believe that a reduction would be significant but the company has plans in place to meet any change in the market.

• The companies operates in a regulated environment, in particular the FCA. Non-compliance with these regulations could result in fines and ultimately suspension from selling finance or insurance products. To ensure we do not commit any regulatory breaches we have a thorough training regime for all related staff.

• The motor retail industry is influenced by general economic conditions. Consumer confidence, interest rates and the availability of finance are key factors that influence the performance of the group.

• Opel/Vauxhall, the group's primary motor retail band partner, is currently the subject of a corporate acquisition by the PSA Group. Whilst the impact of this on the company is not known, no significant risks are envisaged.

• The impact of the UK's decision to leave the European Union is unknown. Both operating companies markets may be affected. In the retail motor trade business the terms of trade between the UK and Europe have not been established. However as the UK is the second largest market within the current EU and the Motor manufacturers within the EU employing significant numbers of staff in manufacturing we believe that the UK is in a strong position to negotiate reasonable trade terms. We further believe that any trading fluctuations would be supported by manufacturers to protect the UK market. In the agricultural supplies business there is uncertainty regarding the farming subsides enjoyed by our customers. However the national and global market for food increases each year so we are content that food production has a strong future.

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

J G Thurlow
Director

Date: 21st June 2018.

Directors' Report
For the year ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity is that of a holding company providing management services to the group. The principal activities of subsidiary companies are the distribution of agricultural machinery and motor vehicles including sales, service and parts supply.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £1,156,000 (2016 - £1,498,000).

During the year, the directors paid a final dividend of £2.00 per share in respect of the year ended 31 December 2016.

Directors

The directors who served during the year were:

J G Thurlow
M A Thurlow
S A Tew
N J Titley
J R Thurlow

Employee involvement

The group maintains and develops the involvement of all employees through both formal and informal systems of communication.

The group regularly monitors all aspects of its business with regard to requirements and legislation relating to health and safety at work.

Disabled employees

The group supports the employment of disabled people wherever possible, by recruitment, by giving special consideration to retraining those who become disabled during their employment and generally, through training, career development and promotion.

Strategic report

Information previously included in the Directors' report in respect of the business review, future developments, key performance indicators and principal risks and uncertainties can now be found in the Strategic report.

Directors' Report (continued)

For the year ended 31 December 2017

Financial risk management and objectives and policies

The group's treasury activities are operated within policies and procedures approved by the Board, which include defined controls on the use of financial instruments managing the group's risk. The main risks arising from the group's financial instruments are liquidity risk and credit risk.

Liquidity risk

The group finances its operations by a mixture of retained profits, cash and the group seeks to ensure there is short term flexibility by the availability of overdraft facilities, vehicle stocking loans and hire purchases. The group takes out longer term funding to finances major capital expenditure. The group monitors its cash balances and loans on a regular basis to ensure that all foreseeable future needs can be met from available resources.

Credit risk

The principal risk lies with trade receivables. The credit risk is managed by setting customer limits based on a combination of payment history, statutory accounts and third party references. These limits are reviewed on a regular basis in conjunction with debt aging and collection history.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Directors' Report (continued)
For the year ended 31 December 2017

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director 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 auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, 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.

Sally-Anne Tew

S A Tew
Director

Date: 21st June 2018.

Grant Thornton

Independent Auditor's Report to the Shareholders of George Thurlow and Sons (Holdings) Limited

Opinion

We have audited the financial statements of George Thurlow and Sons (Holdings) Limited (the 'company') for the year ended 31 December 2017, which comprise the Consolidated income statment, the Consolidated statement of comprehensive income, the Consolidated and Company statement of financial position, the Consolidated and Company statement of changes in equity, the Consolidated statement of cash flows and the related notes. The financial reportinf 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 31 December 2017 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 Auditor's 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.

Who we are reporting to

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.

Grant Thornton

Independent Auditor's Report to the Shareholders of George Thurlow and Sons (Holdings) Limited (continued)

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 Auditor's 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 required to report that fact.

We have nothing to report in this regard.

Opinions 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.

Grant Thornton

Independent Auditor's Report to the Shareholders of George Thurlow and Sons (Holdings) Limited (continued)

Matter on which we are required to report by the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, 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.

Independent Auditor's Report to the Shareholders of George Thurlow and Sons (Holdings) Limited (continued)

Auditor's 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 Auditor's 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 Auditor's report.

Grant Thornton UK LLP

James Brown (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Norwich
Date: 6 July 2018

Consolidated Income Statement

For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	4	**217,667**	229,081
Cost of sales		**(184,435)**	(197,658)
Gross profit		**33,232**	31,423
Administrative expenses		**(30,819)**	(29,034)
Other operating income	5	**226**	270
Fair value movements		**-**	618
Operating profit	6	**2,639**	3,277
Interest payable and similar expenses	10	**(645)**	(901)
Other finance income		**(69)**	(72)
Profit before tax		**1,925**	2,304
Tax on profit	12	**(399)**	(501)
Profit for the financial year		**1,526**	1,803
Profit for the year attributable to:			
Non-controlling interests		**370**	305
Owners of the parent		**1,156**	1,498
		1,526	1,803

The notes on pages 20 to 46 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Profit for the financial year		**1,526**	1,803
Other comprehensive income			
Actuarial gain/(loss) on defined benefit schemes	29	**2,649**	(1,455)
Pension surplus not recognised	29	**(351)**	-
Movement on deferred tax relating to pension (gains)/losses	24	**(455)**	247
Other comprehensive income for the year		**1,843**	(1,208)
Total comprehensive income for the year		**3,369**	595
Profit for the year attributable to:			
Non-controlling interest		**370**	305
Owners of the parent Company		**1,156**	1,498
		1,526	1,803
Total comprehensive income attributable to:			
Non-controlling interest		**830**	4
Owners of the parent Company		**3,216**	591
		4,046	595

Consolidated Statement of Financial Position

As at 31 December 2017

	Note		2017 £000		2016 £000
Fixed assets					
Intangible assets	13		**309**		472
Tangible assets	14		**17,340**		16,766
Investment property	15		**3,235**		5,503
			20,884		22,741
Current assets					
Stocks	17	**41,113**		41,638	
Debtors: amounts falling due within one year	18	**12,149**		11,735	
Cash at bank and in hand	19	**2,155**		7	
		55,417		53,380	
Creditors: amounts falling due within one year	20	**(48,758)**		(47,465)	
Net current assets			**6,659**		5,915
Total assets less current liabilities			**27,543**		28,656
Creditors: amounts falling due after more than one year	21		**(1,458)**		(3,363)
Provisions for liabilities					
Deferred taxation	24		**(385)**		(121)
Net assets excluding pension liability			**25,700**		25,172
Pension liability	29		**-**		(2,676)
Net assets			**25,700**		22,496

George Thurlow and Sons (Holdings) Limited
Registered number:00077180

Consolidated Statement of Financial Position (continued)

As at 31 December 2017

	Note	2017 £000	2016 £000
Capital and reserves			
Called up share capital	26	**74**	74
Revaluation reserve	25	**1,628**	3,222
Profit and loss account	25	**18,239**	14,253
Equity attributable to owners of the parent Company		**19,941**	17,549
Non-controlling interests		**5,759**	4,947
		25,700	22,496

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

J G Thurlow
Director

Date: 21st June 2018.

The notes on pages 20 to 46 form part of these financial statements.

George Thurlow and Sons (Holdings) Limited
Registered number:00077180

Company Statement of Financial Position
As at 31 December 2017

	Note		2017 £000		2016 £000
Fixed assets					
Tangible assets	14		**3**		3
Investments	16		**159**		159
Investment property	15		**975**		3,243
			1,137		3,405
Current assets					
Debtors: amounts falling due within one year	18	**87**		71	
Cash at bank and in hand	19	**2,148**		1	
		2,235		72	
Creditors: amounts falling due within one year	20	**(217)**		(38)	
Net current assets			**2,018**		34
Total assets less current liabilities			**3,155**		3,439
Provisions for liabilities					
Deferred taxation	24	**(13)**		(195)	
			(13)		(195)
Net assets			**3,142**		3,244
Capital and reserves					
Called up share capital	26		**74**		74
Revaluation reserve	25		**10**		1,604
Profit and loss account	25		**3,058**		1,566
			3,142		3,244

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

J G Thurlow
Director

Date: 21st June 2018.

The notes on pages 20 to 46 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2017	74	3,222	14,253	17,549	4,947	22,496
Profit for the year	-	-	1,156	1,156	370	1,526
Actuarial gains on pension scheme, net of deferred tax	-	-	1,843	1,843	-	1,843
Actuarial gains attributable to non-controlling interests, net of deferred tax	-	-	(460)	(460)	460	-
Dividends: Equity capital	-	-	(147)	(147)	-	(147)
Transfer of property revaluation movements	-	(1,594)	1,594	-	-	-
Proportion of dividends for the year	-	-	-	-	(18)	(18)
At 31 December 2017	74	1,628	18,239	19,941	5,759	25,700

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2016	74	2,604	14,427	17,105	4,921	22,026
Profit for the year	-	-	1,498	1,498	305	1,803
Actuarial gains on pension scheme, net of deferred tax	-	-	(1,208)	(1,208)	-	(1,208)
Actuarial gains attributable to non-controlling interests, net of deferred tax	-	-	301	301	(301)	-
Shares issued to non-controlling interests	-	-	-	-	40	40
Dividends: Equity capital	-	-	(147)	(147)	-	(147)
Transfer of property revaluation movements	-	618	(618)	-	-	-
Proportion of dividends for the year	-	-	-	-	(18)	(18)
At 31 December 2016	74	3,222	14,253	17,549	4,947	22,496

The notes on pages 20 to 46 form part of these financial statements.

Company Statement of Changes in Equity
For the year ended 31 December 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	74	1,604	1,566	3,244
Profit for the year	-	-	45	45
Dividends: Equity capital	-	-	(147)	(147)
Transfer of property revaluation movements	-	(1,594)	1,594	-
At 31 December 2017	74	10	3,058	3,142

Company Statement of Changes in Equity
For the year ended 31 December 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	74	986	1,700	2,760
Profit for the year	-	-	631	631
Dividends: Equity capital	-	-	(147)	(147)
Transfer of property revaluation movements	-	618	(618)	-
At 31 December 2016	74	1,604	1,566	3,244

The notes on pages 20 to 46 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	**1,526**	1,803
Adjustments for:		
Amortisation of intangible assets	**162**	232
Depreciation of tangible assets	**995**	988
Profit on disposal of tangible assets	**(3)**	(30)
Interest charge	**645**	900
Taxation charge	**399**	501
Decrease/(increase) in stocks	**525**	(9,023)
(Increase) in debtors	**(410)**	(1,618)
(Decrease)/increase in creditors	**(3,205)**	11,189
Pension scheme adjustment	**(377)**	(804)
Net fair value losses/(gains) recognised in P&L	**-**	(618)
Corporation tax (paid)	**(352)**	(227)
Net cash generated from operating activities	**(95)**	3,293
Cash flows from investing activities		
Purchase of tangible fixed assets	**(1,659)**	(773)
Sale of tangible fixed assets	**92**	170
Sale of investment properties	**2,268**	-
HP interest paid	**(4)**	(8)
Net cash from investing activities	**697**	(611)
Cash flows from financing activities		
Repayment of loans	**(583)**	(583)
Repayment of finance leases	**(81)**	(89)
Dividends paid	**(147)**	(147)
Interest paid	**(641)**	(893)
Dividends paid to non controlling interests	**(18)**	(18)
Shares issued to non-controlling interest	**-**	40
Net cash used in financing activities	**(1,470)**	(1,690)
Net (decrease)/increase in cash and cash equivalents	**(868)**	992
Cash and cash equivalents at beginning of year	**(43)**	(1,035)
Cash and cash equivalents at the end of year	**(911)**	(43)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2017

	2017 £000	2016 £000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**2,155**	7
Bank overdrafts	**(3,066)**	(50)
	(911)	(43)

The notes on pages 20 to 46 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2017

1. General information

George Thurlow and Sons (Holdings) Limited is a private company limited by shares, incorporated in England and Wales. The registered office is Wisbech Road, Littleport, Ely, Cambridgeshire, CB6 1RA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The group has continued to trade profitably and has considerable financial resources. The directors therefore have a reasonable expectation that the group has adequate resources to continue for the foreseeable future and the financial statements have therefore been prepared on a going concern basis.

Notes to the Financial Statements
For the year ended 31 December 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Manufacturer bonuses

Manufacturer bonuses and related income are recognised in the period to which they relate providing they can be estimated with reasonable certainty.

Notes to the Financial Statements
For the year ended 31 December 2017

2. Accounting policies (continued)

2.5 Intangible assets and amortisation

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated profit and loss account over its useful economic life of five years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life of five years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 50 years
Long-term leasehold property	- over the remaining lease
Plant and machinery	- 2 to 15 years
Motor vehicles	- 2 to 8 years

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 in the Profit and loss account.

2.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Notes to the Financial Statements
For the year ended 31 December 2017

2. Accounting policies (continued)

2.8 Investment property

Investment property is carried at fair value determined periodically by external valuers, updated annually if necessary by the directors, and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated income statement.

This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

2.9 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchases are depreciated over their useful lived. Finance leases are those where substantially all of the benefits and risk of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.10 Operating leases

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

2.11 Stocks and work in progress

Stocks and work in in progress are valued at the lower of cost and net realisable value after making due to allowances for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Under the franchise supply agreements, the company has access to "consignment stock". Where the nature of these supply agreements transfer the risks and rewards to the group, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the group recognises these stocks in the balance sheet together with the equivalent liability.

2.12 Debtors

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

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 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.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

2.16 Pensions

The group is a participating employer of both a defined contribution and a defined benefit scheme jointly operated by the group and other companies under common control.

Defined benefit scheme

The defined benefit scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the shares of underlying assets and liabilities belonging to individual participating employers. Therefore, the defined benefit scheme is accounted for in full within the accounts of Thurlow Nunn (Holdings) Limited. This has been agreed with the individual participating employers, who will continue to pay contributions into the scheme to fund the deficit.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'actuarial gain/(loss) on defined benefit pension schemes'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

Pensions (continued)

Defined contribution scheme

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations. The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the year ended 31 December 2017

2. Accounting policies (continued)

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

In the application of the group's accounting policies, the Directors are required to make judgments, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Stock, against which an estimated provision has been made. For motor vehicle stock, provisions have been made for specific vehicles in line with available published industry data and taking into account further anticipated costs to sell. Agricultural machinery has been provided for at different rates determined by the age of the machinery in stock. Parts have been provided for at different rates determined by the age of the parts in stock. The carrying value of stock can be found at note 18.

Fair value of investment properties - Investment properties are recorded at their fair value. Such values require the application of judgment with regard to the nature of such properties relative to those that underpin the general indices used as the basis for the estimation of the value. The fair value of investment properties can be found at note 16.

Defined benefit pension scheme - The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Further details of the scheme can be found at note 30.

Notes to the Financial Statements
For the year ended 31 December 2017

4. Turnover

All turnover arose within the United Kingdom.

	2017 £000	2016 £000
Sale of goods - motor retail	**144,059**	158,490
Sale of goods - agricultural distribution	**51,846**	48,834
Rendering of services - motor retail	**10,705**	11,236
Rendering of services - agricultural distribution	**11,057**	10,521
	217,667	229,081

5. Other operating income

	2017 £000	2016 £000
Other operating income	**3**	45
Net rents receivable	**223**	225
	226	270

6. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of tangible fixed assets	**995**	988
Amortisation of intangible assets, including goodwill	**162**	232
Profit on disposal of fixed assets	**(3)**	(30)

7. Auditor's remuneration

	2017 £000	2016 £000
The audit of the Group's annual accounts	**6**	5
The audit of the subsidiaries annual accounts	**49**	48
Taxation compliance services	**11**	13
Pension fund audit	**5**	5

Notes to the Financial Statements
For the year ended 31 December 2017

8. Employees

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

	Group 2017 £000	Group 2016 £000
Wages and salaries	**18,621**	17,717
Social security costs	**1,784**	1,630
Cost of defined benefit scheme	**-**	(425)
Cost of defined contribution scheme	**339**	363
	20,744	19,285

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

	2017 No.	2016 No.
Sales and service	**547**	537
Office and management	**120**	126
	667	663

9. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	**538**	490

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £210,000 (2016 - £162,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2016 - £NIL).

Key management is considered to comprise the directors of the company. This assessment has been made having regard to the nature of the group, its size and basis of operation.

Notes to the Financial Statements

For the year ended 31 December 2017

10. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	237	276
Other loan interest payable	404	617
Finance leases and hire purchase contracts	4	8
	645	901

11. Other finance costs

	2017 £000	2016 £000
Net interest on net defined benefit liability	69	72

12. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	573	311
Adjustments in respect of previous periods	16	3
Total current tax	589	314
Deferred tax		
Origination and reversal of timing differences	(179)	187
Adjustments in respect of previous periods	(11)	-
Total deferred tax	(190)	187
Taxation on profit on ordinary activities	399	501

Notes to the Financial Statements

For the year ended 31 December 2017

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the average standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	**1,924**	2,304
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	**370**	461
Effects of:		
Expenses not deductible for tax purposes	**49**	31
Adjustments to tax charge in respect of prior periods	**5**	3
Other differences leading to an increase/(decrease) in taxation	**(25)**	6
Total tax charge for the year	**399**	501

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax to 17% by 1 April 2020 was included in the Finance Act 2016 and has since become substantively enacted. Deferred tax has been provided for at 17% in these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2017

13. Intangible assets

Group

	Customer databases £000	Goodwill £000	Total £000
Cost			
At 1 January 2017	557	556	1,113
At 31 December 2017	557	556	1,113
Amortisation			
At 1 January 2017	321	320	641
Charge for the year	81	81	162
At 31 December 2017	402	401	803
Net book value			
At 31 December 2017	155	155	310
At 31 December 2016	236	236	472

Notes to the Financial Statements

For the year ended 31 December 2017

14. Tangible fixed assets

Group

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2017	**14,920**	**5,940**	**1,872**	**22,732**
Additions	**56**	**1,110**	**493**	**1,659**
Disposals	**-**	**(198)**	**(256)**	**(454)**
At 31 December 2017	**14,976**	**6,852**	**2,109**	**23,937**
Depreciation				
At 1 January 2017	**606**	**4,136**	**1,224**	**5,966**
Charge for the year	**198**	**480**	**317**	**995**
Disposals	**-**	**(118)**	**(248)**	**(366)**
At 31 December 2017	**804**	**4,498**	**1,293**	**6,595**
Net book value				
At 31 December 2017	**14,172**	**2,354**	**816**	**17,342**
At 31 December 2016	14,313	1,805	648	16,766

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £000	2016 £000
Motor vehicles	**84**	150

Included in the net book value of land and buildings are leasehold improvements of £237,000 (2016 - £237,000) held at depreciated cost. The remaining land and buildings were revalued on transition to FRS102, taking the transitional relief available to treat this valuation as a deemed cost from the date of transition.

Notes to the Financial Statements
For the year ended 31 December 2017

14. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £000	2016 £000
Group		
Cost	**14,420**	14,327
Accumulated depreciation	**(1,326)**	(1,128)
Net book value	**13,094**	13,199

Company

	Motor vehicles £000
Cost or valuation	
At 1 January 2017	6
At 31 December 2017	6
Depreciation	
At 1 January 2017	3
At 31 December 2017	3
Net book value	
At 31 December 2017	3
At 31 December 2016	3

Notes to the Financial Statements

For the year ended 31 December 2017

15. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 January 2017	5,503
Disposals	(2,268)
At 31 December 2017	3,235

The 2015 valuations were made by Rapleys LLP, on an open market value for existing use basis. The directors do not consider there to be any significant movements in the valuations in the year.

At 31 December 2017

Company

	Freehold investment property £000
Valuation	
At 1 January 2017	3,243
Disposals	(2,268)
At 31 December 2017	975

The 2015 valuations were made by Rapleys LLP, on an open market value for existing use basis. The directors do not consider there to be any significant movements in the valuations in the year.

Notes to the Financial Statements
For the year ended 31 December 2017

16. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Thurlow Nunn (Holdings) Limited	Ordinary	75 %	Intermediate holding company

Indirect Subsidiary undertakings

The following were subsidiary undertakings of Thurlow Nunn (Holdings) Limited:

Name	Class of shares	Holding	Principal activity
Thurlow Nunn Standen Limited	Ordinary	100 %	Agricultural building and machinery distributors
Thurlow Nunn Limited (formerly Thurlow Nunn (JV) Limited)	Ordinary	99 %	Motor vehicle distributors
Thurlow Nunn (MV) Limited	Ordinary	96 %	Motor vehicle distributors
Thurlow Nunn (Motor Vehicles) Limited	Ordinary	100 %	Dormant
WS East Anglia Limited	Ordinary	100 %	Dormant

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	**159**
At 31 December 2017	**159**
Net book value	
At 31 December 2017	**159**
At 31 December 2016	159

Notes to the Financial Statements
For the year ended 31 December 2017

17. Stocks

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Work in progress	72	77	-	-
Finished goods	41,041	41,561	-	-
	41,113	41,638	-	-

Stock recognised in cost of sales during the year as an expense was £170,434,000 (2016 - £182,744,000).

An impairment loss of £1,249,000 (2016 - £986,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	9,513	8,888	-	-
Other debtors	1,837	2,020	87	71
Prepayments and accrued income	799	824	-	-
	12,149	11,732	87	71

19. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	2,155	7	2,148	1
Less: bank overdrafts	(3,066)	(50)	-	-
	(911)	(43)	2,148	1

Notes to the Financial Statements

For the year ended 31 December 2017

20. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Bank overdrafts	**3,066**	50	**-**	-
Bank loans	**3,049**	1,783	**-**	-
Payments received on account	**113**	134	**-**	-
Trade creditors	**17,998**	20,387	**-**	-
Corporation tax	**438**	201	**188**	20
Other taxation and social security	**1,442**	1,571	**-**	-
Obligations under finance lease and hire purchase contracts	**56**	81	**-**	-
Vehicle stocking loans	**19,730**	20,924	**-**	-
Accruals and deferred income	**2,866**	2,332	**29**	19
	48,758	47,463	**217**	39

The bank overdrafts and bank loans are secured by a charge over certain freehold properties of the group and company, and by a debenture over all the assets of the group and company.

The vehicle stocking loans represent amounts advanced to finance purchase of goods for resale. The finance is secured on the underlying assets.

Included within trade creditors is £9,553,000 (2016 - £13,535,000) relating to vehicles consigned from the General Motors Acceptance Corporation. The creditor is secured against the vehicles which are included within the year end stock.

The net obligations under finance leases and hire purchase contracts are secured on the assets concerned.

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

	Group 2017 £000	Group 2016 £000	**Company 2017 £000**	Company 2016 £000
Bank loans	**1,458**	3,307	**-**	-
Net obligations under finance leases and hire purchase contracts	**-**	56	**-**	-
	1,458	3,363	**-**	-

The bank loans and other loans are secured by a charge over certain freehold properties of the group and the company, and by a debenture over all the assets of the group and the company. The loans are repayable over four years and bear interest at 2.75% over LIBOR and 1.75% over LIBOR per annum.

The net obligations under finance leases and hire purchase contracts are secured on the assets concerned.

Notes to the Financial Statements
For the year ended 31 December 2017

22. Loans

The bank loans fall due as follows:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts falling due within one year				
Bank loans	3,049	1,783	-	-
Amounts falling due 1-2 years				
Bank loans	336	2,929	-	-
Amounts falling due 2-5 years				
Bank loans	1,122	378	-	-
	4,507	5,090	-	-

23. Financial instruments

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	11,350	10,908	87	71
Financial liabilities				
Financial liabilities measured at amortised cost	(48,166)	(48,783)	(29)	(19)

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed from group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings, obligations under finance leases and hire purchase, vehicle stocking loans and accruals.

Notes to the Financial Statements
For the year ended 31 December 2017

24. Deferred taxation

Group

	2017 £000	2016 £000
At beginning of year	**(121)**	(182)
Credited/(charged) to profit or loss	**191**	(186)
(Charged)/credited to other comprehensive income	**(455)**	247
At end of year	**(385)**	(121)

Company

	2017 £000	2016 £000
At beginning of year	**(194)**	(104)
Credited/(charged) to profit or loss	**181**	(91)
At end of year	**(13)**	(195)

The provision for deferred taxation is made up as follows:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Fixed asset timing differences	**(191)**	(151)	**(1)**	(6)
Capital gains	**(243)**	(439)	**(12)**	(189)
Pension deficit	-	455	-	-
Other timing differences	**49**	14	-	-
	(385)	(121)	**(13)**	(195)

Notes to the Financial Statements
For the year ended 31 December 2017

25. Reserves

Revaluation reserve

Includes all current and prior periods property revaluations.

Profit and loss account

Includes all current and prior period retained profits and losses and actuarial movements on the pension scheme.

26. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
73,630 Ordinary shares of £1 each	**74**	74

27. Dividends

	2017 £000	2016 £000
Equity dividends paid	**147**	147

28. Contingent liabilities

The company together with Thurlow Nunn Standen Limited, Thurlow Nunn (Holdings) Limited, Thurlow Nunn Limited, Thurlow Nunn (MV) Limited, Thurlow Nunn (Motor Vehicles) Limited and WS East Anglia Limited form a VAT group. All companies concerned are jointly and severally liable for VAT of other group members. At 31 December 2017 £785,000 (2016 - £1,085,000) was payable to HM Revenue and Customs by the group.

Notes to the Financial Statements
For the year ended 31 December 2017

29. Pension commitments

The group is a participating employer of both the defined contribution and defined benefit schemes jointly operated by the group and other companies. The assets of the schemes are held in separate trustee administered funds.

The pension cost of the defined contribution scheme represents the contributions payable for the year.

The defined benefit scheme was closed to new members in 1994 and to future accrual on 6 April 2016. The actuary has recommended employers' contributions of 6.1% together with a contribution of £32,000 per month to account for the minimum funding requirements. The group's share of the contributions has been made on this basis.

The most recent triennial valuation was 6 April 2017 and full details of this valuation, updated to 31 December 2017 are shown below.

Defined benefit pension scheme

	2017	2016
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**29,062**	25,827
Current service cost	**-**	38
Interest cost	**803**	1,018
Actuarial losses/(gains)	**(1,108)**	3,423
Employee contributions	**-**	15
Benefits paid	**(738)**	(796)
Gain on curtailment	**-**	(463)
At the end of the year	**28,019**	29,062

	2017	2016
	£000	£000
Reconciliation of present value of plan assets		
At the beginning of the year	**26,386**	23,802
Interest income	**735**	946
Contributions	**446**	466
Benefits paid	**(738)**	(796)
Actual return on scheme assets less interest income	**1,541**	1,968
At the end of the year	**28,370**	26,386

Notes to the Financial Statements

For the year ended 31 December 2017

29. Pension commitments (continued)

	2017 £000	2016 £000
Composition of plan assets		
Equities	**22,713**	19,886
Bonds	**4,283**	5,145
Property	**4**	-
Insurance Policy	**562**	843
Cash & Other	**808**	512
Total plan assets	**28,370**	26,386

	2017 £000	2016 £000
Net pension scheme asset/(liability)		
Fair value of plan assets	**28,370**	26,386
Present value of plan liabilities	**(28,019)**	(29,062)
Change in assets not recognised due to surplus limitation	**(351)**	-
Net pension scheme liability	**-**	(2,676)

	2017 £000	2016 £000
Amount recognised in the profit and loss account		
Current service cost	**-**	(38)
Interest on obligation	**(69)**	(72)
(Losses)/Gains on curtailments and settlements	**-**	463
	(69)	353
Amount recognised in other comprehensive income		
Actuarial gains/(losses)	**2,649**	(1,455)
Change in assets not recognised due to surplus limitation	**(351)**	-
	(2,298)	1,455

Notes to the Financial Statements
For the year ended 31 December 2017

29. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £1,023,000 (2016 - £3,672,000).

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2017	2016
Discount rate at 31 December	**2.70 %**	2.80 %
Future salary increases	**3.30 %**	3.40 %
Inflation (RPI)	**3.30 %**	3.40 %
Inflation (CPI)	**2.30 %**	2.40 %
Life expectancy		
- for a male aged 65 now	**22.00**	21.95
- at 65 for a male aged 45 now	**23.00**	23.24
- for a female aged 65 now	**23.80**	23.92
- at 65 for a female member aged 45 now	**25.00**	25.43

30. Commitments under operating leases

At 31 December 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £000	Group 2016 £000
Not later than 1 year	**556**	878
Later than 1 year and not later than 5 years	**1,767**	2,029
Later than 5 years	**54**	685
	2,377	3,592

Notes to the Financial Statements
For the year ended 31 December 2017

31. Related party transactions

Group

Included in other debtors is a loan to J G Thurlow, a director, of £27,000 (2016 - £41,000). The maximum balance outstanding in the year was £41,000 (2016 - £54,000). During the year a sum of £NIL (2016 - £47,000) was advanced. During the year £14,000 (2016 - £14,000) was written off the loan.

Included in other debtors is a loan to J R Thurlow, a director, of £30,000 (2016 - £58,000). The maximum balance outstanding in the year was £87,000 (2016 - £118,000). During the year, an additional sum of £53,000 (2016 - £41,000) was advanced. During the year £81,000 (2016 - £60,000) was written off the loan and £NIL (2016 - £1,000) was repaid.

Included in other debtors is a loan to S A Tew, a director, of £36,000 (2016 - £42,000). The maximum amount outstanding during the year was £65,000 (2016 - £73,000). During the year a sum of £28,000 (2016 - £47,000) was advanced. During the year £34,000 (2016 - £32,000) was written off the loan.

All loans are interest free.

During the year the group purchased building supplies amounting to £1,627,000 (2016 - £1,164,000), and made sales of motor vehicles, parts and repairs amounting to £NIL (2016 - £15,000) with Balsham (Buildings) Limited, a company under common control. At the year end, the group had a creditor balance of £551,000 (2016 - £2,000) in respect of this. The group also received rent of £NIL (2016 - £28,000) and charged management fees of £14,000 (2016 - £14,000). At the year end there was a debtor balance of £17,000 (2016 - £Nil) owed to the group in respect of this.

Included within the dividend paid during the year are the following amounts paid to directors:

J G Thurlow	£27,000	(2016 - £27,000)
M A Thurlow	£27,000	(2016 - £27,000)
J R Thurlow	£21,000	(2016 - £21,000)
Mrs S A Tew	£14,000	(2016 - £14,000)
Ms N J Titley	£14,000	(2016 - £14,000)

Also included within the dividend are payments of £19,000 (2016 - £19,000) to a trust in which all of the above directors are beneficiaries and £24,000 (2016 - £24,000) to a trust in which J R Thurlow, S A Tew and N J Titley are beneficiaries.

Notes to the Financial Statements
For the year ended 31 December 2017

31. Related party transactions (continued)

Company

Included in other debtors is a loan to J G Thurlow, a director, of £27,000 (2016 - £41,000). The maximum balance outstanding in the year was £41,000 (2016 - £54,000). During the year a sum of £NIL (2016 - £47,000) was advanced. During the year £14,000 (2016 - £14,000) was written off the loan.

The loan is interest free.

During the year, the company received rent of £NIL (2016 - £28,000) and charged management fees of £14,000 (2016 - £14,000) to Balsham (Buildings) Limited, a company under common control. At the year end there was a debtor balance of £17,000 (2016 - £Nil) owed to the company in respect of this.

Included within the dividend paid during the year are the following amounts paid to directors:

J G Thurlow	£27,000	(2016 - £27,000)
M A Thurlow	£27,000	(2016 - £27,000)
J R Thurlow	£21,000	(2016 - £21,000)
Mrs S A Tew	£14,000	(2016 - £14,000)
Ms N J Titley	£14,000	(2016 - £14,000)

Also included within the dividend are payments of £19,000 (2016 - £19,000) to a trust in which all of the above directors are beneficiaries and £24,000 (2016 - £24,000) to a trust in which J R Thurlow, S A Tew and N J Titley are beneficiaries.

32. Controlling party

The company is controlled by J G Thurlow and members of his immediate family.